

**MINUTES
UTILITY ADVISORY BOARD CITY OF DUNNELLON
MAY 16, 2016 AT 3:00 P.M.**

Chairman Hugh Lochrane called the meeting to order at 3:04 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 Friday, May 13, 2016.

ROLL CALL The following members answered present: Hugh Lochrane, Burt Eno, Tom Brady, William Descalzi, Jim Hicklin, Denise Rondeau, Cynthia Williams, Alan Wise

STAFF PRESENT: Eddie Esch, Jan Smith, Teresa Malmberg

1. APPROVAL OF MINUTES The minutes of the 3/21/2016 joint workshop were amended on the record and approved as amended by unanimous vote. The minutes of the 4/18/16 meeting were approved as submitted by unanimous vote.

ADD ON: Mr. Lochrane and Mr. Esch provided information concerning a Utility Trailer purchase request from the Utility Department which is in the budget. Alan Wise made a motion to recommend approval of the purchase. William Descalzi seconded. The motion passed by unanimous vote, 8-0.

2. RECOGNIZED COUNCILMAN RICK HANCOCK AS COUNCIL LIAISON TO UAB

3. JULIETTE FALLS OPERATING PERMIT RENEWAL - KIMLEY HORN IPO#53 Mr. Esch withdrew the item until a future meeting.

4. FLORIDA RURAL WATER ASSOCIATION (FRWA) Mr. Esch reported that a proposal has been submitted by FRWA, and the rate study will be included as part of the City's membership. Mr. Gustafson provided an update on the status of rate and operational study scheduling and will be setting up time to obtain documentation and request staff assistance.

5. UPDATE ON RECOMMENDATION TO COUNCIL RE: LOAN/TRANSFER OF UTILITY RESERVES TO GREENLIGHT Members offered their input concerning the city's plan for repayment of water/sewer funds previously taken and used for communications enterprise fund. Research is needed for the reserve funds to determine if they are where they need to be to support an emergency and/or equipment replacement. Staff reported, following the audit recommendation, there will be a target percentage set.

6. UPDATE ON RFP FOR INSTALLATION OF RADIO READ METERS Mr. Esch reported on the potential to piggyback with Daytona Beach contract, but still needs to review the contract language. Discussed funds earmarked in the bond proceeds for this project.

7. SCHEDULE FOR FY2017 BUDGET PREPARATION Mr. Esch provided the status of preparation and assembling all the pieces for the departments. Staff does not anticipate any drastic changes to the operations and maintenance, but there will be

some changes. Reviewed dates for this board to make their recommendations to Council. Anticipate two (2) meetings in July and possibly August, and no meeting in June. Board requests first run at water/sewer budgets at a July meeting. Members agreed to the general meeting schedule.

8. 2015 AUDIT REPORT Mrs. Smith reported that the audit report is what she expected to see, and noted page 22 where sewer fund shows a loss in operating funds. The water side is showing an income. Overall, the funds are holding their own with the lack of reserves we maintain. We are able to pay our bills and fund the annual debt service. We have to strive to get the reserves funded and get costs down. In looking at just the audit report, staff does not feel the rates are funding sewer. By that operating loss, we are not funding reserves, but funding renewal and replacement. If the reserves were in better shape, we could live with the loss. However, raising rates is one way to fund reserves. Discussed the BB&T refinance and how it affects the overall picture based on debt service payment possible being higher. Mr. Lochrane will send his report of actuals vs. expenses to staff and board members. Discussion continued concerning budget actuals, accruals, reserves, revenue and cash.

Mr. Esch reported on status of balloon repayment, letter to BB&T for refinance ready to be sent, Board will likely not be involved because options will be limited. Board and Council will be updated on the process.

9. COMMENTS FROM FINANCE DIRECTOR, JAN SMITH, RELATIVE TO UTILITY MATTERS Jan Smith reported that we are able to fund the debt service with the surpluses as well as the unrestricted reserves. Reviewed the numbers as reported in the audit. The reserves are being funded, which is a good thing. All profits go automatically into the reserve accounts, and then finance makes a journal entry to move money in and out of debt service reserve or any other reserve into water or sewer unrestricted reserves. Reviewed the debt service reserves and interest payments.

10. PUBLIC COMMENT Councilman Green commented on Mr. Gustafson's request for assistance, and certainly encourages the Board to recommend staff provide any support to meet Mr. Gustafson's needs. Board agreed by consensus, and confirmed with Mr. Esch.

11. ADJOURNMENT The meeting was adjourned at 4:58 p.m.

Hugh Lochrane, Chairman

Teresa Malmberg, Admin. Coordinator