



Tampa Bay Water
Budget Workshop and Regular Meeting
April 16, 2018 Minutes

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

BOARD MEMBERS PRESENT:

Present: Vice Chair – Commissioner Sandra Murman, Hillsborough County
Commissioner Dave Eggers, Pinellas County
Commissioner Pat Gerard, Pinellas County
Mayor Rob Marlowe, City of New Port Richey
Councilman Charlie Miranda, City of Tampa
Commissioner Ron Oakley, Pasco County
Commissioner Kathryn Starkey, Pasco County

Absent: Commissioner Pat Kemp, Hillsborough County
Council Member Darden Rice, City of St. Petersburg

Staff: Matt Jordan, General Manager

Presenters: Christina Sackett, Chief Financial Officer
Maribel Medina, Senior Professional Engineer IV
Jon Kennedy, Engineering Senior Manager
Warren Hogg, Water Use Permitting Manager
Chuck Carden, Chief Operating Officer

**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 Sandra Murman called the Budget Workshop and Regular Meeting to order at 9:00 a.m. Chairman Murman lead the Pledge of Allegiance.

BUDGET WORKSHOP – 9:00 a.m. – Proposed Fiscal Year 2019 Budget

Christina Sackett, Chief Financial Officer, presented an overview of the Agency's proposed Fiscal Year 2019 (FY19) budget. Ms. Sackett stated that agency staff met with member government finance staff to review the proposed budget and answer any questions. The agency considers its overarching responsibilities while working toward meeting the five goals of the Strategic Plan when developing the budget. Ms. Sackett stated factors which impact the budget include increased water demand (projected at 178.5 million gallons per day), increased pay-as-you-go funding, and management's focus on maximizing efficiencies to minimize impact on net revenues from water sales. Next, she provided information on two new positions being requested in the FY19 budget (Reservoir Field Technician and a Safety Associate). Ms. Sackett reviewed the FY19 total costs to water sales of \$177,878,612 and stated that for the eighth consecutive year, the uniform rate remains at \$2.5590 per 1,000 gallons.

Ms. Sackett introduced Maribel Medina, Senior Professional Engineer IV, to provide an update on the Capital Improvement Program (CIP) 10-Year Plan. Ms. Medina stated that the 10-year CIP provides a short and long-term forecast of anticipated capital expenditures and funding needs with the Long-term Master Water Plan process as well as meet other goals of the Strategic Plan. The FY19 capital expenditures will be approved through the operating budget in June with key stages being approved by the Board during each project implementation. Agency staff have met with member governments to review and present the proposed CIP. Ms. Medina reviewed the projects sources noting that all projects go through an extensive vetting process and meet the agency's strategic goals. Ms. Medina then turned the presentation back over to Ms. Sackett. Ms. Sackett stated that the 2019-2028 Capital Improvement Program anticipates expenditures of \$267.6 million over the ten years. Current estimates show the agency needing \$142.5 million in future debt issuance over the ten years and staff are working with financial advisors to look at different funding strategies and scenarios that may take advantage of debt service amounts dropping in Fiscal Year 2029 and Fiscal Year 2033 to level off the impact of debt issuance. Ms. Sackett reviewed the Fiscal Year 2019 CIP projected expenditures noting that the Board will be asked to only approve the upcoming fiscal year's projected expenditures in the Capital Improvement Program. Ms. Sackett reviewed the next steps which include asking the Board at the June Board meeting to approve the Fiscal Year 2019 Operating Budget which includes the FY19 CIP expenditures and accept the full 10-year Capital Improvement Program.

Chairman Murman thanked Ms. Sackett and Ms. Medina for their presentation. Commissioner Gerard asked how Pay-As-You-Go differs from Renewal and Replacement in the Operating Budget. Ms. Sackett explained that Pay-As-You-Go is how the agency funds the Renewal and Replacement budget. Commissioner Eggers asked how the debt expirations and upcoming projects affect the bond ratings. Ms. Sackett stated the rating agencies like to see a 10-year Capital Improvement Program. Rating agencies review the agency's debt on a semi-annual basis to determine if changes are needed. They also provide a rating each time the agency looks to issue new debt. Commissioner Eggers asked the difference between the Long-term Master Water Plan and the South Hillsborough County expansion. Ms. Sackett explained the Long-term Master Water Plan project in the Capital Improvement Program is the plan for the feasibility of the potential projects for

increased supply. The South County Expansion project in the Capital Improvement Program is the actual plan for delivering water to South Hillsborough County. Commissioner Eggers asked how Tampa Bay Water's security measures compare to industry standards. Ms. Sackett stated she would look into his question and provide an answer at a later date. Chairman Murman asked staff to provide a safety presentation at the August Board meeting. Commissioner Eggers asked about the Reservoir Field Technician position. Ms. Sackett explained the position is currently out-sourced and will assist in taking over the reservoir responsibilities from Kiewit. The agency will see a significant savings once the contract with Kiewit expires in 2020. Commissioner Eggers asked what is the anticipated staff turnover in the coming years due to employee retirement. Ms. Sackett stated Human Resources is looking into succession planning. Chairman Murman asked how many employees are in DROP. Ms. Sackett stated there are currently six employees - one of which is an executive position.

A copy of the full report can be found in the agency's Records Department.

PUBLIC COMMENT

Chairman Murman opened the Regular Board meeting to public comment. The following speaker(s) made public comment to the Board of Directors:

Mark Klutho

Public comment was duly recorded and is filed in the permanent records of Tampa Bay Water.

CONSENT AGENDA

A. GENERAL MANAGER

1. Board Minutes for February 19, 2018, Regular Board Meeting – *Approve*

B. GENERAL COUNSEL

1. 2018 Legislative Session Report – *Status Report*

C. WATER PRODUCTION

1. Cypress Creek Yard Piping Project, Project No. 07538, Vogel Bros. Building Co. Contract No. 2016-010, and Greeley and Hansen PO# 20150664 under Contract No. 2014-008 – Closeout – *Approve*
2. Capital Improvements Program – Task Order Authorization – *Approve*
3. Energy Management Program – *Status Report*
4. Real Property – Monitoring Wells Replacement: Permanent and Temporary Easement to Tampa Bay Water from property owner – *Approve*
5. Generator Maintenance & Repair Services – Award Contract No.: 2018-708 to Ring Power Corporation – *Approve*

D. FINANCE

1. Hydrologic Conditions Update – *Status Report*
2. Optimized Regional Operations Plan Biennial Report Submittal to the Southwest Florida Water Management District – *Approve*
3. Long Term Demand Forecast Model Redevelopment – *Status Report*
4. Regional Demand Management and Member Government Water Conservation Activities – *Status Report*
5. Regional Water Supplies and Member Demands – *Status Report*

E. FINANCE

1. Financial Advisory Services – Piggyback Contract – First Amendment for Name Change, Contract No.: 2017-700 – *Approve*

F. CONSENT DISCUSSION

Chairman Murman announced the Consent Agenda and asked if any agenda items should be pulled for discussion.

Chairman Murman asked for a motion to approve the Consent Agenda.

Motion: Commissioner Pat Gerard moved for approval of the Consent Agenda. Mayor Rob Marlowe seconded the motion.

Vote: The motion carried by a vote of 7-0.

REGULAR AGENDA

G. GENERAL MANAGER

1. Executive Committee Report and Minutes – March 19, 2018 -

Matt Jordan, General Manager, noted topics covered at the March 19, 2018 Executive Committee Meeting included a re-cap of the 2018 legislative session, Long-term Master Plan Update and the Fiscal Year 2019 Proposed Budget Preview. Mr. Jordan also provided the Board with an update on the workforce analysis performed by CH2M noting that the analysis is near completion of the first phase. The next phase includes evaluating the feasibility of the agency taking over operations of the Desalination Plant and Surface Water Treatment Plant currently being operated by private partners.

A copy of the full report can be found in the agency's Records Department.

No Board action is required on this item.

H. GENERAL COUNSEL

No items were presented to the Board.

I. WATER PRODUCTION

1. As-Needed Mechanical and Metal Fabrication Services - Award Contract No's. 2018-024 and 2018-026 to Tampa Armature Works, Inc. – *Approve and Presentation*

Jon Kennedy, Engineering Senior Manager, provided a presentation on As-Needed Mechanical and Metal Fabrication Services. Mr. Kennedy explained that Tampa Bay Water uses more than 200 water pumps to meet the water needs of the region. In most cases, it is more cost-effective to repair pumps (whenever possible) than replace. Tampa Bay Water received one bid from Tampa Armature Works, Inc. and has provided this type of work successfully in the past at a competitive price. Staff recommended the award of Contracts 2018-024 and 2018-026 to Tampa Armature (not to exceed \$2.5 million over the next four years).

A copy of the full report can be found in the agency's Records Department.

Motion: Commissioner Dave Eggers moved for approval of Item I1. Mayor Rob Marlowe seconded the motion.

Vote: The motion carried by a vote of 7-0.

J. SCIENCE AND TECHNOLOGY

1. Long-term Master Water Plan Update - *Status Report and Presentation*

Warren Hogg, Water Use Permitting Manager, provided an update presentation on the Long-term Master Water Plan. Mr. Hogg explained that the Long-term Master Water Plan (the Plan) is updated every five years and is used to identify water supply options, evaluate costs and feasibility of projects and is the process used to recommend the next water supply source. Mr. Hogg highlighted the seven projects from the 2013 Plan and the two potable reuse projects added by the Board in June 2015 (South Hillsborough Aquifer Recharge Project (SHARP) and Tampa Augmentation Project (TAP)). He reviewed the completion schedule, projected demand forecast and timing of new water supplies noting that the regional demand forecast indicated a need for an additional 20 million gallons per day (mgd) of water by 2040. Tampa Bay Water staff have met with Hillsborough County staff to come up with options to expand water supply to the South Hillsborough Service Area. Two of the top-ranked projects are SHARP and a new regional water pipeline to South Hillsborough County. Staff will be developing a Memorandum of Understanding (MOU) for the selected water supply option and will present it to the Board in August or October. Public communication and involvement is very important in the process. Agency staff have met with Member Governments on the Long-term Master Water Plan to coordinate public outreach efforts. Mr. Hogg reviewed the implementation schedule noting staff will request approval at the December 2018 Board meeting of the Plan and a short-list of projects for further evaluation.

Commissioner Eggers asked if there are local efforts to expand the use of reclaimed water in irrigation as it relates to developers. Chairman Murman responded yes. There are ongoing efforts and agreements with developers and new developments. Commissioner Starkey stated that Pasco County is very aggressive concerning the use of reclaimed water. Charles Cullen, Pasco County, stated all master plan developments are required to utilize reclaimed water for irrigation. Commissioner Eggers asked if agency staff has any concern meeting the identified demand in 2028 based on recent demand data. Mr. Hogg explained that the increase in demand last year was due to the exceptionally dry conditions during the eight-month dry season. Water demands are updated annually to track fluctuations. Currently, staff does not see a need to move projects up sooner than 2028 to meet regional demands. Commissioner Eggers asked what the most cost-effective method would be should there be a need to move the South Hillsborough County plan up to 2025. Mr. Hogg stated there are two options. Staff should be able to come to the Board with an Memorandum of Understanding in August. Commissioner Eggers thanked Mr. Hogg and Michelle Robinson for the recent presentation to the Upper Tampa Bay Chamber of Commerce in Oldsmar. Councilman Miranda stated he did not feel reclaimed water should be used solely for lawn irrigation. Mayor Marlowe stated that the City of New Port Richey is interested in expanding the City's reclaimed irrigation system and that there needs to be a large educational program to educate the public concerning using reclaimed water. Chairman Murman expressed interest in staff partnering with SWFWMD and member governments to provide presentations to the public on reclaimed water. Chairman Murman asked staff to provide Commissioner Starkey with information about retrofitting pipes in the US 19 corridor.

A copy of the full report can be found in the agency's Records Department.

No Board action is required on this item.

2. Water Quality Update – Discussions with Utility Directors – *Status Report and Presentation*

Chuck Carden, Chief Operating Officer, provided an update on Water Quality and discussions with Member Governments. Mr. Carden provided a brief overview on Exhibit D explaining that the agency measures water quality throughout the system and reports the results monthly to each Member Government. Compliance with Exhibit D standards is based on a 12-month running average and Tampa Bay Water is currently meeting all Safe Drinking Water Act standards.

The Water Quality Work Group and Utility Directors are meeting monthly to discuss water quality compliance, treatment and distribution system issues. The current discussion on potential changes to Exhibit D began when some of the members expressed concerns about the limits on some of the parameters. A plan has been developed that is broken into three phases:

- Phase 1 identifies specific parameters to target.
- Phase 2 includes selection of consultants/experts/internal staff to provide technical advice on treatment options.
- Phase III will include a report highlighting the plan moving forward.

The issue will be brought back to the Board for future discussion once discussions with the Utility Directors has concluded.

A copy of the full report can be found in the agency's Records Department.

No Board action is required on this item.

K. FINANCE

No items were presented to the Board.

L. OLD BUSINESS AND OTHER ADMINISTRATIVE MATTERS

1. Member Government Reclaimed Committee - *Report*

Chuck Weber, City of Tampa, presented an update on the recent activities of the Member Government Reclaimed Committee. Mr. Weber stated that the Committee met on March 5th and April 2nd. Legal Counsel from the Member Governments met on March 29 to discuss the City of Tampa's request to drought proof up to 82 mgd from the Hillsborough River and to increase beyond the current 82 mgd. The Committee identified the need for policy level decisions from the member governments to move forward with recommendations or legal opinions concerning the City of Tampa's request to drought proof up to 82 mgd or going beyond the 82 mgd. The Committee reviewed the first draft financial analysis of TAP and SHARP and outline of the Technical Report. The Committee received the first draft of the Technical Report. Mr. Weber briefly reviewed the findings of the draft financial analysis. The Committee identified the need of a process on how to approach policy on Interlocal Agreement changes.

A copy of the full report can be found in the agency's Records Department.

No Board action is required on this item.

M. RECEIVE & FILE

1. Human Resources Activity Report for February and March 2018
2. General Counsel Activity Report February and March 2018
 - a. Legal Services Activity Report for February and March 2018
 - b. Legal Services Budget Report for February and March 2018
3. Public Affairs Activity Report for February and March 2018
4. Finance Activity Report:
 - a. Finance and Administration Activity Report for February and March 2018
 - b. Comprehensive Check List with Delegated Check Approval for January and February 2018
 - c. Investment Schedule as of January and February 2018
 - d. Financial Statements and Fund Analysis for January and February 2018
 - e. Disposition of Assets through February 2018
 - f. Vendor Status Report through February 2018

5. Water Production Activity Report for February and March 2018
6. Science and Technology Activity Report for February and March 2018

Chairman Murman asked for a motion to approve the Receive & File.

Motion: Councilman Charlie Miranda moved for approval of Receive & File.
Commissioner Pat Gerard seconded the motion.

Vote: The motion carried by a vote of 7-0.

IV. ADJOURNMENT

The Board adjourned at 10:23 a.m.

Attest: 
Matt Jordan, General Manager/Secretary

Date: 6/18/18