

St. Lucie West Services District
Regular Board Meeting Minutes
September 10, 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

Everett Child, Acting 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
Molly Rottinghaus, District Counsel, Gonano & Harrell
Bob Lawson, District Engineer, ARCADIS-US, Inc.
Jason Pierman, Assistant District Treasurer, Special District Services, Inc. ("SDS")
Laura Archer, Recording Secretary, SDS
Michael McElligott, SDS

Guests Present (Sign-In Sheet Attached)

A. Call to Order

Chairman Child called the Regular Board Meeting to order at 9:00 a.m.

B. Pledge of Allegiance

C. Roll Call

Ms. Archer took roll, noting that Supervisor Cutler was the only Board Member not present.

D. Approval of Minutes

1. August 5, 2013, Workshop
2. August 6, 2013, Regular Board Meeting

A motion was made by Supervisor D'Amico, seconded by Secretary Altwein approving the minutes of the August 5, 2013, Workshop, and the August 6, 2013, Regular Board Meeting, as presented. Upon being put to a vote, the motion carried 4 to 0.

Supervisor Cutler joined the meeting via conference call at approximately 9:04 a.m.

E. Presentation Regarding Public Resource Management Group

Mr. Robert Ori of Public Resource Management Group introduced himself and distributed to the Board copies of his Water, Wastewater and Irrigation System Revenue Sufficiency Update and Review. Mr. Ori indicated that the purpose of the update was to evaluate current rate adequacy and financial compliance and identify potential future rate adjustments. Mr. Ori noted that the District's financial forecast is based on the following factors:

- Five-Year Financial Forecast for Fiscal Years 2014-2018;
- Proposed 2014 Budget;
- 2012 and Year-to-Date 2013 Operating Results;
- District's Six-Year Capital Improvement Program;
- District's Financial Policy/Debt Service Schedules; and
- Trust Indenture Covenants which include 110% Coverage Requirement and Maintenance/Flow of Funds

Mr. Ori noted some issues facing the Utility, which he listed as follows:

- Continued Reduced Water Use per Customer;
- Persistent Economic Conditions;
- Marginal Account Growth for Forecast Period due to a mature utility position, thereby reflecting primarily a commercial-based growth
- Continued Inflationary Impacts on Operating Expenses (Higher than Revenue Growth) with the exception of a reduction in sludge disposal costs not realized until fiscal year 2016; and
- Identification of Major Capital Needs of the Utility, such as the WWTP Expansion at an estimated total cost of \$10.1 Million; Lift Station, Manhole and Other R&R Projects; and a WTP Reliability Addition and Transfer Pump Expansion

Mr. Ori went over major assumptions made in his forecast, capital expenditures & funding. He also reviewed the District's debt service requirements and summarized the results of the analysis. Mr. Ori reminded the Board Members that the last rate increase the District had was effective in the fiscal year 2010 and was 4%. He noted that no rate increase was proposed for fiscal year 2014 due to increased revenues resulting from bulk wastewater sales and the continued benefit of refunding outstanding Series 2000 bonds in Fiscal Year 2011. Mr. Ori did, however, note that there would be continued inflationary pressure on the O&M resulting in reductions in operating margins and projected an annual increase in fiscal year 2014 of operating expenses of 6.2% or 3.1% if no additional employees. He went on to highlight the Combined Water and Wastewater Bill Comparisons of utilities in the area and also the rate comparison with irrigation.

Ultimately, Mr. Ori noted that the fiscal year 2014 utility budget is reasonable and recommended by rate increase for the fiscal year 2014. Mr. Ori indicated he would take any questions at this time.

Supervisor D'Amico noted that he thought that Mr. Ori's analysis was very comprehensive.

Chairman Child thanked Mr. Ori for his presentation.

Chairman Child then recessed the Regular Board meeting at 9:24 a.m.

F. Public Hearing 1
1. Call to Order

Chairman Child called Public Hearing 1 to order at this time.

2. Roll Call

Ms. Archer took roll indicating that all 5 Supervisors were present with Supervisor Cutler present via conference call.

3. Receive Public Comment on Fiscal Year 2013/2014 Final Budget

Chairman Child asked if there was any public comment on the Fiscal Year 2013/2014 Final Budget. There being none, Chairman Child moved on to the budget resolution.

- **PH 1 – Consider Resolution No. 2013-14 – Adopting a Fiscal Year 2013/2014 Final Budget**

Resolution No. 2013-14 was presented, entitled:

RESOLUTION NO. 2013-14

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE ST. LUCIE WEST SERVICES DISTRICT ADOPTING THE BUDGETS FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2014 FOR THE DISTRICT; PROVIDING AUTHORITY FOR THE DISTRICT MANAGER TO EXPEND FUNDS ON BEHALF OF THE DISTRICT; PROVIDING AN EFFECTIVE DATE.

There were no questions or comments of the Board.

A motion was made by Secretary Altwein, seconded by Supervisor D'Amico adopting Resolution No. 2013-14, as presented. Upon being put to a vote, the motion carried 5 to 0.

4. Close Public Hearing 1

Chairman Child then closed Public Hearing 1 at approximately 9:29 a.m.

G. Public Hearing 2
1. Call to Order

Chairman Child called Public Hearing 2 at this time.

2. Roll Call

Ms. Archer took roll indicating that all 5 Supervisors were present with Supervisor Cutler present via conference call.

3. Receive Public Comment on Levying a Non-Ad Valorem Assessment for Water Management Bonds, Operations and Maintenance Costs, and the Series 2010 Capital Improvement Revenue Bonds (Cascades Project) within the St. Lucie West Services District for the Period October 1, 2013, through September 30, 2014

Chairman Child asked if there was any public comment on Levying a Non-Ad Valorem Assessment for Water Management Bonds, Operations and Maintenance Costs, and the Series 2010 Capital Improvement Revenue Bonds (Cascades Project) within the St. Lucie West Services District for the Period October 1, 2013, through September 30, 2014. There being none, Chairman Child moved on to the resolution.

- **PH 2 – Consider Resolution – Levying a Non-Ad Valorem Assessment for Water Management Bonds, Operations and Maintenance Costs, and the Series 2010 Capital Improvement Revenue Bonds (Cascades Project) within the St. Lucie West Services District for the Period October 1, 2013, through September 30, 2014**

Resolution No. 2013-15 was presented, entitled:

RESOLUTION 2013-15

**LEVYING A NON AD VALOREM
ASSESSMENT FOR WATER MANAGEMENT
BONDS, OPERATIONS AND MAINTENANCE
COSTS, AND THE SERIES 2010 CAPITAL
IMPROVEMENT REVENUE BONDS
(CASCADES PROJECT) WITHIN THE ST.
LUCIE WEST SERVICES DISTRICT FOR THE
PERIOD OCTOBER 1, 2013, THROUGH
SEPTEMBER 30, 2014**

There were no questions or comments of the Board.

A motion was made by Secretary Altwein, seconded by Supervisor D'Amico adopting Resolution No. 2013-15, as presented. Upon being put to a vote, the motion carried 5 to 0.

4. Close Public Hearing 2

Chairman Child closed Public Hearing 2 at approximately 9:31 a.m. and reconvened the Regular Board Meeting.

H. Public Comment

There was no public comment.

I. District Attorney DA 1 – Status Report

Ms. Rottinghaus had no updates for the Board.

J. District Engineer DE 1 – Status Report

Mr. Lawson stated that he had been working on finalizing some models regarding the water surface management issue. He noted that he was looking at installing a pump at the Lake Forest project Basin 2C versus using a gravity based connection. He indicated that further analysis showed a slight gain, but not enough of one to be worthwhile. He is looking at possibly making 2 additional gravity based connections, but is doing further research on this possibility. He did, however, recommend not moving forward with the pump station alternative. Mr. Lawson indicated he is constantly looking for alternatives to the wetland mitigation and will continue his investigations.

Mr. Lawson had no further updates.

- #### **K. 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 July, 2013**
 - CA 6 - Consider Approval to Transfer Funds for the R&R Account, the WCF Account and the WWCF Account Requisitions**

A **motion** was made by Supervisor D'Amico, seconded by Secretary Altwein approving Consent Agenda Items CA 1 through CA 6, as presented. Upon being put to a vote, the **motion** carried 4 to 0.

It was determined that Supervisor Cutler had dropped off the conference call some time during the Consent Agenda items; hence the 4 to 0 vote above.

**L. District Manager
Action Items**

DM 1 - Consider Approval of Proposal from Pantropic Power for the Repair to the Emergency Generator at the Water Treatment Plant

Mr. Pickle presented the item, indicating that it was required by the Department of Environmental Protection because of the FPL shutoff program. Mr. Pickle also noted that Pantropic Power was the only bid for this repair because they are the only authorized Caterpillar factory service dealer in the County.

A **motion** was made by Supervisor D'Amico, seconded by Supervisor Mancuso approving the proposal for the repair to the emergency generator at the Water Treatment Plant from Pantropic Power of Florida in the amount of \$47,850, as presented.

Under discussion, Secretary Altwein asked if this was a not to exceed amount to which Mr. Pickle indicated it was and if it was exceeded, it would require a Change Order.

Supervisor D'Amico's **motion** reiterated, seconded by Supervisor Mancuso approving the proposal for the repair to the emergency generator at the Water Treatment Plant from Pantropic Power of Florida in the amount of \$47,850, as presented. The Available Project Budget in the Renewal and Replacement Fund is \$76, 005; this Project cost is \$47,850; leaving an Available Balance of \$28,155. Upon being put to a vote, the **motion** carried 4 to 0.

DM 2 - Consider Authorization to Approve General Liability Insurance and Workers' Compensation Insurance Provided by Preferred Governmental Insurance Trust

Mr. Pickle presented the item noting that the District had received a second proposal late yesterday afternoon for the District's General Liability Insurance and Workers' Compensation Insurance. He indicated that although the premiums were slightly lower, the deductibles were higher and it was his recommendation to the Board to approve the proposals submitted by Preferred Governmental Insurance Trust.

A **motion** was made by Secretary Altwein, seconded by Supervisor D'Amico approving the General Liability Insurance proposal number PK FL1 0564202 13-08 for the amount of \$259,687 and the Workers' Compensation Insurance proposal

number WK FL1 0564202 13-05 for the amount of \$62,906 provided by Preferred Governmental Insurance Trust. Upon being put to a vote, the motion carried 4 to 0.

DM 3 - Consider Approval of the Environmental Impairment Liability Insurance

Mr. Pickle presented the item indicating that the quote provided assumes coverage for the underground storage tanks as well as the 100+ miles of sewer lines within the District. He noted that the District had received several proposals, but that Great American E&S Insurance Company had submitted the best rate for a three year policy. Mr. Pickle stated that it was staff's recommendation to renew the policy for 3 years for a total price of \$39,402 with Great American E&S Insurance Company, which equates to a 12% annual reduction in premiums.

Chairman Child then asked Mr. Pickle to explain to those present in the audience what happened during a recent acid spill.

Mr. Pickle indicated that about 2 weeks ago a 2 inch feed line had broken and that approximately 380 gallons of acid had spilled onto the ground. As required, the District reported the spill to the EPA and the State and also called 9-1-1. Mr. Pickle noted that DEP came out on site and advised Mr. Pickle that staff had done everything possible in order to clean up the spill. Mr. Pickle noted that the District was fortunate to have so many trained individuals. He also noted that they had hired an environmental clean-up team who advised them that the clean-up was done correctly. Staff was commended for their quick actions in avoiding a potentially dangerous situation.

A motion was then made by Secretary Altwein, seconded by Supervisor D'Amico approving the renewal of the Environmental Impairment Liability Insurance for a 3 year coverage cost of \$39,402 from Great American E&S Insurance Company. Upon being put to a vote, the motion carried 4 to 0.

DM 4 - Other Items/Updates

Mr. Pickle indicated that he had covered other updates at yesterday's Workshop and had nothing further.

District resident, Tony Stachewicz asked Mr. Pickle about Item DM – 1 the emergency generator, specifically if there was an outside maintenance repair contract. Mr. Pickle indicated there were annual maintenance contracts on all generators. Mr. Stachewicz asked if the District takes annual bids for those contracts to which Mr. Pickle indicated that it was dependent upon the term of the contract, i.e., some contracts are for 3 year terms.

M. Supervisors' Requests

Chairman Child had a preliminary comment, referring to Robert's Rules, noting that each Board Member has up to 5 minutes to introduce anything they wish to discuss or a motion to make. He further noted that the rest of the Board then has the same amount of time to discuss those comments, refute, add to, agree with, etc. Then the Board Member who made the initial comments has another 5 minutes to rebuff any comments which may have been made.

Supervisor D'Amico had no requests.

Secretary Altwein had no requests.

Chairman Child referred to last month's meeting, noting that there had been some controversy amongst some Board Members which had been repeated in the press. It is his hope that this will not happen again. He requests civility and the avoidance of name calling.

Secretary Altwein's belief is that things are being blown out of proportion.

Supervisor Mancuso stated that the Board needs to forget about the past and look forward to the future.


Chairman Child indicated that he only brought the matter up because it had gone out to the press and he wants to assure the public that the Board is 99.8% of the time on the same page with important District issues.

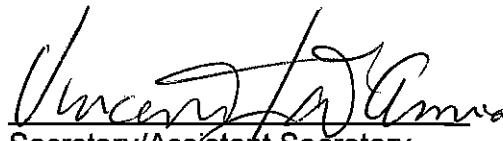
There were no further comments.

N. Adjournment

There being no further business to come before the Board, a **motion** was made by Supervisor Mancuso, seconded by Supervisor D'Amico to adjourn at the meeting at 10:13 a.m. There were no objections.

Regular Board Meeting Minutes Signature Page


Chairman/Vice Chairman


Secretary/Assistant Secretary

Date Approved 10/08/13