

**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 develop 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 180<sup>th</sup> 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.

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Hugh Lochrane, Chairman

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Teresa Malmberg, Admin. Coordinator

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 ~~income~~ income anticipate less revenue based on crediting of payment to R.S. Customers of Credits based on settlement under Benza v City of Dundee?
3. Does the 2015-2016 W+S budget show a payment out of W+S funds for payment of cost awarded to ~~R.S. Customers~~ as per settlement judgment entered in Benza v C.A.D.
4. Should be a line in W+S budget showing money ~~owed~~ 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 itemizing each dollar from W+S paying for City obligations for Salaries for City officials & administrative cost. The total cost for that item should also appear as a total percentage of W+S revenues.