

Tampa Bay Water
June 17, 2013 Minutes

The Board of Directors of Tampa Bay Water met in their offices, 2575 Enterprise Road, Clearwater, Florida 33763.

BOARD MEMBERS PRESENT:

Present: Chairman – Susan Latvala, Pinellas County
Vice Chairman – Commissioner Ted Schrader, Pasco
Councilman Charlie Miranda, City of Tampa
Commissioner Sandra Murman, Hillsborough County
Council Member Karl Nurse, City of St. Petersburg
Deputy Mayor Bill Philips, City of New Port Richey
Commissioner Mark Sharpe, Hillsborough County
Commissioner Henry Wilson, Pasco County

Absent: Commissioner John Morroni, Pinellas County

Staff: Charles H. Carden, Interim General Manager

Presenting

Staff: Christina Sackett
Amanda Rice
Alison Adams
Maribel Medina
Warren Hogg

General

Counsel: Barrie Buenaventura, General Counsel

A list of others present who signed the attendance roster was filed in the permanent files of Tampa Bay Water. Staff and Consultants presenting to the Board are listed above.

Chairman Latvala called the public hearing to order at 9:00 a.m. Chair Latvala reflected that over 15 years ago, on June 10, 1998, a ceremony was held at the Florida Aquarium in order to sign legislation and governance documents that created Tampa Bay Water. She informed the Board that the ceremony was the culmination of two years of hard work that moved each member government from a parochial perspective to a regional perspective which now focuses on regional cooperation and solutions. She said that over 200 elected officials voted on governance restructuring: 40 local elected officials had to review and approve the Amended and Restated Interlocal Agreement and Master Water Supply Contracts; 160 members of the Florida Legislature had to review and pass legislation; and the late Governor Lawton Chiles signed the legislation into law. She said it took great vision and leadership to create Tampa Bay Water. She further stated that everyone gave up something such as selling their water supplies; paying different water rates from other member governments and having their water rates go up dramatically in order to reduce groundwater production and develop new water supplies. She elaborated that the vision and leadership was why the Board was sitting here today to work cooperatively to build on the successes of the past 15 years



for the prosperity and vitality of the entire region. Chair Latvala felt that this date was too important and she needed to stop and have the Board reflect upon it.

PUBLIC HEARING

FY 2013/2014 Budget – Public Hearing and Adoption

Chair Latvala opened the meeting and announced that Bill Philips, Deputy Mayor of New Port Richey, would be covering the meeting on behalf of Mayor Consalvo during his medical absence. Chair Latvala turned the discussion for a public hearing on the proposed budget to Charles Carden, Interim General Manager. Mr. Carden stated that at the April Board meeting a proposed budget for FY14 was presented to the Board for review. Mr. Carden noted that the budget public hearing was properly advertised in the Tampa Bay Times, the Tampa Tribune and the Florida Administrative Register in anticipation of today's public hearing. He stated that Tampa Bay Water's finance department met with member government's financial staff and said it was ready now to present a final budget for Board approval. Mr. Carden then turned this portion of the meeting to Chief Financial Officer, Christina Sackett.

Mrs. Christina Sackett indicated that she wanted to address the Board regarding the annual budget for the FY14 that begins on October 1, 2013. She reminded the Board that Tampa Bay Water is contractually required to approve a budget by August 1st of each year and indicated that adoption of the budget by the Board allows Member Government utilities and budget staff to prepare for approval of their budgets in September. Mrs. Sackett provided a brief presentation and overview of the FY14 proposed budget. She explained that a small decrease in FY14 water demands will result in an expected decline in net revenue but she stated that decline would not cause a rate increase to the proposed FY14 budget. Mrs. Sackett recapped the supply sources for FY14 and compared same to the prior FY13. She noted that the largest portion of the budget is allocated to repaying bond holders and explained that when you combine the debt service with the fixed and contracted operating costs, it accounted for 82%, and the remaining 18% was allocated to variable operating costs. Mrs. Sackett pointed out that fixed costs increased due to personnel services for six new positions and capital expenditures due to the purchase and implementation of a new computerized maintenance management system which was previously recommended in the performance audit.

Mrs. Sackett described contracted operating costs as increases due to the Lithia Hydrogen Sulfide Facility O & M Agreement; the Reservoir O&M Agreements relating to the Surface Water Treatment Plant; Desal Facility; and Keller. Mrs. Sackett also explained that the bond debt service did decrease significantly due to the four bond refundings in FY11 and less funds were required when the 2013 bond were issued. Mrs. Sackett explained variable costs were increased because usage of Desal and the High Service Pump Station resulted in increased chemical and electric charges.

Ms. Sackett showed graphs which depicted historical uniform rate data starting for FY99 at \$.9444 to the current proposed FY14 rate of \$2.559. She noted that in FY99 Tampa Bay Water had \$233 million in fixed assets and at the end of FY12 fixed assets were now \$1.375 billion. Another graph provided details of FY99-FY12 actual water sales and expenses and then compared the same time frame to the budgeted numbers for FY13/14.

Mrs. Sacket reiterated that her key message for FY14 proposed budget is that Tampa Bay Water plans to meet member government needs without any rate increase. She noted that Tampa Bay Water has not had a rate increase for the past two years and FY14 is the third consecutive year at the same Uniform Rate of \$2.5590. She requested Board approve the proposed budget for FY14 and to adopt Resolution #2013-002.

Chairman Latvala opened the public hearing to the public for comment. The following speaker made public comment to the Board of Directors: Mark Klutho spoke on budget, wasting of rate payers' dollars and bad decisions the Board has made.

The Chairman seeing no more public comments made a motion to close the public hearing and asked for a motion to approve the FY14 budget and adopt Resolution #2013-002.

Motion: Councilman Miranda moved to approve the Chair's recommendation to approve the FY14 Budget, adopt Resolution #2013-002 and to close the public hearing. Commissioner Wilson seconded the motion.

Vote: The motion was carried by a vote of 8-0.

PUBLIC COMMENT

Commissioner Latvala opened the Board meeting to the public for comment. The following speakers made public comment to the Board of Directors:

Mark Klutho
Paul Crowell
Tom Aderhold

CONSENT AGENDA

A. GENERAL MANAGER

1. Board Minutes for April 15, 2013 Board Meeting – *Approve*
2. Board Minutes for April 29, 2013 Special Board Meeting - *Approve*
3. Public Affairs
 - a. 2013 State Legislative Session and Follow-up Action Items– *Information Item*
 - b. Regional Demand Management and Member Government Water Conservation Activities – *Status Report*

B. WATER PRODUCTION

1. Long-Term Water Supply Planning
 - a. Demand Management Plan Update – *Status Report*
2. Energy Management Program – *Status Report*
3. Water production Division -Research Activities – *Status Report*
4. Gas Chromatograph/Mass Spectrometer Purchase, and Maintenance and Training Services – Contract No. 2013-034 with Aglient Technologies, Inc. - *Approve*
5. Comprehensive Asset Management Program – *Status Report*

C. REGULATORY COMPLIANCE

1. Water Quality Update – *Status Report*
2. Production Update and Hydrologic Conditions Report for April 2013 and May 2013 and the past 12-Month Period (June 1, 2012 through May 31, 2013) – *Status Report*
3. Professional Services Contract – C. W. Bill Young Regional Reservoir Environmental Monitoring – Contract No. 2013-018 with Golder Associates, Inc. in the Amount of \$528,560 – *Approve*
4. Professional Services Agreement – Ecological Monitoring and Assessment Services at the Cross Bar Ranch Wellfield – Consultant Selection – *Approve*
5. Professional Services Contract – Environmental Monitoring at the Cypress Bridge Wellfield – Consultant Selection – *Approve*
6. Environmental Resource Permit Letter Modification – Permit No. 44019921.003 for the Cross Bar Ranch Wellfield Natural System Restoration Project – Phase 2 – *Approve*

D. FINANCE

1. General Manager’s Quarterly Travel Report – *Approve*

Motion: Commissioner Murman moved approval of the Consent Agenda. Commissioner Schrader seconded the motion.

Vote: The motion was carried by a vote of 8-0.

REGULAR AGENDA

E. GENERAL MANAGER

No items for discussion.

F. WATER PRODUCTION

F1. Reservoir Renovation – Status Update - Presentation

Amanda Rice presented on the Regional Reservoir Renovation Project regarding the permanent fix to the cracking of the erosion protection layer on the interior face of the five miles of embankment. She reminded the Board that the soil cement and soil wedge layers would be removed down to and including the geomembrane layer. This renovation would allow a new geocomposite membrane to be installed along with a drainage layer and soil cement installed in a stair-step configuration. Mrs. Rice provided the contractual schedule and reported that it is expected that all completion milestones will be met. She reported that night-shifts were added into the schedule in April, construction is on-going 6 days per week and during the peak of construction it is anticipated over 160 workers will be fully engaged on the project. Mrs. Rice provided photographs of the current reservoir view and graphs depicting the work areas, on-going activities, construction of the soil cement batch plant, and provided status of installation of the geomembrane liner and stone drainage. Mrs. Rice reported that the next steps in the project are:

- Fill Pond K

- Continue Installation of
 - Geomembrane
 - Drainage Layer
- Begin cutoff wall tie-in
- Begin soil cement installation
 - Toe buttress
 - Stair step
- Begin Filling with water in July 2014

Mrs. Rice said she wanted to respond to a question by Commissioner Murman at the April Board meeting regarding if anything was seen that was unexpected. Mrs. Rice reported that some of the apparent unforeseen conditions were: soft soils at the toe of the south embankment and uneven subgrade under the geomembrane. She said these conditions will require use of the owner's allowance funds but Tampa Bay Water expects completion under the contracted amount.

Lastly, it was reported that a total of \$27.8 million has been invoiced to date for both the design and construction phases which is 21.4% of the contract value. Staff anticipates no issues with completing the project within the Board approved contract value. Mrs. Rice concluded her presentation and offered to answer any questions.

Commissioner Murman thanked Mrs. Rice for the report and the response to her prior question. She asked if this would be discussed in the closed session as supportive evidence in the Appeal.

General Counsel Barrie Buenaventura responded that she was aware of what staff discovered at the work site and the contractor and construction management staff have been instructed to document everything thoroughly. She explained that since the case is on appeal, no new evidence can be brought in at this point. If Tampa Bay Water has the opportunity to retry the case and if it is determined that there is a connection between what has been found and Tampa Bay Water's claims against HDR, then Tampa Bay Water may be able to use the information in court.

Commissioner Schrader asked how the on-going independent inspections were progressing.

Amanda Rice said CH2M Hill (owner-engineer hired by Tampa Bay Water) were conducting the reviews and inspections of the site and were on the location for all shifts.

Commissioner Schrader inquired if they are signing off as the construction is progressing from stage to stage.

Amanda Rice affirmatively confirmed.

Councilman Nurse asked about the target fill date of July 29 and asked if observations would affect the cushion for that target date.

Amanda Rice said she felt that date was very attainable at this point in time, as did the overall project team and Kiewit. She offered to provide more information on the schedule's float details.

Councilman Nurse was concerned that a delay in a month in either direction would result in millions of dollars to the agency the following year.

Amanda Rice stated that the contractor is highly motivated to complete this job as it represents a significant value to him.

This item was a presentation only and did not require any vote by the Board.

F2. Regional Demands and Water Supplies Update – Presentation

Dr. Alison Adams provided an update of current hydrologic conditions, regional water supplies, and member demands for Water Year 2013 to date (through May 2013). Using several graphics, Dr. Adams stated that April and May rainfall and cooler weather kept the regional demands lowered and hydrologic conditions have greatly improved. She explained that water demands are lower this water year to date compared to last year, primarily due to the cooler and wetter conditions experienced in April and May. She explained that with a wetter spring, the City of Tampa was able to maintain its self-supply sources and has not purchased water from Tampa Bay Water resulting in lower regional demands for the spring season. She said that Tampa Bay Water is now moving out of a Phase 4 into a Phase 3 water supply shortage condition based on the Agency's temporary water shortage mitigation triggers, as the Surface Water Treatment Plant was brought back on-line last week at a production rate of 30 mgd and this rate will increase to 50-60 mgd soon. .

Dr. Adams showed photos and reported that stream flows are increasing, the Hillsborough River Reservoir is full and water is discharging over the City's dam and the Harney Augmentation has stopped. She summarized the year to date totals on Water Source Utilization in a table which indicates pumping will be less at the Consolidated Wellfields and ground water systems than originally budgeted. She calculated that surface water production would be higher than originally budgeted and that will be monitored in order to maintain enough surface water production. Dr. Adams reported that the Desal Plant was going off-line today and it is expected that by the end of the year, the 11 mgd budgeted for desal will be met. Dr. Adams provided more good news that the Consolidated Wellfields 12 month running average pumpage is 83.6 mgd which is well below the regulatory compliance limit of 90 mgd. She presented a graph from October 2011 to present and described that the levels provide a good cushion on the groundwater side as we go into next year.

She summarized conditions with normal rainfall is predicted for the summer rainy season, along with higher than normal temperatures, the Surface Water Treatment Plant has returned to service; groundwater pumpage is below regulatory limits; and the Desal Plant will remain off-line during the summer. Dr. Adams concluded her presentation and offered to answer any questions.

Commissioner Schrader asked if it was expected that Desal would begin to ramp down today or was that acceleration because of all of the rainfall.

Dr. Adams stated that it is about two weeks ahead of schedule as it wasn't expected that hydrologic conditions would reach the stage until the end of June but with the current rainfall and successful monitoring actions were put into place quicker.

Commissioner Schrader asked if it was anticipated to run the Surface Water Treatment Plant at capacity.

Dr. Adams said it will be run a little below capacity between 70-80 mgd this summer which is driven by demands and keeping the groundwater system on-line. She felt demands would not be high enough to run the Surface Water Treatment Plant at full capacity.

F3. Capital Improvement Program Plan – Fiscal Years 2014-2018 – Accept

Maribel Medina presented Item F3 to provide details of Tampa Bay Water's FYs 2014-2018 Capital Improvement Program. She recapped that the CIP is a five-year plan which is updated annually and it identifies: 1) capital projects funded through application funding sources and 2) coordinates the projects financing, schedule, and resources. Projects included on the CIP meet one or more of the following project criteria:

- A total costs greater than \$100,000
- A new or existing improvement to existing asset;
- Requires property acquisition or a Primary Environmental Permit.

She explained the CIP itself does not authorize expenditures of any funds. Those funds must be approved in the annual operating budget and then specific projects are brought back to the Board for approval. She further stated that the Board approves projects at key stages, such as design and construction contracts, primary environmental permit applications, and project related property acquisition.

Mrs. Medina recapped in 2010, staff created a process for the annual update for the CIP to integrate projects for several sources into common program with main goals in the process to:

- Identify and prioritize capital projects,
- Determine funding needs and project schedules, and
- Allocate staff resources

Mrs. Medina defined the CIP to include projects from a number of sources such as the agency's revenue bond funds, Renewal & Replacement Program and projects implemented through joint project agreements with member governments. The estimated funding for FY14 are approximately \$89 million dollars. The projects expenditures for FY14 are totally funded with approximately 88% of the planned FY14 budget. These are primarily funded through revenue bonds and Renewal & Replacement funds. She reported that outsourcing costs are being reduced by self-performing design and construction engineering on some of the capital projects and the total capital costs of the projects are approximately \$3 million dollars and using in-house resources will net a savings of 15% of the total capital costs.

Mrs. Medina summarized that staff recommends:

- Acceptance of the FY14 CIP Program Plan;
- Direction to GM to implement the projects in compliance with the appropriations contained in the FY14 budget; and

- Direction to GM to use the priorities contained in the CIP when preparing future year annual budget documents.

Mrs. Medina reported that FYs 2014-2018 CIP development process has been implemented and a total of 54 projects have been identified, evaluated and ranked; 8 projects are complete or pending closeout; 13 will be in construction during FY14; 26 will be in planning or design stages in FY14; and 7 are future projects to begin FY15 or later.

Mrs. Medina concluded her presentation and asked if there were any questions.

Councilman Nurse wanted to point out when long term water demands go flat that there is only two major areas to control costs: 1) what can be done in-house? and 2) what can be done to control energy costs? He felt both of these topics were addressed in the CIP presentation and he felt it would be reasonable for us to expect the energy bill to be dropped by (without desal) \$2- \$3 million per year as the wellfield replacement work is finalized. He felt that the current year will be difficult because it is important not to short ourselves out of water because of the reservoir but yet going forward he would encourage folks to find ways to compress because that is where the money is. He felt the more projects that could speed up and conducted in-house will have savings in the long-run.

Commissioner Murman felt the CIP presentation was very good and she tends to look at Capital Programs as visionary documents for what needs to be accomplished in the future. She inquired if any amounts were being set aside in the Capital Budget to provide for new water resources down the road.

Charles Carden, Interim General Manager, said the Master Water Supply Plan is currently being updated and scheduled to come before the Board in December. This will project future needs and determine future capital projects down the road. He said the last time this exercise was completed seven projects were identified and put into the feasibility stage but then a downturn in the economy occurred and water sales declined so the projects were put on hold. It is time to look at the plan again update it. He explained that each year we look at it but actually every 5 years it gets a full update and is coming back to the Board this December for approval.

Commissioner Murman anticipated that our new General Manager will have some ideas to add into the mix so she will expect that in December.

Charles Carden, Interim General Manager said the process will start even a little earlier than that with project workshops, planning, discussion with staff and Board staff in hopes for having the project list finalized to bring back in December.

Motion: Commissioner Miranda moved to accept the Capital Improvement Program. Council Miranda seconded the motion.

Vote: The motion was carried by a vote of 8-0.

F4. Alafia Pump Station Modifications Project – Award Construction Contract No. 2013-039 to the lowest, responsive, responsible bidder, Wharton Smith - *Approve*

Interim General Manager Chuck Carden spoke and said that there was no presentation scheduled on this agenda item. Staff is recommending approval of Agenda Item F4 to the lowest responsible bidder, Wharton Smith, Inc. for the Alafia Pump Station Modifications Project.

Motion: Commissioner Schrader moved to approve Agenda Item F4. Councilman Miranda seconded the motion.

Vote: The motion was carried by a vote of 8-0.

G. REGULATORY COMPLIANCE

G1. Lakes Horse, Raleigh, and Rogers Restoration Project – Agreement to Terminate Cooperative Funding Agreement with the Southwest Florida Water Management District – *Approve*

Warren Hogg presented an update on the Lakes Horse, Raleigh, and Rogers Restoration Project and requested Board action at the end of the presentation conditioned upon subsequent action by the District Governing Board. Mr. Hogg provided historic information on this project and a map outlining the lakes being discussed. He indicated that the project has been on hold since early fall 2012 to allow options to be evaluated and public input at meetings. Extensive public input and involvement has been received on the project. Both Tampa Bay Water and the District have evaluated all options for the recovery of the lakes and have met with the public to discuss these options. The preferred project option is a strategy of Resource Monitoring and Management and includes:

- Termination of the surface water transfer project;
- Tampa Bay Water and the District will continue to monitor the recovery of these three lakes;
- Recovery of these lakes will be included in Tampa Bay Water's Consolidated Permit Recovery Assessment Plan which requires documentation and evaluation of the status of the recovery for all stressed lakes and wetlands in and around the 11 Consolidated Permit Wellfields;
- Recovery options will be evaluated in the future if it is determined that the lakes do not fully recover and remain stressed due to wellfield pumpage; and
- Tampa Bay Water and District staff will involve area citizens in the discussion of other recovery options in the future, should they be necessary.

Mr. Hogg went on to state that lake levels have increased in the past 2-3 years and the proposed levels may be attainable without any future restoration project. The District has released two technical reports which establish the proposed minimum levels for Lakes Rogers and Raleigh using peer-reviewed methodology adopted into their rules and the proposed levels are based on the current physical characteristics of the lakes and their drainage basins. Tampa Bay Water has reviewed the proposed levels and believes the levels are reasonable and protective of the water resources, vegetation, and habitat in the lake systems. The proposed District staff minimum lake levels are as follows:

- Lake Raleigh
 - Minimum Level – 37.9 feet NGVD
 - High Minimum Level – 41.1 feet NGVD

- Lake Rogers
 - Minimum Level – 35.6 feet NGVD
 - High Minimum Level – 38.7 feet NGVD

Mr. Hogg recommended to the Board:

- Approve the “Agreement to Terminate the Cooperative Funding Agreement between the Southwest Florida Water Management District and Tampa Bay Water for the Rocky Creek Lake Enhancement Project”
- Contingent upon the following actions by the District Governing Board:
 1. Approve the Minimum Levels as presented in the May 10 and 16, 2013 technical reports;
 2. Incorporate Lakes Rogers and Raleigh into the Comprehensive Environmental Resources Recovery Plan for the Northern Tampa Bay Water Use Caution Area; and
 3. Approve the Agreement to Terminate the Cooperative Funding Agreement for the surface water transfer project.

Mr. Hogg concluded his presentation and indicated he would answer any questions for the Board.

Motion: Commission Murman said she was enthusiastic and made a motion to support this and wanted to thank staff, the residents and everyone who helped to get to the bottom of this issue. She thanked Dr. Scott Emery from the Environmental Protection Commission for mediating between SWFWMD and Tampa Bay Water stating that he resides in the lakes area and has done multiple lake studies. She noted that the residents like their quality of life and want to preserve it at all costs. Councilman Miranda seconded the motion.

Chair Latvala added a comment for the citizens who were involved for many months and apologized how government must act sometimes to accomplish things. She explained that you just can’t have a motion and do away with something without science and engineering background to justify it. She thanked the citizens for hanging in there and acting in a manner that was respectful and cooperative.

Vote: The motion was carried by a vote of 8-0.

H. FINANCE

No items for discussion.

I. CONSENT DISCUSSION, OLD BUSINESS AND OTHER ADMINISTRATIVE MATTERS

**I1. General Manager Recruitment – Employment Agreement with Matthew Jordan –
Approve**

Chair Latvala announced that a negotiated contract had been reached with Matthew Jordan for the General Manager position which needed to be approved by the Board. She thanked the Interim General Manager, Chuck Carden, for his hard work and the executive team Christina Sackett, Michelle Rapp and Barrie Buenaventura who worked closely with him over the last few weeks.

Motion: Commissioner Schrader said it was a good job and moved for approval of the General Manager's contract. Councilman Miranda seconded the motion. Commissioner Murman had left the room when this item was voted on and after the meeting reconvened she said she supported approval of the General Manager's contract. Upon suggestion that the Board vote again, Commissioner Schrader moved approval and Councilman Miranda seconded the motion.

Vote: The motion was carried by a vote of 8-0.

J. GENERAL COUNSEL

J1. A Special Attorney/Client briefing session between the Tampa Bay Water Board of Directors and legal counsel pursuant to Section 286.011(8), Florida Statutes, to discuss settlement negotiations and/or strategy related to litigation expenditures in Tampa Bay Water v. HDR Engineering, Inc., United States Eleventh Circuit Court of Appeals, Case No. 12-16204-FF

General Counsel Barrie Buenaventura announced the agenda item as a requirement to go into a closed session to discuss the reservoir litigation.

Chair Latvala stated that legal counsel has requested to meet with the Board privately pursuant to Florida Statute Section 286.011(8) for the purposes authorized by the statute with respect to the pending Reservoir litigation against HDR Engineering, Inc. Board members Susan Latvala, Bill Philips, Charlie Miranda, Sandy Murman, Karl Nurse, Ted Schrader, Mark Sharpe and Henry Wilson, along with Mr. Carden, Mrs. Buenaventura, and outside counsel, Mr. Harrison will adjourn for approximately one hour in executive session in the adjoining Board conference room. The Board adjourned at approximately 9:58 a.m. for the Attorney/Client Board Briefing Session.

At approximately, 10:35 a.m. the Board reconvened the public meeting and Chair Latvala announced that the closed session had been terminated and now the Board was reconvening the open public meeting.

K. RECEIVE & FILE

1. Human Resources Activity Report
2. Information Technology Activity Report
3. General Counsel Activity Report
 - a. Legal Services Activity Report for April & May 2013
 - b. Legal Services Budget Report for April & May 2013
4. Public Affairs Activity Report
5. Finance Activity Report:
 - a. Finance Activity Report April & May 2013
 - b. Comprehensive Check List with delegated Check Approval for March & April 2013
 - c. Investment Schedule as of March & April 2013
 - d. Financial Statements and Fund Analysis for March & April 2013

- e. Disposition of Assets through April 2013
- f. Vendor Status Report through April 2013
- 6. Water Production Activity Report
- 7. Regulatory Compliance Activity Report:

K. Receive & File

Motion: Commissioner Schrader moved approval of Receive & File. Commissioner Murman seconded the motion.

Vote: The motion carried by a vote of 8-0.

Adjournment:

The Board adjourned at approximately 10:47 a.m.

Attest: 
Matthew W. Jordan
General Manager/ Secretary

Date: 8/19/13