

APPROVED

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

October 4, 2006

Board Members Present:

Commissioner Jerry Hill, DeSoto County, Chairman
Commissioner Shannon Staub, Sarasota County, Vice Chairman
Commissioner Adam Cummings, Charlotte County
Commissioner Patricia Glass, Manatee 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 Coordinator
Susan Hochuli, Water Resource Planner
Sam Stone, Environmental Affairs Coordinator
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 the elected officials seated in the audience; specifically, City of North Port Commissioners Rue Berryman, Barbara Gross and Fred Tower. Mr. Lehman introduced Mike Coates who recently joined the Authority staff as the Water Resource Division Director.

Call To Order:

Chairman Hill called the meeting to order at 10:05 a.m. He noted Commissioner Cummings was not yet present. Commissioner Cummings arrived at approximately 10:15 a.m.

RECOGNITIONS/RESOLUTIONS:

Item 1. Audubon of Florida '2006 Alternative Water Supply Award'

Mr. Pilon said the Audubon of Florida presented the Authority with the '2006 Alternative Water Supply Award' at the 31st Annual Conference on Water. The award recognizes the Authority for innovative use of alternative water supply strategies to benefit the environment. This is Audubon's first award to recognize an alternative water supply project and is being given to promote the use of alternative water supply projects.

CONSENT AGENDA:

Item 2. Authority Board Meeting Minutes of September 6, 2006

Item 3. Check Register for Month of August 2006 (acceptance for further audit)

Item 4. Position Pay Grades and Salary Ranges effective October 1, 2006 to 'Classification & Pay Plan'

APPROVED

Meeting Minutes Continued

October 4, 2006

Item 5. Purchase Order to Derrick Knepp, Inc. for replacement of hurricane shutters for an amount not-to-exceed \$10,320 and transfer of funds from R&R Reserve in the same amount

Motion was made by Commissioner Staub, seconded by Commissioner Glass, to approve the consent agenda for October 4, 2006. Motion was approved unanimously.

REGULAR AGENDA:

*Item 6. Hydrologic Conditions/Water Supply Conditions Report
Presented by Sam Stone, Environmental Affairs Coordinator*

Mr. Stone reported the average rainfall in the Peace River Basin for the month of September was 5.7 inches. The average river flow for the month, as recorded at the Arcadia gage station, was 1,910 cubic feet per second (cfs). As of the end of September, the reservoir was full and the reserves in the wellfield system totaled approximately 2.1 billion gallons. Combined reserves totaled 2.5 billion gallons which, based on current demand, is equivalent to approximately 185 days of supply. Customer average demand for September was 14.6 mgd. The 12-month moving average demand was 16.7 mgd.

Mr. Stone said the Climate Prediction Center is showing normal rainfall for the next three months and an El Nino, or wetter than normal, for the winter and early spring.

(Commissioner Cummings arrived during Mr. Stone's presentation.)

*Item 7. Regional Integrated Loop System Feasibility/Routing Study
Presented by Susan Hochuli, Water Resource Planner*

As previously reported, PBS&J completed the *draft* Regional Integrated Loop System Feasibility/Routing Study. The Executive Summary was distributed to the fifteen member governments of the Water Planning Alliance (Alliance) including the elected officials, chief administrators and utility directors. The study, in its entirety, was distributed to the technical staffs and to District staff for comment.

Ms. Hochuli said a workshop will be scheduled in October with the technical staffs and other interested parties to discuss the comments received. It is anticipated the final report will be presented to the Board in November for consideration and approval.

*Item 8. Regional Integrated Loop System – Phase 1 Interconnect
Presented by Susan Hochuli, Water Resource Planner and Doug Manson, General Counsel*

a. Status Report

In review, Ms. Hochuli said the Phase 1 Interconnect will connect the Authority's regional transmission system at the Wal-Mart Distribution Center in DeSoto County to the Shell Creek Water Treatment Plant in Charlotte County. A letter dated August 3, 2006 was received from Charlotte County providing the County's consent to construct the interconnect. Per Board direction given at the July 19, 2006 board meeting, Notice to Proceed was given to the design-builder, Westra Construction Corporation, on August 4, 2006. Westra's primary design consultant on this project is PBS&J and the Owner's Representative throughout the design-build process is HDR Engineering, Inc.

Ms. Hochuli said work on this project is progressing. The 30% design plans are due later this month.

b. Interlocal Agreement between City of Punta Gorda and Peace River/Manasota Regional Water Supply Authority

Mr. Manson said the Punta Gorda City Council approved the Interlocal Agreement between the Authority and the City at their meeting on September 20, 2006. The Agreement incorporated changes as requested by the City and the Authority and was previously circulated to the Board members and staffs denoting the changes. Mr. Manson pointed out the Agreement contains the language suggested by Commissioner Staub at the September 6, 2006 Board meeting. He read the verbiage which is added at the end of Paragraph 1. Purpose as follows: “to supply water to the Authority for the GAP program.” Mr. Manson said this Agreement meets the intent of the preliminary agreement to allow staff to go forward with the City to negotiate the water supply contract.

Motion was made by Commissioner Staub, seconded by Commissioner Glass, to approve the Interlocal Agreement between City of Punta Gorda and Peace River/Manasota Regional Water Supply Authority for Water Interconnect. Motion was approved unanimously.

Following the motion, Commissioner Cummings said because it is not stated in the Agreement, he wanted it clarified for the record that the Authority’s local match for this project will be provided consistent with the Master Water Supply Contract (MWSC) which basically says the beneficiaries will provide the local match.

Mr. Lehman concurred with Commissioner Cummings statement and confirmed that is what the MWSC says.

Item 9. Integrated Regional Water Supply Master Plan/Regional System Reliability Model Presented by Susan Hochuli, Water Resource Planner and Terri Holcomb, HDR Engineering, Inc.

Ms. Hochuli said as reported to the Board last month, the water demand projections received in January 2006 were analyzed by HDR. As part of HDR’s analysis, they developed a comparison of the water demand and/or population projections issued by other regional agencies including the District, BEBR, Regional Planning Councils and Metropolitan Planning Organizations. A workshop was held on September 29 with the member and customer staffs to review this information in detail and discuss alternative projection methodologies and determine a recommended projection methodology for incorporation into the master planning process. Ms. Holcomb then briefed the Board on HDR’s progress over the last month and the discussion at the workshop.

Ms. Holcomb reviewed the six potential new water sources currently being evaluated as part of the Authority’s Integrated Regional Water Supply Master Plan. Potentially those six sources, along with the Regional Expansion Program, will provide a regional supply of 119 mgd as follows:

- REP – up to 32.7 mgd of supply to the region
- Carlton Wellfield – up to 4 mgd
- Flatford Swamp Restoration – up to 10 mgd
- Dona Bay Restoration – up to 15 mgd
- Shell Creek/Long Island Marsh/Tippen Bay Restoration – up to 10 mgd
- Myakkahatchee Creek/Cocoplum – up to 2 mgd
- Peace River – up to 45.3 mgd

Ms. Holcomb said the regional system reliability model will assist in the evaluation of those sources to determine the greatest regional system reliability and proceeded to provide an overview of the conceptual layouts for each source under consideration including storage, treatment and transmission. Regarding the utilization of ASR, Ms. Holcomb said in those scenarios where ASR is part of the conceptual layout, ASR is already in-use and the permit regulations as well as water quality triggers are included in the modeling. A workshop is scheduled on October 31 for the member staffs to review the modeling information in detail and provide comments.

At the September 29 customer demands workshop, Ms. Holcomb said there was good feedback from the participants. Some of the issues addressed, as discussed at the September board meeting, were if conservation, infill and expansion of service boundaries were taken into consideration in the demand projections and whether projections require BOCC approval. In all cases, conservation, infill and urban service boundary expansion were taken into consideration. One member presents their demand projections for BOCC approval. Information regarding the BEBR estimates including historical growth rates over the last twenty years was discussed at length by the participants. Ms. Holcomb said the average growth rate statewide is approximately 2.4% however the growth rate for the region—the four member counties—tracks higher and is 3.17%. Ms. Holcomb noted that BEBR is contracted through the Florida legislature to make population projections for the purpose of determining revenue sharing among governmental agencies and that is why the MPO's and the RPC's track closely because they use BEBR as their baseline. At this time, BEBR is the most accepted method for population projections within the state. Ms. Holcomb said the participants proposed two additional demand projection scenarios—1) member demand projections with an additional 6% buffer to address 1 in 10 year drought conditions as a safety factor and 2) utilize member demands for the seven year lock-in and BEBR high rate for the next three years to coincide with the ten-year Capital Improvements Program.

Commissioner Staub asked if BEBR took into account when comprehensive plans change.

Ms. Holcomb said no. They are strictly population projections. A local government's comprehensive plan would tie to BEBR rather than vice versa.

Commissioner Staub said she continues to think somehow the members should look at land use planning in conjunction with water as a region. Commissioner Staub said the Sarasota County Commission has been contemplating a regional convocation with Charlotte, DeSoto and Manatee counties to look at each others comprehensive plans so everyone can see where the growth is. That discussion would probably lead into other issues like roads and water.

Commissioner Glass said Commissioner Staub makes a great point and this Board could be one that would foster that kind of discourse. She said it does not have to be regional government, but regional thinking is imperative.

Ms. Holcomb continued to say the Authority has a great tool in the seven year lock in within the MWSC. HDR's recommendation is that the regional integrated water supply master plan have a ten year CIP based on the existing seven year contractual obligations and the next three years based on BEBR. As it is a moving seven years, HDR further recommended annually tracking the previous year's projections with actual so the CIP can be adjusted accordingly on an annual basis. So the master plan would have the flexibility for incremental financial commitment for capital improvements should it be necessary to bring on additional sources earlier.

Commissioner Staub asked how flexible the master plan could be because bringing a project to fruition can be

a lengthy process.

Ms. Holcomb said that would be a policy decision as to how soon the Board would want to bring a source on line earlier than what is projected because of the financial impacts. The Board could decide on five years, or some other incremental number, or as suggested at the workshop the 6% buffer, either way you are coming to the same point earlier. What the master plan will do is make sure that in a ten year window those demands are addressed and also show if a project needs to be brought forward what those financial implications would be to meet the additional demand.

Ms. Holcomb said HDR is on schedule for staff review of the draft master plan in November, presentation to the Board in December and final approval by the Board in January 2007.

Commissioner Staub said if the Board gives the go ahead with the recommendation today and something comes up that needs to be tweaked at a later date, will that be possible.

Ms. Holcomb said yes.

Commissioner Staub said the PowerPoint presentation was excellent and requested a copy. She then said so we are going to move ahead with the recommendation. Is that correct?

Mr. Lehman said yes unless the Board directs staff otherwise.

There were no other comments from the Board.

***Item 10. Regional Reservoir Expansion – Status Report
Presented by Kevin Morris, Facilities Division Director and
Greg Tate, Project Manager for MWH***

Mr. Morris said a number of milestones were reached over the last month. MWH provided the 90% design plans. They were distributed to the member counties as well as the City of North Port. Staff held a 90% review meeting with MWH and MWH is currently incorporating those comments into the final plans. A response is being prepared to the third request for additional information regarding the mitigation project. Mr. Morris noted this is an enormous mitigation project requiring almost two square miles of restoration. The first request for additional information on the reservoir construction permit itself has been received and a response is being prepared.

As previously reported, the regional reservoir expansion project requires the construction of a major embankment requiring a contractor both qualified and experienced in the unique aspects of this type of dam construction. To assure retaining a qualified contractor, the Authority solicited for Statement of Qualifications (SOQ) to pre-qualify firms for this work.

Mr. Tate said this is only the second reservoir embankment in the state and because of the unusual conditions wanted to make sure the contractor was as qualified as possible. An under-qualified contractor might be costly in potentially under bidding the project and also cost the Authority more time in completion of the project. Also an under-qualified contractor could require additional attention from Authority staff at a time the Authority has another enormous project in the PRF expansion underway. Mr. Tate reviewed the pre-qualification process. He said four contractors ultimately submitted SOQs on September 8. The SOQs were evaluated on the basis of experience with similar work, experience of the project team, historical workload, history of success, commitment to complete the project on time, reference, quality control records, safety

record and a judgment regarding financial strength. MWH recommended three contractors as listed below (listed in alphabetical order) to seek competitive bids.

- Barnard Construction Company, Inc.
- Phillips and Jordan, Inc.
- Shaw Environmental, Inc.

Commissioner Staub asked if the number of change orders for projects was taken into consideration and if projects were completed within budget.

Mr. Tate said they did not look at change orders as that information was not requested. Mr. Tate pointed out it is rare that a project is completed without change orders, however, excess change orders is certainly a red flag. Meeting budget was part of the evaluation.

Commissioner Staub asked why the fourth firm was not on the recommended list.

Mr. Tate responded it was felt they did not have sufficient experience to provide the comfort level they could deliver the project on time and within budget.

Commissioner Staub asked what comparable experience the firms had. She asked if any of the firms had constructed the Tampa Bay reservoir.

Mr. Tate said Barnard Construction Company, Inc. was the contractor on the Tampa Bay project. Although there are no other projects in the state similar, Phillips and Jordan, Inc. has completed other dam projects in the state and other parts of the country as has Shaw Environmental. In addition, Shaw Environmental has been called upon by the federal government to react on short notice to certain projects and have an impressive record of reacting and delivering quickly.

Motion was made by Commissioner Glass, seconded by Commissioner Cummings, to approve pre-qualification list of contractors for the Regional Reservoir Expansion. Motion was approved unanimously.

***Item 11. Peace River Facility Expansion – Status Report
Presented by Kevin Morris, Facilities Division Director and
Doug Eckmann, Project Manager for Boyle Engineering***

Mr. Eckmann reported on the progress of Boyle Engineering=s work effort over the last month. Work on the Peace River Facility expansion is organized into three construction contracts. Mr. Eckmann said the engineering work for Contract 1, site preparation, is complete; the permit has been approved; and the project is advertised for bid. Bids are due on October 12. Contract 2 is the largest contract and is for the PRF expansion. The permit application for Contract 2 will be hand-delivered to FDEP today. Boyle is on tract for having the bid ready plans and technical specifications for Contract 2 ready by October 31. Work on Contract 3, Operations Center, will not start until early 2007.

***Item 12. Strategic Planning Process –Status Report
Presented by Patrick Lehman, Executive Director***

Mr. Lehman said the administrators met on September 22 and Dr. deHaven-Smith facilitated the meeting. Dr. deHaven-Smith presented a draft vision and strategic plan for discussion. There was a lot of good input. The

discussion also included the conditions for an exclusive provider as set forth in the motion by the Charlotte County Commission at their meeting on August 3. Mr. Lehman said Dr. deHaven-Smith is in the process of revising the document in accordance with the administrator's feedback. The administrators will next meet on October 27 with the intent of completing a final draft of the document which will then be circulated not only to the Board members but to the Alliance members for comment.

With regard to the financial consultant to assist the administrators, Mr. Lehman said the final draft of the Request for Statement of Qualifications will be finalized later this week and circulated to not only the administrators but to the Board members for comment. Mr. Lehman said the financial review process and resultant recommendation will be a very critical document as to how the Authority can financially integrate sources into the system. There are far reaching financial implications and should be a truly interesting and beneficial process.

***Item 13. Government/Community Affairs - Staff Report
Presented by Ray Pilon, Government/Community Affairs Coordinator***

Mr. Pilon said we continue to work at the executive level and at the staff level with the District on funding scenarios as presented last month. The pieces of the puzzle--the regional integrated loop system, the integrated regional water supply master plan, and the strategic plan--the success of any of those depends on the funding and the resultant cost to the rate payers. Discussions are underway with the District about getting away from having to submit funding requests each December for long term projects. As you look around as to who is playing by the rules and who is abiding by the District's SWUCA recovery plan and using alternative sources, protecting the groundwater and the environment, it is felt the Authority is key in that effort. Mr. Pilon noted the Audubon of Florida award the Authority just received recognizes the Authority for those very reasons. Staff is working on delivering the message to the District of a longer range funding scenario working within the boundaries of the District's financial strategy.

Mr. Pilon made mention of an article entitled 'Water Supply Planning is A Regional Issue' written by Mikel Renner, Planning Manager at the District. Mr. Renner is a member of FAPA and a member of the American Institute of Certified Planners. It is an excellent article and talks about the efforts of the Water Planning Alliance as well as the Heartland Water Alliance.

Commissioner Staub requested a copy of the article.

Mr. Pilon said the tours at the Peace River Facility are ongoing and the PRF staff does an excellent job in presenting educational information and tours to the community.

Mr. Pilon said Sam Stone entered the annual Newspaper Insert for an award in the Public Relations category at the Florida Section of AWWA annual conference in November. Last year's insert received an honorable mention.

Commissioner Staub suggested inviting the newly elected officials, both local and state, for a tour of the PRF prior to the start of their official term, legislative session, before their schedules become hectic.

Mr. Pilon said we just received the committee meeting schedule and it does get very intense right after the election and said he would explore the opportunities especially for the local officials. He said we are also considering hosting the BBQ earlier in the year prior to the start of the March legislative session.

Commissioner Staub said that is a good idea.

Item 14. *Routine Status Reports*

- a. *Horse Creek Stewardship Program***
- b. *'GAP' Plan Conjunctive Water Use Permitting***

These reports are presented for the Board=s information.

Item 15. *General Counsel=s Report*

Mr. Manson said as you will recall at the last meeting there was a discussion about the Charlotte County and Punta Gorda Interlocal Agreement and ultimately there was a motion that he would work toward the culmination of a satisfactory letter to be sent to the District regarding Charlotte County's issue of purchasing water from the City. Mr. Manson admitted he was confused regarding the discussion during the meeting and following the meeting talked with Marty Burton, Charlotte County Counsel, who clarified the County's concerns. The County's concern, as they interpret the requested language by the District, is that the City can only sell water to the County in the event of an emergency where the Authority is unable to meet the County's present and/or future demands. Mr. Manson said when he reads the language he did not see where it specifically says who has to determine that. When he left that meeting, he was attending the annual water conference and intended on meeting with District officials and wanted to make clear that that was not their interpretation and they said that was not what they intended even if it could be read that way and it was not that the Authority would have to do an approval on their sale of water. However, the way the language is written does not satisfy Charlotte County's concerns. Mr. Manson said he did not draft a letter to the District however Commissioner Cummings did draft a letter for the Board's consideration. It is a one page letter that attaches the Authority's December 16, 2005 letter and also one page from the current draft of the Charlotte County and Punta Gorda Agreement which includes paragraph 5 Purchase of Water. Mr. Manson apologized for his confusion and asked Commissioner Cummings if he would like to add to the discussion.

Commissioner Cummings said obviously Mr. Manson and he have different perceptions of what the discussion was at the September Board meeting. He said he felt the motion was clear and just wants to get the letter approved. He said I think the draft letter is consistent with the Board's direction.

Commissioner Staub asked Mr. Lehman what his opinion was as he has heard the Board's discussion. She said the letter seems to reflect the Board's discussion. She was not clear however in paragraph 5 what it means to maintain the integrity of the pipeline.

Mr. Lehman said that means to maintain water quality--you must have water movement to make sure the pipeline is flushed out. Mr. Lehman said the intent of the language as he was told by the District is that they did not want anyone to become a competing wholesaler or the City to become a water broker to multiple jurisdictions. It was explained by the District that if the Authority cannot meet their obligation to the County, then certainly the City can meet the demands provided by Charlotte County but not become a competitor. So if Charlotte County were for example to exceed their allocation from the Authority and the Authority could not meet the County's needs, or if something else happened that the Authority could not meet the allocation, by all means the City would be the appropriate place to obtain that water. It was also explained by the District that is for the emergency interconnect only. Mr. Lehman said if you will recall, this was one phase out of three phases to go all the way south to Burnt Store. That is not restricting that movement of water. It is only restricting the purchase of water from the City.

Commissioner Staub said to follow-up, the Authority will not be and does not want to be in some kind of approval status. It is just the fact that if the Authority can't meet the County's requirements then it is defacto.

Mr. Lehman said yes.

Commissioner Staub said the letter seems to reflect what the Board said. Commissioner Staub asked Commissioner Cummings if the Charlotte County Commission was supporting the letter also.

Commissioner Cummings said he did not take the draft to his BOCC for approval. He has expressed his concern to the Board on this issue however could not recall if this has been actually discussed at a BOCC meeting. Roger Baltz, Charlotte County Administrator, from the audience indicated it had not been an item of discussion.

Commissioner Staub asked if it would be appropriate to approve the letter subject to the Charlotte County Commission approval if for some reason there would not be a majority vote.

Commissioner Cummings said he did not expect that to be a problem.

Chairman Hill said he would prefer not to act on this today and wait until the Charlotte County Commission had an opportunity to discuss the letter.

Commissioner Staub proceeded with the motion that the Authority approve the letter contingent on the approval of the Charlotte County Commission.

Commissioner Cummings seconded the motion.

Commissioner Staub went on to say the reason she felt the Board should act today is because time is of the essence.

Chairman Hill said he felt an action like this should come before the Authority Board with the support of the county commissioner rather than from one member of the Board.

Motion was made by Commissioner Staub, seconded by Commissioner Cummings, to approve the letter drafted by Commissioner Cummings subject to approval by the Charlotte County Commission. Motion was approved 3 to 1 with Chairman Hill dissenting.

On phosphate matters, all new information in Mr. Manson's written status report is in bold type. Mr. Manson pointed out that C&F Industries has requested a variance in the reclamation. They are looking at actually taking some water that they were going to discharge pursuant to their MPDS permit by surface water and storing that water underground. Other than the permit application, there is not much other information available at this time. Mr. Manson said he would be meeting with them in the next week or two to hear more discussion about what their alternative is. It's not an alternative to a phosphate mine.

Regarding the Ona Mine case, as previously reported DEP issued a Final Order on this matter on July 31, 2006. Mr. Manson filed a Notice of Appeal on August 29, 2006 to acts as a place holder until the Board had an opportunity to make a decision as to whether to go forward with an appeal. The Board voted 3 to 1 at their meeting on September 26, 2006 to ratify the Notice of Appeal. Mr. Manson said he is in the very beginning

of some potential discussion of settlement but has nothing to report at this time.

Item 16. *Executive Director=s Report*

Mr. Lehman took this opportunity to reflect on the last year and recognized the Authority staff for their part in the accomplishments of the Authority. He said it was one year ago in October when the new Interlocal Agreement and the Master Water Supply Contract were approved. Since that time, we went to New York and received a Class A rating from all three major rating agencies; issued the 2005 Bonds for a \$130 million project; refinanced the 1998 Bonds with a financial benefit of all the members plus the funding for the REP; secured more funding from the District in addition to what was available at that time with SB 444. As discussed today, the designs are nearing completion. Contract I is out to bid on the facility expansion. A big step was made today with the pre-qualification of the contractors for the reservoir. In addition, the DeSoto pipeline was completed and looking forward, the draft of the loop study has been circulated. The integrated regional master water supply plan is moving forward so that by the end of the year we anticipate identification and phasing and a CIP program and the GAP program. We have created a new partnership with the City of Punta Gorda. And the strategic plan is being developed with a 20 year vision. And with all that, the operating staff continues the operations and supplying water to meet the needs of our members and customers. If anyone asks what has happened in the last year, I think a lot has happened and certainly it is staff that has made it happen and I applaud you all.

MEMBER COMMENTS

None.

PUBLIC COMMENTS

None.

FUTURE MEETINGS:

Next Authority Board Meeting:
10:00 a.m., Wednesday, November 1, 2006
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 11:27 a.m.

The Honorable Jerry G. Hill, Chairman