**AGENDA**
**CITY OF DUNNELLON**
**UTILITY ADVISORY BOARD**
**20750 RIVER DRIVE, DUNNELLON, FLORIDA 34431**
**MONDAY, FEBRUARY 15, 2016**
**3:00 P.M.**

PLEASE NOTE: Individuals wishing to address the Board please sign in. A three-minute time limit will be administered. PLEASE TURN CELL PHONES OFF.

OPENING
Call to Order
Pledge of Allegiance

PROOF OF PUBLICATION
The agenda was posted on the City's website and City Hall Bulletin Board on Friday, February 12, 2016.

ROLL CALL

1. **APPROVAL OF MINUTES**

   **Meeting Minutes 9/21/2015, 10/19/2015, 11/16/2015 And 1/20/2016**

   Documents: 20150921 MEETING WEXHIBITS.PDF, 20151019 MEETING WEXHIBITS.PDF, 20160120 WEXHIBITS.PDF, 20151116 MEETING - FACILITIES TOUR.PDF

2. **Election Of Chairman And Vice Chairman**

   Required Annually in January, postponed to February meeting.

3. **Florida Rural Water Association - Progress Update**

4. **Status Of Credits To Rainbow Springs Customers**

   Recognize credits mailed: follow-up, any issues

5. **PUBLIC COMMENT**

6. **ADJOURNMENT**

ANY PERSON REQUIRING A SPECIAL ACCOMMODATION AT THIS HEARING BECAUSE OF A DISABILITY OR PHYSICAL IMPAIRMENT SHOULD CONTACT THE CITY CLERK AT (352) 465-8500 AT LEAST 48 HOURS PRIOR TO THE PROCEEDING. IF A PERSON DESIRES TO APPEAL ANY DECISION WITH RESPECT TO ANY MATTER CONSIDERED AT THE ABOVE MEETING OR HEARING, HE OR SHE WILL NEED A RECORD OF THE PROCEEDING, AND FOR SUCH PURPOSE, HE OR SHE MAY NEED TO ENSURE THAT A VERBATIM RECORD OF THE PROCEEDINGS IS MADE, WHICH INCLUDES THE TESTIMONY AND EVIDENCE UPON WHICH THE APPEAL IS TO BE BASED. THE CITY IS NOT RESPONSIBLE FOR ANY MECHANICAL FAILURE OF RECORDING EQUIPMENT.

**MINUTES UTILITY ADVISORY BOARD**
**SEPTEMBER 21, 2015, 3:00 P.M.**

1. OPENING

Chairman, Hugh Lochrane, called the meeting to order and led the Pledge of Allegiance.

Proof of Publication: The agenda was posted on the City's website and City Hall bulletin board on Friday, September 18, 2015.

2. ROLL CALL

Members Present: Chuck Daimler; Hugh Lochrane, Jim Hicklin, Burt Eno, Tom Brady; William Descalzi; Denise Rondeau

Members Absent: Anita Williams; Jo Wise

Staff Present: Jan Smith, Teresa Malmberg

**3. PUBLIC COMMENT**:

Judge Benza thanked members for serving on this board. He then submitted and reviewed handwritten comments concerning the water and sewer budgets (Exhibit I). Members discussed and responded to the items on the handout. Hugh Lochrane clarified that last two items are line items for city staff amounting to 5% of the expense budget. Capital replacement reserve is money left over going into reserves and does show in the budget. Also, there is a specific line item for replacement of money taken from water and sewer and going into reserves. In the General Fund, there is a line item for replacement at $25,000. Jan Smith confirmed. Mr. Lochrane went on to report that reserves are not shown in the in the budget. Jan Smith reported that reserves are not shown in the budget. There is a separate schedule that can be provided to show that information. Discussion continued concerning reserves and how it happens. Monies are from the General Fund to repay water and sewer. All of this information will appear in the audit report. Jim Hicklin confirmed Jan Smith that the debt owed is a balance sheet report. Requested that a schedule be added showing restricted and unrestricted reserves in water and sewer. Hugh Lochrane highly recommends all members read through the audit statements, which are available on the website. When looking into the allocation of indirect costs, we need to review the 62% allocation to Finance Officer. Address whether this is an equitable amount. Does the Finance Office spend this much time on water and sewer?

Burt Eno asked about $2 million dollars being transferred to General Fund from water and sewer. Recalls resolutions in the past 2-3 years much greater than that. A resolution for reconciling what when to Greenlight that was by itself $3 million. Jan Smith reported that when Greenlight was closed out, those loans were closed. The bond proceeds are

being repaid. Mr. Eno would be interested in seeing what the value of the reserves have been over three years, or even 24-months. Jan Smith will provide a balance in each of those reserves in each of those periods. Discussion of rates not keeping up with expenses. We do not budget for depreciation, but would be helpful to replace and repair capital equipment. Requested a one-page report of reserves going back to at least 2011. Goal is to see what effect combining and separating the water and sewer budgets has had. Discussion of Sunshine Law hampering learning and discussing, even over coffee, outside the public meeting. Discussion of Greenlight, Council responsibility to approve loans, and operation of enterprise funds.

**4. ITEMS FOR DISCUSSION**

**B. Final Budget Comments/Recommendations**: Hugh Lochrane noted that the final budget meeting is next week, September 28. Does anyone have any additional recommendations? Requested that the date be printed on the budget documents. There is not a lot of significant changes. Jan Smith reported that funds moved from water to sewer concerning the hotel have to do with the lift station project. The funds remaining in water have to do with water system, and this is a grant funded project. There is savings because of insurance contracts. Additional revenue will go into reserves at end of year $4,823 into water reserve and $7,125 into sewer reserve.

Hugh Lochrane asked if the $9,000 for legal fees is going to the attorney or the financial institution. The amount is $18,000 ($9K from each water & sewer). Jan Smith reported that the money could go to either depending on what is billed. Discussion of grant funding going toward the hotel project. Mr. Descalzi brought up the connection from the hotel to Rainbow Springs. The two systems will be interconnected, but it is not Rainbow Springs coming directly into the hotel. Burt Eno asked about resolution for utility rates because they are to remain the same. Jan Smith confirmed the resolution is in the works, and there is no increase to 2016 rates.

No further updates were made to the budget recommendations to Council.

**A. Update on Florida Rural Water Association Activities**: Burt Eno reported that Mr. Gustafson has been meeting with the city and selected a month's worth of charges and they are going to try and determine from those numbers where the big leaks are happening. Mr. Eno reported that both utility clerks have resigned or turned in their resignations. Julio is supposed to be taking over this endeavor, and ask Ms. Malmberg to let board know who he is and how he fits into this project. Ms. Malmberg reported that Julio Granados is responsible for reporting to SWFWMD and DEP and he is a numbers person, very detailed and knowledgeable on the operations side for water reporting and usage. Provided an update on where they are with looking at the

Requested a time line from Florida Rural Water and Utilities Department to know where they are and what the plan is for looking at the issues. Ms. Malmberg will get together with Mr. Gustafson and prepare a timeline.

Mr. Descalzi noted that a water person was checking homes in Juliette Falls where

there is no usage to see why no revenue is being generated. Ms. Malmberg explained the re-read process, and that the utility billing staff is sensitive to zero readings. Discussion of billing cycle causing need to read meters on weekends causing over time. Mention of tanker truck being run on weekends between Juliette Falls and Rainbow Springs could be changed to the weekdays, rather than overtime. Mr. Lochrane reported that it was recommended to Council to reduce the overtime expense by considering an alternate billing cycle.

**D. Recommend Documents the UAB should have available on the City Website**

Hugh Lochrane noted that the city website has several areas where documents are stored for access. Looking for a place where certain documents important to the UAB can be accessed. Please let Teresa know what you want to see in this area and/or how to find them.

**C. Comments on Ordinance ORD2015-09** (extending the Economic Development Incentive) Hugh Lochrane discussed the incentive, and that there is not that much of an impact on our budget. The hotel has paid the first portion of this incentive. Jim Hicklin reported that the funds are put aside to increase capacity when needed. Being able to delay the fees will not impact the budget.

**E. Plan Future UAB Projects and Schedule**: Now that the budget process has come to an end, we need to plan for the future. The tour of facilities, we would like to see sometime in October. Mr. Descalzi noted the board would like to see what equipment needs to be replaced or repaired to include in planning. Need to look at a Master Plan, and have that on the website so we can see where we are with planning. The current Master Plan dates to 2011. Discussion of the Master Plan update being budgeted year after year. Possible that it's only been in this year because of the settlement agreement. The funds were put in initially to hire a contractor to development the plan, and the amount budgeted $25,000 total from water/sewer. Need to review and see what part this board will play in the Master Plan update and development. The biggest thing affecting the rates currently is the debt. Debt service accounts for almost thirty-five cents of each dollar collected.

Mr. Descalzi mentioned the sewer line the city is reportedly going out for grant to run a sewer line along 180th to provide service to the state parks, Sateke Village, and the schools. If there's not money in that grant to cover new capacity, Juliette Falls cannot support the need. The Juliette Falls plant has capacity for 250 homes, but serving 35. If they do a plan like this, new development could not be served, but requires them to pay the costs of treating that amount of flow. Hugh Lochrane noted that all these things have to be taken into consideration in the new Master Plan. Requested that everyone take a look at the Master Plan, how it is formatted and what it's going to take. We also need a Rate Study. We need to put that into the schedule. Burt Eno noted that we can only recommend who the city uses for the Rate Study. The City is in the habit of using Burton & Associates over the past few years. It will need to be a recommendation through Council to staff. I have no confidence in Burton and Associates. Hugh Lochrane noted the money is not in the

budget to do a rate study this year, so we assume the recommendation of this board was accepted. The next item we need to undertake is the study or analysis of indirect expenses and how they are being shared between the General Fund and the Water/Sewer Funds. Mr. Descalzi asked about guidelines for operations and maintenance that may be available from Marion County or Florida Rural Water. Mr. Lochrane said there should be a standard, but after several months of searching nothing found, and it's probably because they are all so different. Discussion continued about some studies that have been done.

Mr. Eno asked whether or not an algorithm had been developed for the surcharge. It would be nice to know when it has been developed. With the loss of staff in the Utility Billing Department, this is a concern. Mr. Lochrane said it would be appropriate to ask Mr. Esch the status.

Consensus for the next meetings to be scheduled for Monday, October 19 and November 16, at 3:00 p.m.

5. The meeting adjourned at 4:48 p.m.

| | |
|---|---|
| Hugh Lochrane, Chairman | Teresa Malmberg, Admin. Coordinator |

9/21/15 Public Comment Judge Benza Exhibit I

1. Should be a line in W&S budget listing actual dollars held in reserves and indicating source of reserves and transfers in and out of the fund.

2. Does the 2015-2016 W&S budget line which reflects anticipated ~~rev~~ income anticipate less revenue based on crediting of payment to R.S. customers of credits based on settlement under Benza v City of Swansea

3. Does the 2015-2016 W&S budget show a payment out of W&S funds for payment of cost awarded ~~to R.S. Benza~~ as per settlement judgment entered in Benza vs C.o.D.

4. Should be a line in W&S budget showing money ~~owe~~ owed to W&S by City for loans & other disbursements made out of W&S funds for City debts incurred because of Greenlight failure.

5. Should also be a line in W&S budget showing each dollar from W&S paying for City obligations for salaries for City officials & administrative cost. The total cost for these items should also appear as a total percentage of W&S revenues.

**MINUTES UTILITY ADVISORY BOARD**
**OCTOBER 19, 2015, 3:00 P.M.**

**OPENING**: The Chairman called the meeting to order and led the Pledge of Allegiance.

**PROOF OF PUBLICATION**: The agenda was posted on the City's website and City Hall Bulletin Board on Friday, October 16, 2015.

**ROLL CALL**
The following members were present at roll call:

| | | |
|---|---|---|
| Anita Williams | Chuck Daimler | Hugh Lochrane |
| Jim Hicklin | Burt Eno | Tom Brady |
| William Descalzi | Jo/Allen Wise | Denise Rondeau |

The following staff were present at roll call:

| | | |
|---|---|---|
| Eddie Esch | Jan Smith | Teresa Malmberg |

**1. MEETING MINUTES** the minutes of the August 17, 2015 were approved as submitted by unanimous vote, 8-0.

**2. PUBLIC COMMENT** Walter Green commented on the undefeated Dunnellon Tigers football team and encouraged everyone to come out and support them. Also noted that the Pop-Warner team is doing well.

Mr. Lochrane asked if anyone had anything to add to the agenda. Mr. Descalzi wants to add a discussion concerning the SW 180th based on information he requested from Ms. Malmberg after the last meeting.

**3. ITEMS FOR DISCUSSION**

**A. Update on Florida Rural Water Association Activities**
Burt Eno reviewed the time line. Discussion regarding actual processes. Eddie Esch and Teresa Malmberg reported on specific testing for field work and where the data audits are at this time. Discussion of where we are on the surcharge refund. Currently making the batch reports balance. Eddie Esch discussed the water break at City Hall. Residents concerned about loss of water pressure during testing – will not be affected.

**B. Schedule Water / Sewer Plant Tour Dates** – November 16 start at 1 p.m. Staff work on an agenda and logistics.

**C. Update on Status of Reserve Funds** - Jan Smith reviewed Hugh Lochrane's summary of her reserve reports (Exhibit I). Jan will research drop from 2011 to zero and report back to the Board. Discussed the definitions of each category for clarification and better understanding. Hugh Lochrane asked if there are any plans to combine water sewer. Jan Smith said, currently, the software provider wants $8K. Discussion of how certain budget items will be easier to accomplish and we are one of the few cities who are still separate. Need to give new UB employees time to acclimate.

**D. Agree to List of UAB Pertinent Documents for Website**: Ordinance; Resolutions; Water/Sewer Rate Fees; Agenda/Minutes; consistent naming; Rates Resolution posted.

**E. Define Capital Improvement Projects Scheduled for FY2016** – If there are ongoing projects provide a status report. We do not have anything except meter replacements (ongoing). Recently completed RV and the 41 project basically done pending as built drawings. The hotel water/sewer main project is anticipated to begin January/February. Grand opening around January 12. Fire flow is adequate for them to open their doors.

**F. Define Billing Process**: Requesting a written procedure on how the billing process works, i.e. flow chart. Reading Dates are determined; routes sheets sent to Operations from UB; meters are read mechanically and auto-read, route sheets with readings are returned to UB for data entry and auto reads are uploaded; readings are verified; re-reads are requested; data is sent to Information Outsource (IO) for billing; billing data is uploaded by the city to the bill pay website at the same time as sent to IO. Tom Brady asked about time line for radio read meters to be installed throughout the system.

**G. Select Recurring Meeting Date**, *i.e. Third Monday of the Month, 3:00 p.m.,* w/Additional Dates Scheduled during Budget Season or as needed. Members agreed to make this a permanent date/time.

**H. Funding and Planning for the SW 180th Force Main**: Eddie Esch summarized the process and plan. Main concern is capacity used up from expansion. Sateke Village has to connect by choice. The County looked at a regionalization plan north of the city. Their plan was denied. City's plan was approved. We have access to what the schools are using, and Sateke Village. The state is currently working the impact fee plan, but they are contemplating land swaps. Until someone brings a better plan, we need to continue to collect fee, maybe reduced. We do not know the condition of the lines in Sateke Village. Exhibit II provided – email from William Descalzi to Eddie Esch with responses concerning this matter.

4. The meeting was adjourned at 5:00 p.m.

Hugh Lochrane, Chairman

Teresa Malmberg, Admin. Coordinator

10/19 UAB

Exhibit I

Dunnellon Cash Balance Accounts

| | 9/30/2011 | 9/30/2012 | 9/30/2013 | 10/1/2013 | 8/31/2014 | 9/30/2014 |
|---|---|---|---|---|---|---|
| **Water** | | | | | | |
| **02000-15163 Water - Util Dep** | 143,470 | 189,940 | 134,335 | 134,335 | 117,584 | 117,474 |
| **02000-15164 Cap Improv/Connect fees** | 493,681 | 0 | 0 | 0 | 0 | 3,792 |
| **02000-15168 Unrestricted** | 395,387 | 224,830 | 205,143 | 230,582 | 151,040 | 168,739 |
| **02000-15189 Reserve Equip Repl** | 513,503 | 0 | 0 | 0 | 0 | 0 |
| **02000-15192 Emergency Reserve** | 43,989 | 49,054 | 51,052 | 0 | 1,676 | 1,830 |
| **02000-15195 Regions Debt Srv Reserve - WEF** | | | 135,171 | 77,421 | 154,562 | 172,483 |
| **02000-15196 BB&T Debt Srv Reserve - WEF** | | 149,707 | 238,222 | 78,766 | 155,199 | 174,800 |
| **02000-15148 Regions Bond Proceeds - 2013** | | | 2,587,469 | 1,561,464 | 1,400,758 | 1,382,120 |
| **Total Water** | **1,590,030** | **613,531** | **3,351,392** | **2,082,568** | **1,980,819** | **2,021,238** |
| | | | | | | |
| **Sewer** | | | | | | |
| **02000-15174 Sewer - 93 Bonds R&R** | 0 | | | | | |
| **02000-15176 Sewer - 94 Bonds R&R** | 0 | | | | | |
| **02000-15167 Cap Improv/Connect Fees** | 863 | 1,701 | 1,832 | 1,832 | 1,832 | 42,628 |
| **02000-15169 Unrestricted** | 29,568 | 184,069 | 1,578,246 | 264,924 | 211,562 | 160,697 |
| **02000-15181 Reserve Equip Repl** | 597,240 | 125,994 | 125,994 | 0 | 0 | 0 |
| **02000-15189 SRF Loan Reserve** | 10,120 | 10,125 | 54,999 | 47,964 | 40,928 | 40,928 |
| **02000-15190 Regions Debt SRV Reserve** | 76,189 | 295,549 | 217,171 | 118,311 | 232,313 | 259,204 |
| **02000-15193 Emergency Reserve** | 14,638 | 18,378 | 20,515 | 0 | 1,127 | 1,235 |
| **02000-15197 BB&T Debt Srv Reserve - SEF** | | 117,627 | 187,174 | 61,888 | 121,942 | 137,343 |
| **02000-15149 Regions Bond Proceeds - 2013** | | | 1,205,631 | 868,971 | 758,179 | 758,179 |
| **Total Sewer** | **728,618** | **753,443** | **3,391,562** | **1,363,890** | **1,367,883** | **1,400,214** |
| | | | | | | |
| **TOTAL** | **2,318,648** | **1,366,974** | **6,742,954** | **3,446,458** | **3,348,702** | **3,421,452** |

Exhibit II

**Teresa Malmberg**

**From:** Teresa Malmberg
**Sent:** Friday, October 16, 2015 3:41 PM
**To:** william descalzi
**Cc:** Burt Eno; Charles Daimler; Cynthia Williams; Denise Rondeau; Eddie Esch; Hugh Lochrane; Jim Hicklin; Jo Wise; Richard Grabbe; Tom Brady
**Subject:** RE: UAB Mtg 10/19/2015

Mr. Descalzi,

Below are answers from Eddie. I apologize for the delay. I am copying board members as well. Any additional information will be provided at the meeting.

Regards,
*Teresa A. Malmberg*
Administrative Coordinator
Public Services &
Community Development
City of Dunnellon
Ofc: (352) 465-8500 x1010
Cell: (352) 445-0705
tmalmberg@dunnellon.org
**Please Note: Florida has a very broad public records law. Written communication to or from city officials regarding city business is public record and open to inspection including names, addresses, and email addresses. Therefore, your email communication may be subject to public disclosure.**

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**From:** william descalzi [mailto:bdescalzi@yahoo.com]
**Sent:** Thursday, October 08, 2015 6:04 PM
**To:** Teresa Malmberg <tmalmberg@dunnellon.org>
**Subject:** UAB Mtg 10/19/2015

Hi Teresa:

For our Mtg that date; please advise Eddie that I would like a complete description of the planned application for the proposed 180th ave (high school road) funding (100% funding from SWFWMD) of the forced sewage main line to service the schools, Sateke Village and the State Facilities along that watershed. Also, I would like to know the sewage treatment capacity of the JF plant 100,000 gallons and how much capacity will be required to service this area 71,000.

Also, are those residents and facilities in that watershed presently on Dunnellon water service NO or their own wells? They are on private water distribution systems.

If this information cannot be provided at that meeting, please advise me as to where it can be found.

I would also like to know who is responsible for testing the fire hydrants in JF for flow and condition answered in previous email (MCFR). Fire service here is provided by the County but our water is the responsibility of the City. The hydrants have weeds surrounding them and NO street marking reflectors are installed. I know our streets do not have the wearing surface asphalt in place but reflectors should be installed and hydrants cleared from weeds.

Thank you,

Bill Descalzi

**MINUTES UTILITY ADVISORY BOARD**
**WEDNESDAY, JANUARY 20, 2016, 3:00 P.M.**

Chairman, Hugh Lochrane, called the meeting to order and led the Pledge of Allegiance.

The agenda was posted on the City's website and City Hall Bulletin Board on Thursday, January 14, 2016.

**ROLL CALL**
The following members were present at roll call: Hugh Lochrane, Jim Hicklin, Burt Eno, Anita Williams

The following members were absent at roll call: Tom Brady, Chuck Daimler, William Descalzi, Denise Rondeau, Jo Wise

The following staff were present at roll call: Eddie Esch, Jan Smith, Teresa Malmberg

**Chairman's Opening Comments**: Hugh Lochrane thanked Mr. Esch for the facilities tour and noted that the tour was useful to everyone who participated. Recognizing that a quorum is not present, some items will need to be moved to the February meeting.

**Public Comments**: Rick Hancock spoke about the current business practices of the City of Dunnellon in relation to water and sewer fund debt. Mr. Hancock distributed copies of his comments and read into record.

1. **Approval of Minutes**: Approval of the minutes of the 9/21/2015, 10/19/2015 and 11/16/2015 was postponed until the February 15, 2016 meeting.

2. **Election of Chairman and Vice Chairman For 2016**: The selection of Chair and Vice Chair was postponed until the February 15, 2016 meeting.

3. **Florida Rural Water Association**: Discussion concerning status of leak testing, operations and rate studies, and reviewed letter updating progress. It was noted that the rate study needs to be started. Need additional update from Mr. Gustafson, and perhaps confer with F.R.W.A. principals, e.g., Sterling Carroll. Burt Eno will request a schedule.

4. **Actual End-of-Year Figures - FY2015**: Jan Smith reported that staff is currently performing year -end close. Required audit is to be scheduled and audit report must be presented to Council by May 30, 2016. Actual year-end figures will be available following this process.

5. **Budget Status Report - 1st Quarter**: Jan Smith review the report.

6. **Update and Status of Reserve**: Jan Smith reported that the actual reserve will be known when the audit is completed.

7. **Status of Credits to Rainbow Springs (Class Action Case #12-3155-CAB)**: Public comment on the matter: Judge Benza submitted a letter (Exhibit II) and read into record. Jan Smith reported that a letter of explanation will be sent to recipients with the January billing, and that the first round of checks accounting for fifty-percent of the court-ordered refund will be mailed the last week of January as required.

8. **Status of Hotel Project**: Mr. Esch reported that the bid for the water main project has been awarded to G.W.P. Construction, and that there will be no impact on utility customers during construction.

9. **125 Anniversary Park-Impact on Water/Sewer**: Mr. Esch reported that it could have an impact on water and sewer depending on where Council chooses to fund it from. Discussed existing lines and location of same. Still need to determine if a grinder pump or gravity sewer be used. Impacts would be in this fiscal year approximately $5,000 to water/sewer. Dis

10. **Review Status of Recommendations to Council**

Combine Water & Sewer Budgets: Mr. Esch reported that combining the budgets will not happen this year due to staffing and Mrs. Smith added that a major software support upgrade is forthcoming.

Policy for Allocation of Indirect Expenses: postpone to February meeting. However, Mr. Esch noted that they did not budget for the Indirect Cost Study because we were going to use F.R.W.A. at no charge. Mr. Gustafson has said that F.R.W.A. does not do cost studies of this nature. Mr. Esch was under the impression from Mr. Eno that F.R.W.A. would do a cost study. Mr. Eno confirmed he was under that impression as well. Mr. Esch said they would investigate further and get to the bottom of it.

Mr. Eno stated that he would really like for the Board to receive a schedule from F.R.W.A. and to see the representative here. Mr. Eno agreed to make a phone call.

11. **ADJOURNMENT**: The meeting adjourned at 4:52 p.m.

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| Hugh Lochrane, Chairman | Teresa Malmberg, Admin. Coordinator |

RICK HANCOCK
11551 CAMP DRIVE

EXHIBIT I
Public Comment

Under the current business practices of the City of Dunnellon, it is clear to me that the W/S fund debt will be higher at the end of this fiscal year than when this board was formed.

Now, I put it in these terms because I believe that this board is our best chance to change the way Dunnellon does business. I understand that you are an advisory board, but I also believe you have the strongest and loudest voice to effect change....and, I hope you will begin to use it.

Since 2008, the Council's business practices have been to borrow or re-finance loans, and take monies from reserves to fund operating losses, and with no new revenue streams in place to repay their debts. And, these business practices continue today.

Dunnellon has been treating the W/S fund as a cash cow to help fund and support other city operations, while increasing the debt within the fund to make up the difference.

They have taken monies out of W/S reserves to fund losses in other operating departments. They have re-financed debt in the W/S fund, and used the proceeds to fund losses in other operating departments. These practices increase the debt and costs to the W/S user.

This re-financing has been termed good, guaranteed debt by the Mayor....a term I'm not familiar with. His response was that folks couldn't afford the up front costs and capital improvement expenses associated with a utility. Well perhaps they could if their funds hadn't been taken and used for other purposes!

For example, the $5 million taken from the W/S enterprise fund could have been used to purchase the addt'l water systems, lowering borrowing needs by 80%.

Dunnellon has taken nearly $5 million from the W/S funds to support other enterprises. These funds should be re-paid at market interest rates, and then used to meet the upcoming note payment. Dunnellon should repay these funds by borrowing against the General Fund or other city enterprises if necessary.

Going forward, any future trsfrs from W/S funds should be prevented or severely restricted. It should occur only upon agreement from the advisory board, at market interest rates, and with date certain re-payment schedules. Included in the request, there should be an acceptable plan presented that shows the sources of funds that will secure the re-payment.

The majority of W/S users are not Dunnellon residents and therefore cannot participate in the selection of city management, or have much voice in the decisions made.

They should not be asked to fund operating shortfalls in other Dunnellon enterprises. This board is their most effective voice to prevent this from happening any more. And, I hope you will use your voice to that purpose....loudly, and clearly.

EXHIBIT II
Item ~~6~~ 7

December 19, 2015

Dunnellon City Council
20750 River Drive
Dunnellon, FL 34431

Re: Benza v. City of Dunnellon
Case No. 12-3155-CAB
Fifth Judicial Circuit Court

Dear Council Members:

Following discussions with City representatives it is apparent that the City intends to use Water and Sewer Enterprise reserve funds to compensate the City for credits ordered to be paid to Rainbow Springs utility customers by the 5th Judicial Circuit Court.

You may recall that City Resolution 2013-18 emptied all reserves from the Water and Sewer Enterprise Funds in a transfer to the Communications Fund, a violation of FS 350.81. Consequently, compensation to the City for the loss of revenue in applying credits to the Rainbow Springs utility customers will result from elevated rates applied to all City utility customers to build reserves since that time.

Although the judgment gave the City a choice of funding source to fund this settlement, the settlement is in the form of customer credits, generally not requiring a cash payout. Thus, no funding sources are required and the use of water and sewer reserves to cover loss of income due to the customer credits results in rate increases and transfers the judgment obligation from the City to the water and sewer customers.

It is our position that this manner of compensation for crediting Rainbow Springs utility customers is a violation of the court order and the case settlement agreement. The lawsuit and the settlement agreement bound the City of Dunnellon, not the utility customers. Your plan to credit the Rainbow Springs utility customers is akin to taking money out of our right pocket and putting it into our left pocket. Perhaps even more unfair is the taxation of other utility customers such as Chatmire, Rio Vista, and Juliette Falls in elevated rates to fund the Rainbow Springs credits.

In summary, the lawsuit was against the City of Dunnellon and the City, not the utility customers, should fund the credits to the Rainbow Springs utility customers. By copy of this letter we are putting the court on notice of this apparent violation of the settlement agreement and the court's order.

Yours truly,

Louis Benza

Louis Benza
Plaintiff and Class Representative

Cc: Eddie Esch, City Manager
Dawn Bowne, City Clerk
Clerk of the Circuit Court

MINUTES UTILITY ADVISORY BOARD
November 16, 2015 @ 1:00 p.m.

In lieu of its regular meeting, the Utility Advisory Board members participated in a tour, conducted by city staff, of the water and sewer facilities throughout the system:

1. ROLL CALL:

   Members Present: Hugh Lochrane, Tom Brady, Jim Hicklin, Denise Rondeau, Anita Williams, Jo and Allen Wise

   Members Absent: Burt Eno, Chuck Daimler, William Descalzi

   Staff Present: Eddie Esch, Richard Grabbe

   Members of the Public: Glen Spiering,

2. WATER/SEWER FACILITIES TOUR – toured the facilities as noted on the itinerary.

3. ADJOURNMENT – The meeting (tour) adjourned at 4:30 p.m.

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| Hugh Lochrane, Chair | Teresa Malmberg, Administrative Coord. |

ANY PERSON REQUIRING A SPECIAL ACCOMMODATION AT THIS HEARING BECAUSE OF A DISABILITY OR PHYSICAL IMPAIRMENT SHOULD CONTACT THE CITY CLERK AT (352) 465-8500 AT LEAST 48 HOURS PRIOR TO THE PROCEEDING. IF A PERSON DESIRES TO APPEAL ANY DECISION WITH RESPECT TO ANY MATTER CONSIDERED AT THE ABOVE MEETING OR HEARING, HE OR SHE WILL NEED A RECORD OF THE PROCEEDING, AND FOR SUCH PURPOSE, HE OR SHE MAY NEED TO ENSURE THAT A VERBATIM RECORD OF THE PROCEEDINGS IS MADE, WHICH INCLUDES THE TESTIMONY AND EVIDENCE UPON WHICH THE APPEAL IS TO BE BASED. THE CITY IS NOT RESPONSIBLE FOR ANY MECHANICAL FAILURE OF RECORDING EQUIPMENT.