

**St. Lucie West Services District  
Workshop Minutes  
April 1, 2013, at 9:00 a.m.  
450 SW Utility Drive  
Port St. Lucie, Florida 34986**

(Please note: This is not verbatim. A CD recording of the Board Meeting is available on file.)

**Board Members Present**

Harvey Cutler, Chairman  
Everett Child, Vice Chairman  
Charles Altwein, Secretary  
Vincent D'Amico, Supervisor  
Sal Mancuso, Supervisor

**Staff Present**

Dennis Pickle, District Manager, St. Lucie West Services District ("SLWSD")  
Bill Hayden, Public Works Director/Assistant District Manager, SLWSD  
Maddie Maldonado, Office Manager, SLWSD  
Jason Pierman, Assistant District Treasurer, Special District Services, Inc. ("SDS")  
Laura Archer, Recording Secretary, SDS

**Guests Present (Sign-In Sheet Attached)**

**A. Call to Order**

Chairman Cutler called the Workshop to order at 9:00 a.m.

**B. Pledge of Allegiance**

**C. Roll Call**

Ms. Archer took roll, noting that all 5 Supervisors were present.

**D. Approval of Minutes**

1. **March 4, 2013, Workshop**
2. **March 5, 2013, Regular Board Meeting**

There were no comments regarding either set of minutes.

**E. Public Hearing 1**

Chairman Cutler presented Resolution No. 2013-03, entitled:

**RESOLUTION NO. 2013-03**

**A RESOLUTION AMENDING JOB DESCRIPTIONS OF THE BOARD OF SUPERVISORS OF THE ST. LUCIE WEST SERVICES DISTRICT; PROVIDING AN EFFECTIVE DATE.**

There was no discussion regarding Public Hearing 1 on Resolution No. 2013-03.

**F. Public Hearing 2**

Chairman Cutler presented Resolution No. 2013-04, entitled:

**RESOLUTION NO. 2013-04**

**A RESOLUTION AMENDING CHAPTER A-I GENERAL AND PROCEDURAL RULES OF BOARD OF SUPERVISORS OF THE ST. LUCIE WEST SERVICES DISTRICT; PROVIDING AN EFFECTIVE DATE.**

There was no discussion regarding Public Hearing 2 on Resolution No. 2013-04.

**G. Public Hearing 3**

Chairman Cutler presented Resolution No. 2013-05, entitled:

**RESOLUTION NO. 2013-05**

**A RESOLUTION AMENDING CHAPTER A-III OF THE RULES OF BOARD OF SUPERVISORS OF THE ST. LUCIE WEST SERVICES DISTRICT REGARDING POSITIONS, QUALIFICATIONS, COMPENSATION, EMPLOYMENT, AND TERMINATION OF DISTRICT EMPLOYEES; PROVIDING AN EFFECTIVE DATE.**

There was no discussion regarding Public Hearing 3 on Resolution No. 2013-05.

**H. District Attorney  
DA 1 - Status Report**

Chairman Cutler indicated that he was not aware of any items which Mr. Harrell might bring up at tomorrow's Regular Board Meeting.

**I. District Engineer  
DE 1 – Status Report**

Secretary Altwein noted that he had a question for the District Engineer with respect to Page 16 of the Meeting Book, specifically wherein Supervisor D'Amico asked

about Work Authorization No. 1D-04-1301-R and if the HOA is responsible for the lake banks, then why are they not a party to the document. Mr. Hayden responded that it is the HOA's responsibility to keep the lake banks "nice", but it is the District's responsibility to maintain erosion control.

Secretary Altwein then referred to Page 144 of the Meeting Book, asking how the District monitors unauthorized connections. Mr. Pickle responded that they are mostly detected by happenstance, i.e., when meter reading, etc. Secretary Altwein asked how often illegal connections have been detected to which Mr. Pickle indicated he knew of one instance since he has been with the District and even then, he does not believe it was illegal, but merely for construction purposes and was never disconnected.

Secretary Altwein then referred to Page 193 of the Meeting Book, the Equivalent Residential Connection (ERC) Determination Table and noted that the numbers appeared to be going down. Mr. Pickle indicated that the amount was not as much as originally projected by HRS.

Secretary Altwein then referred to Page 198 of the Meeting Book, under "Meter Fees" and asked if the "12 inch" figure was incorrect. Mr. Pickle replied that it was, in fact, incorrect and should read 1 ½ inch. He indicated that when the files are transferred from Mr. Harrell's office that some of the formatting is lost.

Supervisor D'Amico referred to Page 180 of the Meeting Book, asking about using Social Security numbers as "identifying information" and the fact that anyone who is asked for their Social Security number could, rightfully, refuse to provide it. Mr. Pickle indicated that the District does not ask for Social Security numbers, no credit checks are done when opening a new account and that this section merely refers to Social Security numbers as being a part of the Red Flag Rules in establishing the Identity Theft Prevention Program.

**J. Consent Agenda**

**CA 1 - Monthly Report on Public Works Operations**

**CA 2 - Monthly Report on Utilities Operations**

**CA 3 - Monthly Report on Capital Improvement Projects**

**CA 4 - Monthly Report on Billing and Customer Service**

**CA 5 - Financial Statements for February, 2013**

**CA 6 - Consider Approval to Transfer Funds for the R&R Account, the WCF Account and the WWCF Account Requisitions**

There were no questions or discussion regarding Consent Agenda Items CA – 1 through CA – 6.

**K. District Manager  
Action Items**

**DM 1 - Presentation by Kevin Mulshine of MBS Capital Markets, LLC**

Mr. Pickle distributed information he received this morning which consisted of two letters from SunTrust Bank regarding the proceeds from the Utility Bond Series 2013 A to be used to refund the 2010 Benefit Special Assessment Bonds and the proceeds from the Utility Bond Series 2013 B to be used to expand the water treatment facility. The proposal letters include a Term Sheet and state, in part, as follows:

**Purpose:** The proceeds from the Utility Bond Series 2013 A to be used to refund the 2010 Benefit Special Assessment Bonds.

**Amount:** Up to \$19,095,000

**Interest Rate Options:** A "Non Bank-Qualified" fixed rate equal to 2.44%, the offer of which rate may be held until not later than 04/26/13.

**Maturity Date:** May 1, 2025

and

**Purpose:** The proceeds from the Utility Bond Series 2013 B will be used to expand the water treatment facility.

**Amount:** Up to \$5,470,000

**Interest Rate Options:** A "Non Bank-Qualified" fixed rate equal to 2.43%, the offer of which rate may be held until not later than 04/26/13.

**Maturity Date:** April 1, 2033

It was noted that the interest rate of the original Bond relative to the 2010 Benefit Special Assessment was 4.22% and that this refunding would save residents approximately \$20 annually of the \$210 assessment.

A discussion ensued regarding Mr. Mulshine's fee which was determined to be a percentage.

Mr. Pickle indicated that Mr. Mulshine would be seeking a commitment at tomorrow's meeting with the closing to occur within 30 days. He noted that a Special Meeting would be necessary and an April 23, 2013, date was discussed. Mr. Pickle indicated that Mr. Mulshine would make a formal presentation at tomorrow's meeting and address any questions the Board Members might have.

There was no further discussion regarding these matters.

**DM 2 - Approval of Project # SW 071 – Reverse Osmosis Water Treatment Plant Expansion**

Mr. Pickle presented the item indicating that Staff had accepted bids on March 21, 2013, for the expansion of the Reverse Osmosis Water Treatment Facility, including a new 1.8 MGD membrane skid, expansion of two new cartridge filters with associated piping, valving, instrumentation and electrical work. He noted that 5 bids had been received for the project. The 5 bids received were as follows:

- |  |                 |
|--|-----------------|
| 1.) Wharton-Smith, Inc. in the amount of             | \$ 932,000.00   |
| 2.) TLC Diversified, Inc. in the amount of           | \$ 998,000.00   |
| 3.) Poole & Kent Company of Florida in the amount of | \$ 1,004,000.00 |
| 4.) Garney Companies Inc. in the amount of           | \$ 1,007,000.00 |
| 5.) Florida Design Contractors Inc. in the amount of | \$ 1,068,000.00 |

Mr. Pickle also indicated that a proposal had been accepted from Integration Services, Inc. for the SCADA design and implementation for this project in the amount of \$230,080.

Mr. Pickle noted that the PLC had gone down last year and that they were fortunate enough to borrow some parts from the City of West Palm Beach. Mr. Pickle indicated that if the District had not been able to borrow the parts, we could have been unable to produce water for a few days. He further noted that typically, redundancy systems are available when such situations arise. He recommended a redundant PLC to ensure no lapse in service occurs in the future and noted the cost for one would run about \$80,000.

Vice Chairman Child remarked that it was an excellent recommendation and commended staff for bringing forth the redundancy system, but that it was quite costly and a rather "big parachute."

Secretary Altwein asked if when the District is built-out, will there be any reserve. Mr. Pickle indicated that 3.6 million gallons does have some reserve, but not much. He does not know the specific amount of reserve, but estimated that he believes it's in the range of between 10% and 15%. Secretary Altwein asked when the reserve is needed to which Mr. Pickle stated that it is predominantly necessary when changes occur in the commercial portion of the District.

Mr. Pickle indicated that Baskerville-Donovan provided a Recommendation of Award for Project # SW071, which is attached to the abstract, in which they recommend awarding the contract to Wharton-Smith, Inc., the lowest bidder and the contractor who meets the requirements set forth in the bidding documents. The recommendation goes on to state that Wharton-Smith has extensive experience with RO Treatment Plant construction and has been a reputable, responsible contractor.

There was no further discussion regarding the matter.

**DM 3 - Revised Documents for the May 7, 2013, Public Hearing to Consider Adoption of Proposed Amendments to (1) Chapter III Operating Policies and Procedures of St. Lucie West Services District Water, Sewer and Irrigation Utility System; (2) Drug-Free Workplace Policy; and (3) Employee Conduct and Work Rules**

Mr. Pickle presented the item stating that the documents provided had been revised and would come before the Board at the May 7, 2013, Public Hearing on same. He noted that this item had been discussed earlier in the Workshop.

There was no further discussion regarding this item.

**DM 4 – First Amendment to Amended and Restated Interconnect Agreement with Reserve Community Development District**

Mr. Pickle presented the agreement, noting that the original agreement was dated November 12, 2003. He indicated that The Reserve CDD is requesting to change the wastewater ERCs for Phase II from 2,000 to 1,800 and to pay the remaining 700 ERCs on May 1, 2013, which equates to \$630,000. The other change to the wastewater agreement would raise the take-or-pay agreement from 5,353,333 million gallons per month to 7,300,000 million gallons per month, which was Mr. Pickle's caveat in order to guarantee set income for the District between now and October, 2015. Mr. Pickle indicated that the change The Reserve is requesting for Phase II of the water ERCs is to extend the final ERC payment of 400 ERCs from October 1, 2016, and raise the take-or-pay agreement from 6,083,333 million gallons per month to 7,300,000 million gallons per month. Mr. Pickle indicated that staff had reviewed the proposed amendments to the agreement and felt they are beneficial to the District by creating additional operating revenue due to the additional wastewater flow received in May, 2013, and the amendment to the take-or-pay agreement. He also noted that the District would benefit from receiving the ERC payment of \$630,000 before the Bond for the WWTF expansion is processed. He also noted that Mr. Robert Ori, the District's Rate Consultant, agreed that this proposal is a business decision that benefits the District in the long term and if agreed to, would assist in not having to borrow as much from SunTrust.

There was no discussion on the matter.

**DM 4 - Laboratory Report from MSI – Metallurgical Solutions, Inc.**

Mr. Pickle distributed copies of the report prepared by Metallurgical Solutions, Inc. of Middletown, Ohio. He explained that he had sent the company 7 failed copper tubes from various homes within the District. In summary, Mr. Pickle indicated that the company's conclusions were that high levels of chlorine were found in the corrosion products, which chlorine may originate from the flux used during the initial installation of the water lines. He also noted that evidence of solder was found under corrosion tubercles in most of the samples evaluated which suggests that either excessive flux was used during installation or insufficient flushing of the tubes after soldering prevented complete removal of the flux material.

Mr. Pickle was asked how much it cost to have the copper tubes evaluated to which Mr. Pickle stated the cost was approximately \$1,400 per tube.

Mr. Pickle also indicated that he had spoken with the Copper Development Association who indicated that they would make a presentation to employees in order to educate them on what to look for when faced with failing copper tubes in the future.

A lengthy discussion ensued about the circumstances surrounding the copper tube failures and the fact that these failures are not related to the water put out by the District.

There was no further discussion regarding the report provided by Metallurgical Solutions, Inc.

#### **L. Supervisor Requests**

Chairman Cutler asked the Board if they found it appropriate to bring up Supervisor Requests at the Workshops so that each Board Member would have to time to think about the item and if necessary, would vote on the matter at the Regular Board Meeting held the next day. Consensus of the Board agreed to that format for Supervisor Requests.

Vice Chairman Child, Secretary Altwein and Supervisor Mancuso agreed that the District has done enough on the copper tube failures.

Supervisor Mancuso indicated he would consult with the District Manager prior to bringing up a topic during Supervisor Requests.

District resident, Tony Roach asked if the Metallurgical Solutions, Inc. report had been shared with the media. Mr. Pickle indicated that it would be sharing the report with Alexi Howk of Scripps Treasure Coast Newspapers and Nicole Rodriguez of *Your Voice* after tomorrow's Board Meeting.

#### **K. Adjournment**

There being no further items to be addressed, the Workshop was adjourned at 10:16 a.m. There were no objections.



Workshop Minutes Signature Page

  
Chairman/Vice Chairman

  
Secretary/Assistant Secretary

Date Approved 05/07/13