

**AGENDA
UTILITY ADVISORY BOARD
CITY OF DUNNELLON
20750 RIVER DRIVE
DUNNELLON, FL 34431
MAY 16, 2016 AT 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, May 13, 2016.

ROLL CALL

1. APPROVAL OF MINUTES

Minutes 3/21/2015

Documents: [20160321 JOINT WORKSHOP.PDF](#)

2. Recognize Councilman Rick Hancock As Council Liaison To UAB

3. Juliette Falls Operating Permit Renewal - Kimley Horn IPO#53

Consideration of Recommendation to Council for IPO #53 from Kimley-Horn to prepare the Juliette Falls Waste Water Treatment Plant (WWTP) Operating Permit Renewal for submission to FDEP.

Documents: [AGR2016-22_IPO53_KIMLEYHORN.PDF](#)

4. Florida Rural Water Association (FRWA)

Address the status of testing for water leaks, conducting rate study and whether FRWA can perform an operational study.

5. Update On Recommendation To Council Re: Loan/Transfer Of Utility Reserves To Greenlight

Documents: [UAB REC TO COUNCIL WSLIDES.PDF](#)

6. Update On RFP For Installation Of Radio Read Meters

7. Schedule For FY2017 Budget Preparation

8. 2015 Audit Report

Comments from Finance Director, Jan Smith, relative to utility matters.

Link to 2015 Audit Report: [ANNUAL AUDIT REPORT](#)

9. PUBLIC COMMENT

10. 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
JOINT WORKSHOP
UTILITY ADVISORY BOARD & CITY COUNCIL
CITY OF DUNNELLON
MARCH 21, 2016 AT 3:00 P.M.**

Utility Advisory Board Chairman Hugh Lochrane called the meeting to order at 3:02 p.m. and led the Pledge of Allegiance.

PROOF OF PUBLICATION: The agenda was posted on the City's website and City Hall Bulletin Board on Thursday, March 17, 2016.

ROLL CALL:

UAB Members Present: Hugh Lochrane, Burt Eno, Tom Brady (arrived 3:07 p.m.), William Descalzi, Denise Rondeau, Cynthia Williams, Alan Wise

UAB Members Absent: Chuck Daimler, Jim Hicklin

City Council Members Present: Nathan Whitt (arrived 3:17 p.m.), Walter Green, Chuck Dillon, Johanna Soldato, Rick Hancock

Staff Present: Eddie Esch, Jan Smith, Dawn Bowne (arrived 3:10 p.m.), City Attorney Andrew Hand

Water/Sewer Fund and Bond Debt Repayment Plan Workshop

Utility Advisory Board Chairman, Hugh Lochrane, welcomed everyone, thanked Councilman Green for recommending this workshop and introduced members of the Utility Advisory Board. Mr. Lochrane reviewed the agenda items outlining the purpose of the meeting, and noted that all of the subjects have a direct effect on the safety and reliability of our water and sewer systems, on our water rates and the ability to move forward on projects outlined in the Utility Master Plan. We are talking about the viability of our water and sewer systems. Reviewed budget, rates and debt. Need to find an equitable path to restoring monies borrowed from the water and sewer system. Goal is to address all of these issues, as complicated as they are, and find resolutions.

Bill Descalzi noted he has been researching enterprise funds, and determined that enterprise funds may only be used for enterprise-related expenses. There's nothing we can do about prior actions, but with revenues expected to be generated, we should have more than enough to operate and put money in reserve. The additional expenses expected to be paid

Rick Hancock distributed a report he had copied to all UAB and Council Members written by the Florida Rural Water Association. The problem is it is not recommended, but it is not illegal. Regarding monies over and above the \$1.4 million, you can't hold

someone accountable for these losses, but there is a moral and ethical accountability. Funds were taken from several sources. Whether it is legal or not, the users of any particular enterprise should know that their fund is only used for the purpose it was intended.

Johanna Soldato reported that she has been looking at the budget for a few hours, and it doesn't matter which way we look at, we are in trouble. It is going to be very difficult, but we are down to the bare minimum. Agrees that the water and sewer should never have been touched and that we have some accountability. We need to go forward with some type of plan. Need to look closely at what we really have in order to see where we need to be. Discussed lack of depreciation schedule in the budget. With depreciation, assets list isn't up to date. This already means the audit will not be as clear as it needs to be. This is a good start, and we need to analyze and come up with ideas.

Burt Eno noted there is a rule that the communication enterprise cannot be supported by funds transferred to it, and thinks there was a law broken. Understands what Johanna is saying. A lot of time over the past few years has been put toward this problem. We need to turn the page and do something. All the decisions made by the City should not fall on the backs of the water and sewer customers.

Chuck Dillon noted that he agrees with Mr. Hancock about resolutions. When the November election comes around, suggest that we need a charter amendment stating how we want the water and sewer funds to be handled. If language is that it will not be used for any other purpose, we make a charter amendment. This eliminates the concern that different people sitting on Council have one rule to follow. The priority is that the \$5.4 is refinanced. We have 8 months to get this done, and it should be the number one priority. If we cannot address the refinancing of this debt, none of us will be here.

Walter Green noted that he is pleased to be a part of this effort, and this is an education effort for all of us. Before Mr. Hancock joined the Council, he mentioned that this would be a good idea and wanted to acknowledge his recommendation.

Rick Hancock followed up on Mr. Dillon's comments. How much homework have we done toward sitting with a lender? What is the process, and what does it need to look like? Even looking at ways to reorganize. Lenders include the state. We are in a state of emergency, and the state offers loans. If we are simply pushing off debt, it is not the way to handle it. We need to be able to commit to whatever we decide.

Nathan Whitt noted that he carries the optimistic view. Greenlight was a bad move, but the City is not in the shape that Greenlight was in. The system as it stands carries value. Applauds what the Utility Advisory Board has been doing. Most cities have bonded debt, and believes that it is common not alarming. The system itself is valued at twice or more of what we owe in bond debt. It is important to all of us to have this system functional, redundant and work toward reuse. The wastewater reuse is a real positive thing for the area, the aquifer and springs. Mr. Esch has been working on this as well.

Bill Descalzi noted that he is in agreement with Councilman Dillon, and looking at the

funds being generated, we should be able to handle a \$5.4 million debt reasonably. We have to look at the other monies that were stuck into that fund being the City's responsibility. The purchase of Rainbow Springs and Juliette Falls under water and sewer enterprises and is a valid debt. If we take a look at the situation, we should charter to create an authority. We will call it the Dunnellon Area Water Sewer Authority. The majority of users do not live in Dunnellon. Maybe by forming an authority with a manager with Eddie's experience who would hire the employees and get the system away from the City. This encompasses more than the 1700 people in Dunnellon. As an authority, we might be able to function and get a loan and work outside the City. Board of Directors, Manager and employees. Has state and federal regulations and oversight.

1. Resolution 2012-29 Budget Amendments

Mr. Lochrane summarized the resolution content, and noted the need to find a way to get some or all of this money back into the water and sewer fund.

Johanna Soldato noted there was a .01 percent interest on that loan, and needs to know this first. We need to look at the water/sewer and general funds to see what can be pulled out and put back into the water/sewer fund. Staffing salaries, \$8K staffing survey in the budget and whatever we can get at the end of the year. Need to look carefully to see what can be pulled out. These are the kinds of things to look for to put back into the loan. Need to be careful and make sure we keep the infrastructure functioning and our capital expenditures appropriate. The depreciation schedule is not updated, so do not know when we need to make purchases. Mr. Lochrane confirmed and Ms. Soldato agreed that some if not all of this money should be returned to the water/sewer fund. Discussion of how the funds might be returned to water and sewer legally, and the attorney agreed to take a look at the repayment process from a legal standpoint.

Chuck Dillon noted that the water and sewer budget should not include salaries. Discussion continued concerning some expenses being logical such as the finance director, however, should determine a percentage rather than listing individual positions. Discussion continued on how to fund reserves for water and sewer. Mr. Esch noted that there was a Public Safety Building Fund Reserve that was being utilized that did not get utilized that was transferred. It was a restricted reserve. Mr. Esch also noted that one of the components that needs to be factored in is we are repaying the surcharge to Rainbow Springs. This will be done in two years. These funds are currently reducing amount going into reserves. After the second year payment, it would then go into reserve or capital improvements.

Rick Hancock noted his appreciation for the letter Mr. Lochrane wrote which was published in the newspaper. Sees the \$1.4 same as the \$5.4. All funds should be re-paid, and Council should recognize the obligations. We should stipulate that until the obligations are settled in their entirety, effective with the 2017 budget, allocation fees that are currently being charged to the water and sewer fund

should be absorbed by the City. This promotes goodwill on the part of the City which has the burden of bond repayment. It may not be a legal obligation, but it is a moral and ethical obligation.

Walter Green noted that there have been comments made that only the citizens of Dunnellon contributed to the water and sewer fund to start with and people who lived outside of the City other than Chatmire are somehow not involved in this issue. Over 90 percent of the businesses are owned and/or operated by people who do not live in the City. They are as important in determining how to overcome this problem as anyone else.

Hugh Lochrane reiterated the need to find solutions to an issue that affects all of the water sewer customers, businesses included. The only thing he wants out of this is a safe and reliable system and in order to get there, we need adequate reserves and to reduce the debt.

Johanna Soldato noted that we need to get together and look at the budget. Is there a document we can look at that shows us what is needed and who will have oversight once the loan is determined. There is no advance plan. The audit of 2014 indicated that this would be coming due, and nothing has been done. We need something in writing stating that this person is accountable, and we need to do it way ahead of time. Right now, we need a plan. Mr. Esch said to please not think there has been no one looking at this. We started two years ago looking at the options. Mr. Lochrane brought the discussion back to Item 1.

Nathan Whitt discussed Mr. Hand's comments from earlier as to what we can do legally. Mr. Dillon's idea for appropriating surplus at the end of each year is good. Just from what is being said today, we are putting our best foot forward. Discussion continued regarding how to implement the process and getting the debt paid, and the desire to repay all debt whether legally or morally/ethically obligated. Mr. Dillon reiterated the need to put something in place that all future Councils will have to adhere to because a resolution can be withdrawn.

Mr. Green read into record Resolution 2012-29, paragraph 2, and noted that the obligation is in print and we need to show our obligation and live up to what we said we were going to do. We are not going to try to say this is not on our books. The City needs to show good faith. Discussion continued regarding administrative cost allocations, how to establish a percentage, and the need to review all of the budgets. Burt Eno noted that if the paper on which this agreement isn't worth a dime, and a resolution can be rescinded any time by Council, then it is no more binding or no more an obligation than the \$3.3 million transferred under Resolution 2013-18. So we're talking about a total of \$4.8 million. If you're going to look at a way of paying back the \$1.4 million, why not look at paying back the \$4.8 million? Discussion continued on the best way to obligate the funds, and it be a legally binding document. Attorney Hand indicated that Council cannot give away its legislative powers, but it could obligate revenues and the source would need to be identified.

Walter Green invited the Utility Advisory Board members to make comments. Alan Wise noted that in listening to everyone, we are doing the same thing other Councils did with Greenlight by taking from other organizations and putting into this one, and taking from that one putting into that one. The City needs to focus on generating revenues by bringing in bigger businesses and other ways to make money so the City can pay off bills. It's the same thing as before. Need incentives to get more businesses in here.

2. BB&T Bond Payment Schedule as of Feb 29 2016

Schedule is provided for information purposes. Johanna Soldato and Jan Smith summarized the schedule and process for payments, as well as auditor recommendation. Bond covenants require that we put 1/12th of what the payment is, which is what we do. Mr. Esch reported that they have had several conversations with BB&T, and recently BB&T came back with a different opinion on where they stand. We have talked to other entities, one of which is USDA. Funding actually comes from a private lending source, so in taking this direction, we have to put together an RFP to lenders for the USDA backed loan. Discussion continued regarding this process. The plan is to have the RFP out by mid-April. Johanna Soldato will work with Jan Smith to develop a timeline. Discussion continued regarding the RFP and bonds. Hugh Lochrane noted that we are only concerned with the debt payment being in the budget. Thirty-six cents of every dollar goes to debt. We have very little flexibility in terms of rates. Discussion of state of emergency statute, finding a resolution or we might need to file. Staff is continuing to work toward the USDA backed loan.

3. FY2016 Budget BB&T Debt Service

Provided for informational purposes.

4. FY2016 Bond Balance

Jan Smith noted that this report shows the uses of the bond proceeds over the years, and shows we have \$1.33 million to use for capital projects. Expenses are coded specifically to identify them as capital purchases and then added to this report. Discussion of bond proceeds being used for capital improvements and how shown in the budget. Monies available outside the bond proceeds come from connect and tap fees charged for new construction projects.

Hugh Lochrane made a closing statement, and reiterated the ultimate goal is to have a safe and viable system.

5. Public Comment

Mrs. Duggins thanked Mr. Hancock for his comments. Even though the water and sewer issues came before, it is still the Council's and City's responsibility. Until it is

solved, the customers will not be satisfied. You need to do what is morally and ethically right. There is a court order you need to be following, but the opinion is that it is not being done properly. People need to stop making it seem as though residents of Rainbow Springs and other community residents are the bad guys. The Rainbow Springs residents had nothing to do with the City buying the utility. The first they knew about it was the night it was voted on. Thank you.

Bill Vibbert discussed the need to utilize Florida Rural Water Association (FRWA) in lieu of a consulting firm to save costs for rate study and engineering services. Discussion continued as to FRWA services offered for free and those that are cost-based.

Johanna Soldato noted that she will work with staff to develop timelines for bond payments, RFPs, and budget process. Hugh Lochrane noted that we have come to some conclusions and direction toward repaying this money. Tom Brady noted that he has learned a lot, and is encouraged to hear from Council words like morally and ethically, and hopes the Council will work together and become a cohesive group and create solidarity.

6. Adjournment

The meeting was adjourned at 5:14 p.m.

Hugh Lochrane, Chair

Teresa Malmberg, Admin. Coordinator

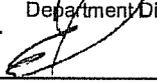


to UAB 5/16/16
back to Council
6-13-2016

Meeting Date: 5/4/16

From (Dept): Sewer

Signature: 
Department Director

Approved for
Agenda: 
City Manager

Official Use Only

Reviewed by
City Attorney: _____

Council Action: _____

Date: _____

SUBJECT:

Request For Approval: AGR#2016-22 Kimley Horn IPO#53 – Juliette Falls WWTF Permit Renewal

SUMMARY EXPLANATION & BACKGROUND: The Juliette Falls Wastewater Treatment Facility (WWTF) operates under the FDEP Domestic Wastewater Facility Permit number FLA490415. The current operating permit was issued on April 4, 2012 and expires on April 3, 2017. Chapter 62-620 of the FL Administrative Code requires submittal of the operating permit renewal application no later than 180 days before the expiration date.

FISCAL INFORMATION: Not Budgeted in FY15-16. \$9,500 Funding from sewer operating reserve. Budget amendment will be presented to Council if required at yearend.

PROCUREMENT METHOD:

PURCHASE REQUISITION NUMBER:

RECOMMENDED ACTION: Authorize Mayor to sign agreement AGR#2016-22

Initiated by: EE/js

INDIVIDUAL PROJECT ORDER NUMBER 53

Describing a specific agreement between Kimley-Horn and Associates, Inc. (the "Engineer" or "Kimley-Horn"), and The City of Dunnellon (the "City") in accordance with the terms of the Master Agreement for Continuing Professional Services dated November 9, 2009, which is incorporated herein by reference.

Identification of Project:

Project: Juliette Falls WWTF Permit Renewal
Client: City of Dunnellon
Project Manager: Lewis Bryant

Background Information:

The Juliette Falls Wastewater Treatment Facility (WWTF) operates under the Florida Department of Environmental Protection (FDEP) Domestic Wastewater Facility Permit number FLA490415. The current operating permit was issued on April 4, 2012 and expires on April 3, 2017. Chapter 62-620 of the Florida Administrative Code requires submittal of the operating permit renewal application no later than 180 days before the expiration date.

The detailed scope of services for Kimley-Horn to prepare the required FDEP operating permit renewal package is described below.

Specific Scope of Basic Services:

Task 1 – Design Plans

- A. Kimley-Horn will retain the services of a licensed surveyor to perform a route survey in compliance with Florida Minimum Technical Standards Rule 5J-17 FAC for engineering design.

Task 2 – FDEP WWTF Domestic Wastewater Facility Permit Renewal Application

- A. Kimley-Horn will attend a pre-application meeting with FDEP to ensure all required information is included in the application package.
- B. Kimley-Horn will prepare and submit a FDEP WWTF Domestic Wastewater Facility Permit Renewal Application. The following information is anticipated to be required with the submittal package:
 - Form 62-620.910 (1) "Wastewater Facility or Activity Permit Application – General Information – Form 1"
 - Form 62-620.910 (2) "Wastewater Permit Application Form 2A for Domestic Wastewater Facilities"
 - A "Capacity Analysis Report" update
 - An "Operation and Maintenance Performance Report"
 - Form 62-610.300(4)(a)1 "Annual Reuse Report"
 - Form 62-610.300(4)(a)4 "Pathogen Monitoring"
 - Form 62-620.910(15) "Reclaimed Water or Effluent Analysis Report"
 - A current flow meter calibration certification
 - Current Residuals Management Facilities (RMF) agreement
 - Current Reuse agreements (for each reuse site)
 - Current flow diagram depicting sample and metering locations
 - Current site plan
 - Current Operating Protocol
 - Permit Application Fee (provided by the City)
- C. Kimley-Horn will make up to two site visits to conduct inspections, review plant information and interview plant operators.

D. Kimley-Horn will prepare the following information:

1. Form 62-620.910 (1) "Wastewater Facility or Activity Permit Application – General Information – Form 1"
2. Form 62-620.910 (2) "Wastewater Permit Application Form 2A for Domestic Wastewater Facilities"
3. A Capacity Analysis Report Update
4. An Operation and Maintenance Performance Report

E. The City will provide the following information:

1. Form 62-610.300(4)(a)1 "Annual Reuse Report"
2. Form 62-610.300(4)(a)4 "Pathogen Monitoring"
3. Form 62-620.910(15) "Reclaimed Water or Effluent Analysis Report"
4. A current flow meter calibration certification
5. Current Residuals Management Facilities (RMF) agreement
6. Current Reuse agreements (for each reuse site)
7. Current flow diagram depicting sample and metering locations
8. Current site plan
9. Ground water monitoring reports for the last 5 years
10. FDEP Permit Application Fee
11. Dates and descriptions of all facility modifications within the last 5 years
12. Any FDEP consent orders
13. Discharge Monitoring Reports (DMR's) for the last 5 years
14. A copy of the WWTF Preliminary Design Report
15. Up to date record drawings
16. Up to date Operation and Maintenance Manuals
17. Up to date Operating Protocol
18. Cross-connection control and inspection program
19. Industrial pre-treatment program

F. Kimley-Horn will provide two draft permit application packages to the City for review prior to submittal. Kimley-Horn will provide the City with two final versions of the application package and all RAI submittals.

G. After the initial permit renewal application submittal, Kimley-Horn will respond no more than two reasonable requests for additional information (RAI). Additional RAI responses will be performed on an hourly labor fee plus expense basis in accordance with the approved rate schedule.

Additional Services if Required:

This proposal does not include performing any specialized studies outside those listed above. On specific projects in the past, FDEP has requested additional hydro-geological studies, attendance of multiple meetings at FDEP offices, performing reuse feasibility studies, preparing or updating reclaimed water operating protocols, preparing or updating Operation and Maintenance manuals, preparing construction or modification plans, and certifying the completion of FDEP required repairs or sampling the WWTP effluent and existing groundwater monitoring wells. These types of activities are not anticipated and are not included.

Kimley»»Horn

Services requested that are not specifically included will be provided under an amendment of this scope of services or as a new and separate agreement upon written authorization.

Schedule:

The Engineer will provide the above Scope of Services as expeditiously as possible to meet a mutually agreed upon schedule.

Method of Compensation:

The Engineer will complete the above scope of services for a lump sum fee of \$9,500 inclusive of expenses.

ACCEPTED BY:

THE CITY OF DUNNELLON, FLORIDA

KIMLEY-HORN AND ASSOCIATES, INC.

BY: _____

BY: 
M. Lewis Bryant, PE

TITLE: _____

TITLE: Associate _____

DATE: _____

DATE: April 15, 2016 _____

**Utility Advisory Board
Recommendation
Return of Funds Removed from Water and Sewer Enterprise Fund Reserves**

At its April 18, 2016 meeting the Utility Advisory Board (UAB) reviewed and discussed options relative to the return of funds that were removed from Water and Sewer reserve accounts and used to fund the Greenlight project. The following background information and recommendations are hereby presented to the Dunnellon City Council.

1. Background:

a. Resolution 2010-06, dated 7/26/2010, authorized the creation of Greenlight and the associated Communications Enterprise Fund. The resolution also authorized a loan of \$50,000 from the Water/Sewer Funds to Greenlight. It is our understanding that this loan has been repaid and no further action is required.

b. Resolution 2012-29, dated 11/13/2012, authorized an inter-fund loan of \$1,478,430 from the Water/Sewer Funds to the Communications Fund. Stipulations of the loan are that it carries a .01% per annum interest rate and that it be paid in its entirety by 2017. To date, no action has been taken to repay this loan. The funds were transferred from the Water Capital Improvement/Connect Fees and Reserve Equipment Replacement accounts, and from the Sewer Reserve Equipment Replacement account. This loan remains outstanding.

c. Resolution 2013-18, dated 11/12/2013, authorized the transfer of \$1,962,826 from the Water/Sewer Funds to the Communications Fund. The funds were transferred from the Water Unrestricted Equity and Emergency Reserve accounts, and from the Sewer Capital Replacement account.

d. Resolution 2013-18 also authorized the transfer of \$1,362,664 from Water/Sewer bond proceeds to the Communications Fund. The UAB recognizes that the City is dealing with this transaction separately due to legal issues. The UAB recommends that the City continue making payments from the General Fund to replace the amount removed.

e. The combined amount transferred from Water/Sewer Fund reserve accounts is \$3,441,256.

2. Current Situation:

a. The Water/Sewer Reserve Accounts for Equipment Replacement are empty.

b. The combined amount in the Water/Sewer Emergency Reserve accounts is \$7,308.

c. The combined amount in the Water/Sewer Capital Improvement accounts is \$127,234.

d. The lack of funds in these reserve accounts directly affects the immediate and long-term safety and reliability of the Water and Sewer Utility Systems. This is a significant public interest situation that needs to be addressed by the City Council.

e. The lack of funds in these reserve accounts makes it impossible for the city to undertake utility system improvements and enhancements without borrowing funds.

3. Recommendations:

a. Assuming that the City does not have funds available in the short term to replace funds loaned and transferred from the Water and Sewer reserve accounts, and taking into consideration discussions about this matter at the joint Council and UAB workshop on 3/21/2016, the UAB recommends that the Council approve an agreement that allows the funds to be reimbursed over a period of time.

b. Starting with the fiscal year 2017 Water and Sewer Enterprise Fund budgets, the city should suspend any inclusion of expense items for city staff providing support to water and sewer operations and administration. For the purpose of determining the yearly amount to be applied toward the reimbursement, the city should use the amount of \$143,728, which is the amount being charged in the fiscal year 2016 budget.

c. Starting with the fiscal year 2017 Water and Sewer Enterprise Fund budgets, the city should include one-half of indirect expense items that contribute to the operation and administration of the water and sewer utilities, instead of the two-thirds contribution in the fiscal year 2016 budget. The yearly amount of \$12,274 (based on amounts in the fiscal year 2016 budget) should be applied toward the reimbursement.

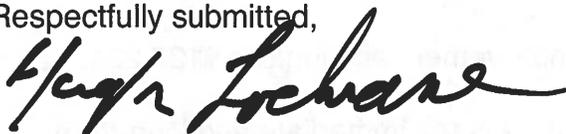
d. The total of the above items is \$156,002 per year that would have to be absorbed by the General Fund. By not having these expenses included in the water and sewer funds, and by maintaining the existing utility rates, it should be possible to accommodate operation and maintenance expenses, gradually increase reserves and satisfy debt obligations.

e. The UAB recommends that the City establish a process for allocating these savings to the various reserve accounts.

e. The UAB recommends that the City establish optimum account balances for reserve accounts and continue adding to these accounts until the desired balance is achieved.

f. The UAB feels that the method of formalizing this plan to return funds to the water and sewer reserves should be determined by the Council.

Respectfully submitted,



Hugh Lochrane
Chairman, Utility Advisory Board

Utility Advisory Board

- **Joint meeting March 9, 2016 - discuss loan to Greenlight**
- **Produce a recommendation relative to action taken by Resolution 2012-29**
- **UAB meeting April 18, 2016**

UAB Meeting

- **Draft recommendation for repaying “loan”**
- **Concern about other transfers**
 - **\$1.96M from reserve accounts**
 - **\$1.36M from bond proceeds**
- **Board agreed to address all transfers**

Background

- **Resolution 2012-29 (11/13/2012)**
 - **Interfund loan of \$1.5 to be repaid by 2017**
- **Resolution 2013-18 (11/12/2013)**
 - **Transfer of \$1.9M from reserves**
 - **Transfer of \$1.36M from bond proceeds**
- **Total funds transferred \$4.82M**

Replace Bond Proceeds

- **Legal obligation to replace \$1.36M**
- **Separate line item in General Fund budget**
- **Time period and amount per year ????????**

City decides how to deal with this matter.

Current Situation

- **Reserves for equipment replacement = \$0**
- **Reserves for emergencies = \$7,308**
- **Reserves for improvements = \$127,234**

Impact

- **Re-building reserves means higher rates**
- **No means to replace aging equipment without incurring debt**
- **No funds available for major emergency situations**

Fix the Problem

- **Restore funds to reserve accounts**
- **Suspend General Fund expense items currently being charged to water and sewer funds (\$143,728)**
- **Allocate specific amounts to depleted reserves**
- **Establish optimum account balances for reserves**
- **Formalize plan**