



Executive Committee Meeting Agenda

March 18, 2019 – 10:00 a.m.

- I. 10:00 A.M. - CALL TO ORDER
- II. PLEDGE OF ALLEGIANCE
- III. PUBLIC COMMENT
- IV. AGENDA
 - A. Executive Committee Minutes for January 28, 2019 – *Approve*
 - B. General Manager Report – *Matt Jordan*
 - C. Proposed Fiscal Year 2020 Budget – *Christina Sackett*
 - D. South-Central Hillsborough County Memorandum of Understanding – *Status Update – Jon Kennedy*
 - E. Agreement and Memorandum of Understanding with the City of Tampa Regarding the Tampa Augmentation Project – *Status Update – Barrie Buenaventura and Peter Dunbar*
- V. OTHER BUSINESS
- VI. ADJOURN

Tampa Bay Water
Executive Committee Meeting
January 28, 2019 Minutes

The Board Executive Committee of Tampa Bay Water met at the administrative offices at 2575 Enterprise Road, Clearwater, Florida 33763, on January 28, 2019, to discuss the items as follows below

MEMBERS PRESENT:

Present: Chair – Commissioner Sandra Murman, Hillsborough County
Vice Chair - Commissioner Dave Eggers, Pinellas County
Commissioner Kathryn Starkey, Pasco County
Mayor Rob Marlowe, City of New Port Richey
Councilman Charlie Miranda, City of Tampa
Commissioner Ron Oakley, Pasco County
Commissioner Kathleen Peters, Pinellas County
Council Member Darden Rice, City of St. Petersburg
Commissioner Mariella Smith, Hillsborough County

Staff: Matt Jordan, General Manager
Chuck Carden, Chief Operating Officer
Ken Herd, Chief Science and Technical Officer
Christina Sackett, Chief Financial Officer
Michelle Stom, Chief Communications Officer
Jon Kennedy, Engineering Senior Manager
Kathleen Goelz, Executive Assistant

**General
Counsel:** Barrie Buenaventura, General Counsel
Don Conn, General Counsel
Peter M. Dunbar, Legislative Counsel

Staff and Consultants presenting to the Board are listed above. Others present at the meeting were:

Mike Carballa, Pasco County
Joe Richards, Pasco County
Joe Morrissey, Pinellas County
Jane Wallace, St. Petersburg
Brad Baird, City of Tampa
Chuck Weber, City of Tampa Water Department
Jan McLean, City of Tampa
George Cassady, Hillsborough County



Ed Helvenston, Hillsborough County
John Palenchar, St. Petersburg
Megan Ross, Pinellas County
Joel Brown, SWFWMD
Andre Dieffenthaler, Hazen and Sawyer

I. Chairman Sandra Murman called the meeting to order at 10:03 a.m. and led the Pledge of Allegiance.

II. Public Comment

David Ballard Geddis

III. Agenda

The Executive Committee and staff discussed the following:

A. Executive Committee Minutes for September 17, 2018 – *Approve*

Committee Recommendation: Approve the minutes from the September 17, 2018 Executive Committee Meeting. Commissioner Eggers motioned for approval; Commissioner Starkey seconded the motion.

Vote: The motion carried 3-0.

B. General Manager Report

Matt Jordan, General Manager, presented to the Committee the following topics:

Budget –

Mr. Jordan announced staff is currently preparing the proposed fiscal year 2020 budget. Mr. Jordan reviewed the schedule for budget preparations.

Pay and Class Study –

Mr. Jordan stated as required by the board-approved personnel rules manual, the agency will begin its pay and class study. The study includes looks at agency salary ranges to ensure they are competitive in the market, review the potential for additional career ladders and classifications of job titles and pay practices. The study will be presented to the Board later this year.

Performance and Management Study –

Mr. Jordan noted this year marks the next agency Performance and Management Study. The agency will commission an independent consultant to audit the agency's performance and management systems. The Board will be informed of the progress of the study at its regularly scheduled meetings.

C. South-Central Hillsborough Memorandum of Understanding

Jon Kennedy, Engineering Senior Manager, provided a status update on the South-Central Hillsborough Memorandum of Understanding (MOU). Mr. Kennedy explained that agency staff have been working with Hillsborough County staff for the past 18 months to address how to meet increasing demands in south county. Mr. Kennedy reviewed the three locations Tampa Bay Water supplies drinking water to Hillsborough County noting the newest development is south of the existing points of connection at the Lithia Water Treatment Plant. Mr. Kennedy noted with the current growth trends, additional capacity will be needed in the South-Central Hillsborough area by 2025. Agency staff is working with County staff to develop an MOU for approval not later than this spring to keep on schedule for 2025. Mr. Kennedy explained if the agency is unable to recommend an MOU to the Board this spring, Tampa Bay Water will pursue its obligation under the Master Water Supply Agreement which is adding a new pipeline to the Lithia facility. A full update on this issue will be presented to the Board in February.

Commissioner Eggers asked if an MOU would be needed whether the pipeline is added or if there was County injection along the coast to provide the water for a new wellfield in the area. Mr. Kennedy responded yes. Commissioner Eggers asked if an MOU is not agreed to, whether it is the agency's obligation to continue delivering water to Lithia. Mr. Kennedy responded yes - Tampa Bay Water's obligation would be to increase the capacity to existing points of connection only.

Committee Recommendation: For Information Only. No action requested.

D. Agreement and Memorandum of Understanding with the City of Tampa Regarding the Tampa Augmentation Project

Chairman Murman introduced Barrie Buenaventura, Tampa Bay Water's General Counsel, and Legislative Counsel Peter Dunbar and turned the meeting over to Ms. Buenaventura to introduce Agenda Item D: Tampa Augmentation Agreement and Memorandum of Understanding.

Ms. Buenaventura explained that following the discussion at the December board workshop and meeting of the TAP Agreement and Memorandum of Understanding (MOU), the board directed the member government attorneys, and counsel for Tampa Bay Water, to discuss several issues, and provide suggested language for the board to consider if agreement could be reached amongst the attorneys on those items. The attorneys met by telephone four times to discuss the six issues that were included in the board's motion, as well as two other items added by counsel for St. Pete based on board discussions. Full consensus by the group was not reached on any issue, and the handout provided to the board reflects the status of the discussions on each of the issues, and identifies the members that, through their counsel, support each of the statements. Ms. Buenaventura then introduced Legislative Counsel Peter Dunbar to go through the handout and items.

Mr. Dunbar thanked the attorneys for their participation in the calls and work then described the handout with six issues from the December board meeting and two additional items that were added. Mr. Dunbar explained that the attorneys had an initial call to identify and clarify the boards' issues and reach consensus on what issues the attorneys were trying to address. Assignments were then taken by members of the attorney group to draft language or gather more information on each of the items to bring back to the group to try to reach consensus. On several items, options are provided for the board to consider; on some there was nearly consensus and where the board does not see options that indicates there were no alternatives offered. Mr. Dunbar also explained that the City of St. Petersburg has a different point of view with each of the items. Mr. Dunbar then walked through each of the items as described below. He suggested that he give the overview then invite individual attorneys to the podium to describe to the board their points of view. Chairman Murman agreed with the format.

Handout Item 1: An opt-out provision or process for inclusion in the MOU. Mr. Dunbar explained that several Board Members and attorneys had questions or issues about this item. Three options for language are provided on the handout. Counsels for Tampa, Pasco and Hillsborough reached consensus on item 1a as shown; the language on 1b was offered by Pinellas County; and option 1c was offered by legal counsel from St. Petersburg.

Commissioner Eggers requested to take each item at a time and ask questions. Chairman Murman agreed. Commissioner Eggers asked for clarification regarding the options and stated the difference between 1a and 1b (as proposed by Pinellas County), puts the onus on Tampa to show TAP is regional in nature, as opposed to the onus being the other way. Mr. Dunbar invited Joe Morrissey, counsel for Pinellas County, and Jan McLean, counsel for Tampa, to the podium to describe the difference between the two options. Mr. Morrissey described option 1a. He noted there is some contention on the studies that Tampa will perform on the project. Mr. Morrissey explained the Board must make another affirmative finding and Tampa must demonstrate that TAP is a good project and to keep the Tampa Bay Water Board updated on its progress. Mr. Morrissey stated the one-year term is too short for this provision as Tampa may not be advanced enough on feasibility studies.

Chairman Murman invited Jan McLean, counsel for Tampa, to speak. Ms. McLean stated once the feasibility study is complete, the City of Tampa will be able to provide additional information not currently available and indicate how the project is moving forward. The City would be relying on this agreement to move forward and give Tampa Bay Water the opportunity to determine whether it is considered in its Master Water Supply Plan. Ms. McLean added the Pinellas version is a sunseting version and no action is required by the board. The opt-out clause is available if it is determined the project is not a regional benefit. Commissioner Eggers asked if there is a difference between Tampa having to continue to show the benefit versus the Board determining there is no regional benefit. Ms. McLean responded she did not think there is a legal distinction between the two. Ms. McLean Tampa would be following what is already in the agreement regarding providing the board with additional information on feasibility and the annual report. The board would use that information to decide. Commissioner Starkey asked if the language "within one year" means

that if it's past a year, the language is no longer valid. Ms. McLean responded the intent is for the board to take the action within one year of the date of execution. Commissioner Starkey then asked what if the City of Tampa is not far enough along for the Tampa Bay Water board to make a determination. Ms. McLean responded that the agreement includes benchmark dates. Mr. Morrissey explained that is why Pinellas County is recommending a forcing mechanism where the board must affirmatively find that the project has regional benefit. Mr. Morrissey explained the board could request the existing agreement be rewritten or reviewed to add another set of timeframes as opposed to the board completely terminating the agreement. Commissioner Starkey questioned whether that should be contemplated now. Mr. Morrissey responded there was suggested language for benchmarks in the agreement, with a series of phases determined by Tampa. If the phases were met, then the project would either be approved or not. Ms. McLean responded that even on a benchmark kind of a process, the City would be coming back and providing that information, and the board would be making the decision on whether the agreement should remain in effect or not. Commissioner Eggers asked if the action proposed by 1a would be at the Tampa Bay Water board's sole discretion without any ramifications. Ms. McLean responded yes. Mr. Dunbar recommended adding the line, "At the board's sole discretion" to option 1a. Ms. McLean agreed to add the language.

Commissioner Eggers commented that the board is trying to move forward without answers to all the feasibility questions and confirmation of the regional benefits to meet the City's deadline. The board is trying to accommodate the City of Tampa and he wants to make sure Tampa Bay Water is covered.

Chairman Murman recognized Council Member Rice to speak prior to Jane Wallace, St. Petersburg legal counsel. Council Member Rice stated that St. Petersburg respectfully asked for the consideration of the proposal (1c) as version 1c does the most to protect the investments and interest of the other member government, and Tampa Bay Water. Jane Wallace, legal counsel for St. Petersburg, explained the language proposed by the City of St. Petersburg offers a 60 days' notice whereby the board can opt out of the agreement. Council Member Rice stated that TAP is more expensive than the top 3-ranked projects in the agency's Long-term Master Water Plan and noted that St. Petersburg's option to have a stronger opt-out provision is for the protection of Tampa Bay Water and the interest of member governments. Ms. McLean stated that the City of Tampa shoulders complete financial responsibility of the TAP project. The agreement contains dates requiring Tampa to update the Board on the status of the project, whether it's going to work, what date it will be working on, and what the board can expect to receive in return as the benefits. Council Member Rice provided a document summarizing the disadvantages and risks of the TAP project. Chairman Murman stated that she could not support option 1c for Hillsborough County. Commissioner Starkey asked if it is correct that the City of Tampa will bear the sole financial burden of TAP and will be requesting co-funding from SWFWMD. Chairman Murman confirmed that Tampa Bay Water would not be paying for the project. Commissioner Starkey agreed she did not support 1c. Commissioner Oakley stated the project is a regional project but needs guidelines and the opt-out provision needs more time, so the City of Tampa can determine if it has a project that is feasible and not too expensive for the City to build. The City also needs to

report back to the board if the first phases of tests are successful but needs more time than 20 or 30 days. Chairman Murman asked the City of Tampa if it could move forward with the project with or without Tampa Bay Water. Ms. McLean explained if the City wanted to apply for project co-funding, SWFWMD's policy requires any local government who is a member of a water supply authority have the approval of the authority to be eligible for co-funding. Ms. McLean stated TAP is currently ranked low in the District's next fiscal year. Ms. McLean stated the proposed agreement is an affirmative statement that TAP would be constructed and developed consistent with the Interlocal Agreement and that the City of Tampa wants to remain a member and be consistent with the Interlocal Agreement. Commissioner Eggers asked how much money is at the risk and how much is the City requesting in co-funding. Ms. McLean stated the City of Tampa has lost the opportunity for between \$3-\$4 million in co-funding. Chuck Weber, Tampa Water Department Director, responded that \$1.6 million is the request for April and provided a fact sheet that showed Tampa's co-funding requests. Commissioner Eggers asked if it's the \$1.6 million in co-funding that is at risk, not the project. Ms. McLean confirmed that is correct. She stated within the next 1-1/2 to 2 years the City would be bonding for pieces of the project.

Mr. Dunbar suggested the Executive Committee task the attorneys to see if they can draft a different version of language that would provide for reciprocal options to opt out and try to seek out language that's more definitive on the phasing, so that there are appropriate times when the decisions are being made.

Commissioner Eggers asked to clarify if option 1c would put the \$1.6 million at risk. Chairman Murman replied that the termination without cause would put the money at risk. Ms. McLean asked to clarify if the agency would still be relying on the regional benefits exhibit identified with the agreement and if it would be Tampa Bay Water's sole discretion as to whether the project continues to be regional in bases. She confirmed the City of Tampa agrees with the language.

Mr. Dunbar suggested that items two and five be moved to the end. Chairman Murman agreed. Chairman Murman asked if there was consensus on the Executive Committee to take 1a to the Board with the additional language. Commissioners Eggers and Starkey confirmed consensus.

Handout Item Three: A provision that will address the nutrient credit issue. Mr. Dunbar explained this item related to nutrient credits. Pinellas, Tampa and Hillsborough legal departments came up with a version of language. New Port Richey and Pasco had no alternatives and did not object to the language. St. Petersburg offered alternative language. Mr. Dunbar invited Mr. Morrissey to the podium to discuss the language in 3a and stated Ms. Wallace would be then be asked to explain the language in 3b. Mr. Morrissey described nutrient credits, how they are allocated, and the purpose of the Nitrogen Consortium. Commissioner Starkey asked if they could put 100 percent back into the bay through stormwater, what is the benefit. Mr. Morrissey replied that the City would probably take more nitrogen out through TAP than the storm water system would put it and the City has agreed

not to take those credits and sell them to other third-party entities and other counties and member governments could do the same thing. When the permits are redone after five years, those allocations could be changed by the Florida Department of Environmental Protection (FDEP). Commissioner Starkey responded that this issue is just an added benefit to the project, but not the sole reason for building it. She added that she was not sure why it was called a benefit if another department can just use the credits to put water back into the bay. Chairman Murman asked the attorneys why this issue was in the agreement and part of the discussions. Mr. Morrissey responded that the Board requested inclusion of nitrogen credit language. Mr. Dunbar commented that the attorneys' credit benefits were not transferable out of the region. Chairman Murman invited Jane Wallace, St. Petersburg legal counsel, to discuss the City's position.

Council Member Rice spoke first by stating that the project has been presented to the Board repeatedly with a rationale of it being an environmentally beneficial project and referenced her recent email expressing concerns about potential nutrient trading. Council Member Rice provided a copy of a response email from Brad Baird stating "Nutrient credits are not mentioned in the feasibility study as a consideration for Tampa. However, we have elected not to pursue nutrient credits. Instead, we have chosen to simply achieve environmental benefits for Tampa Bay and the region." Council Member Rice expressed concern that Tampa wants to use the nutrient credits internally for their own storm water department. Commissioner Starkey asked for clarification of how the City can state it is a benefit. Ms. Wallace stated that the language St. Petersburg crafted built on the idea that in addition to not being able to sell or trade or make money off of the nutrient credits by giving them to third parties, then the nutrients should not be allowed to go in from the storm water system. The language crafted builds upon the promises that were made by Tampa in an email from Mr. Baird to all the Board Members and the Tampa Bay Times, and restricts the credits from transferring to third parties, as well as to the storm water department of the City of Tampa. Jan McLean, City of Tampa, explained the City never intended to transfer the credits for the 1900 pounds of nutrients that are now going into the bay from the Advanced Waste Water Treatment Plant from the City's wastewater NPDES permit to its storm water permit. Ms. McLean explained what Mr. Baird was saying in his email is that the City of Tampa would not participate in the program that has risen out of nutrient trading credits. The City will also commit to a percentage, that they would then be able to manage, if that makes Tampa Bay Water be able to better identify what the regional benefit is. Chairman Murman asked Ms. McLean to clarify that the City of Tampa would add a nutrient credit number to option 3a. Ms. McLean responded yes. Councilman Miranda commented that he believed that whatever that percentage or number is all member governments should be held to the same number, including Tampa Bay Water. Chairman Murman agreed. Ms. McLean stated she believed this would set a precedent within the Nitrogen Consortium and added that they may only have these credits for a certain amount of time and FDEP would make that decision.

Commissioner Smith stated that this project has been presented as something that was going to eliminate this source of nitrogen to the bay. She asked if the credit number would identify how much nitrogen that would be eliminated. Chairman Murman responded that the City is

going to work on that number and bring it back and that it could then apply to all the member governments.

Council Member Rice reminded the Executive Committee the Board was originally asked to vote on the agreement in October and the project was originally described so that Tampa could self-supply and could be drought-proof. Then it was described as an environmentally beneficial project. Council Member Rice stated that the closer the board looks at the project it seems as though Tampa wants to sell excess water to non-member governments and the environmental benefit are less than originally touted. Ms. McLean responded that the City will provide language, a number, and a percentage in discussions with the attorneys prior to coming back to the board in February for consideration. Ms. McLean stated that when TAP is working and fully functioning, there will never be a total elimination of discharge. Tampa is looking at what is going into the bay now, on a million gallon per day annual average, and that will be reduced or eliminated, because it will be either shared with Hillsborough County and Tampa Bay Water, or it will be going into TAP. The City can identify what the reduction will be and will bring that number back to the Board.

Mr. Dunbar clarified that if the board agrees with Tampa on nutrient credits, it may be precedent-setting for the other member governments.

Chairman Murman asked if there is consensus among the Committee to move forward with 3a with the additional information that will be provided. The Committee agreed there was a consensus.

Handout Item Four: A provision that will address the sale of “water.” Mr. Dunbar explained this item was regarding the sale of water. He stated that several member government lawyers worked together on option 4a and option 4b was submitted by the City of St. Petersburg. Mr. Dunbar then asked Mr. Morrissey to explain provision 4a.

Mr. Morrissey stated that the attorneys worked on a drafted provision that says Tampa will not sell water to outside entities. Mr. Dunbar stated this was an issue for Hillsborough County as a current customer of the City of Tampa. Chairman Murman confirmed.

Ed Helvenston, Hillsborough County Assistant County Attorney, stated that it is an issue because Hillsborough currently purchases water from the City of Tampa at multiple isolated interconnections. This situation existed before the Interlocal Agreement was ever entered into. Mr. Helvenston expressed concern the language in option 4b would prohibit those continuing interconnections. Commissioner Eggers asked if the supply of water from the City of Tampa to Hillsborough County would be limited to what is currently in place. Mr. Helvenston and Chairman Murman both responded yes. Commissioner Eggers asked if that limit was an amount of water provided per day. Mr. Helvenston responded there is not a specific quantity by Hillsborough and is an existing customer through the isolated interconnections. Commissioner Eggers asked if Hillsborough County gets more than 2 million gallons per day through the connections. Chuck Weber, Tampa, responded that there are days that are higher

and days that are lower. Commissioner Eggers asked if, on an annual basis, 2 million the number usually provided. Mr. Weber responded that he thought that was correct. Commissioner Eggers asked how high the amount could be. George Cassady, Hillsborough Water Utilities Director, responded that for the last 40 years Hillsborough County has had an agreement with the City of Tampa for an area that is immediately outside their city limits within the unincorporated portions of the county. Since this was an area of the county Hillsborough County, and later Tampa Bay Water, could not serve, the City was allowed to provide services. Mr. Cassady explained over the years, the system has grown and Hillsborough County has more capabilities to serve certain areas, but there's a remaining bandwidth around the City of Tampa city limits, and the city has authorization to provide fresh water services. Mr. Cassady stated that it could be more than 2 million gallons per day in years to come and there are 11 interconnects. Commissioner Eggers asked if Tampa Bay Water is also reserving water for that area. Mr. Cassady responded that he did not believe that was the case. Chairman Murman commented this has been on-going between the City and County for years. Commissioner Eggers reiterated he did not want to open the door for more sale of water. Mr. Helvenston offered to limit to existing interconnections. Chairman Murman agreed. Commissioner Eggers asked if that will be limited to what is currently in place in amounts of water per day. Mr. Helvenston replied there is not an existing quantity, but they are an existing customer through the interconnections. Commissioner Eggers commented that he thought the amounts were going to be limited to what is being provided now and any additional in the future will have to be sold through Tampa Bay Water. Mr. Dunbar commented that this is a very large economic issue for Tampa Bay Water, because the utility simply cannot supply these interconnections without building new pipelines. Councilman Miranda commented the City was asked to supply that water because the cost would be prohibitive to bring a waterline from wherever they were, to service those areas. Commissioner Eggers asked if these are isolated areas where Hillsborough County has asked the City of Tampa to service and Tampa Bay Water does not have anything nearby to interconnect. Mr. Dunbar replied that the water should just be used by that area and not have the opportunity to go anywhere else. Chairman Murman and Commissioners Eggers and Starkey agreed. Commissioner Eggers asked to confirm the interconnections cover a specific area that will not be expanded.

Jan McLean responded there is a section in the Interlocal Agreement on isolated facilities. Tampa Bay Water makes the decision as to whether they want to own the wells or take over those facilities. If not, the member keeps them. There are a number of these interconnects and Tampa Bay Water made the decision to allow Hillsborough County to work with City of Tampa to get the needed water. Commissioner Eggers asked if that area has the ability to grow larger. Chairman Murman responded that properties can get sold or redeveloped.

Ms. Wallace stated the language crafted by St. Petersburg was not meant to interfere with the various interconnects between Hillsborough and Tampa. The issue is Tampa has stated that they anticipate the recovery from TAP is near or at 100% which means 50 million gallons going into the ground Ms. Wallace stated her understanding is Tampa is currently capped at 82 million gallons a day from the river and that could go up. Ms. Wallace stated she believed

the City of Tampa's current usage is around 70 million gallons per day. Councilman Miranda confirmed that number. Ms. Wallace then stated that the question is where does the 50 mgd from TAP go. The concern St. Petersburg has is that without the TAP agreement and the assignment of wells there is no water to sell. Ms. Wallace stated if Tampa is currently using in the 70s, there is a cap of 82 mgd that's currently in place, and we're anticipating another 50 million of potable water, what happens to that water. Ms. Wallace commented that the Interlocal Agreement prohibits the City of Tampa from selling water to other member governments and asked about governments outside of Tampa Bay Water's region. Ms. Wallace stated that the language crafted says if Tampa wants to create water to use for its stated purpose of self-supply and drought-proofing, they cannot become a water supplier and sell excess to other entities such as Polk County, outside of the member government jurisdictional area. Commissioner Eggers asked if the language in 4a does the same thing. Ms. Wallace replied no. 4a includes language "and within the service areas of other member governments within Tampa Bay Water service area." Ms. Wallace states this could include Tarpon Springs, Oldsmar, but does not take into account anybody located outside of the three counties.

Ms. McLean responded that the City of Tampa has no intention of developing potable water and selling it to Polk County. Ms. McLean explained the City of Tampa already has to account for the water that would be developed to drought-proof. The 82 mgd is the first attempt to meet minimum flows and levels and to address any projected and population growth. There's not enough water available to sell to anyone else. Councilman Miranda stated there is no additional expense to Tampa Bay Water and the City is paying for the majority of the cost itself. Commissioner Eggers asked if the City of Tampa is currently drought proof and clarified the City is drought proof now with Tampa Bay Water supplying water. Councilman Miranda commented yes.

Mr. Dunbar noted changes to 4a will include limiting to current interconnections and identifying the specific regions, preserving the current isolated area provision in the Interlocal Agreement, and clarifying the point regarding sale of water to Polk County. Commissioner Starkey asked if the City of Tampa will not be selling water. Ms. McLean clarified they would not be selling water to Polk County. Commissioner Starkey asked if the city was not selling water to Polk County where would all the excess water go. Chairman Murman commented the excess water would be going back to Tampa Bay Water. Commissioner Starkey asked if the excess water was going to go to Tampa Bay Water. Chuck Weber commented that there is no excess water and offered to run numbers to show there is no excess water. He commented that the 50 mgd is the capacity of the system and that has to happen on a max day in order to keep the reservoir full and hit the City's demands. Mr. Weber stated the city's demand is 72 million gallons per day and during a drought, the river can't support that. With 25 mgd more, the river will be able to support that, but the reservoir won't be kept full. With the 50 mgd, the city will be able to keep the reservoir full. Mr. Weber stated the City will have to meet a maximum day demand of 142 mgd in the future which will take all 50 mgd. Mr. Dunbar stated that his understanding is that whether there is excess water or not, the Board does not want the City of Tampa to sell it. Commissioner Eggers agreed. Chairman Murman

stated that the Executive Committee has consensus on 4a, with changes. Commissioners Eggers and Starkey agreed.

Handout Item Five: A provision addressing cooperative funding requests to Southwest Florida Water Management District (SWFMWD). Mr. Dunbar suggested Joe Richards, counsel for Pasco County, present item five to the committee.

Mr. Richards stated that item five deals with the concern that all member governments are competing for SWFWMD cooperative funding. Mr. Richards stated the intent was to allow the City of Tampa to request co-funding with their total project cost and if the project cost increases, prevent them from going back to SWFWMD for additional funding. Mr. Dunbar stated St. Petersburg has alternative language to present.

Jane Wallace discussed the TAP cost sheet and the concern the \$350 million project cost used by the City of Tampa is the least expensive option and does not include some of the treatment costs. Ms. Wallace also stated that St. Pete's proposed language would include projects that are associated with or related to the TAP project. Ms. McLean commented that St. Petersburg's clause would prevent the City of Tampa from applying for cooperative funding for any other projects. Ms. McLean stated that would prohibit the city from operating other departments that seek cooperative funding. Council Member Rice inquired about the \$350 million. David Ammerman from Carollo Engineering, Project Manager for TAP, stated the numbers being discussed are not capital costs, but are operating costs. Mr. Ammerman agreed with Council Member Rice that alternative 2 is not the selected alternative and was added as a benchmark to look at the implications when adding treatment. Mr. Ammerman explained further how costs were looked at in the feasibility study. Commissioner Eggers asked if the \$350 million is the total capital cost for the project. Mr. Ammerman replied no, it is the upper limit for capital costs. Commissioner Eggers asked if that amount incorporates everything related to delivering water to the reservoir. Mr. Ammerman replied yes. Commissioner Eggers and Council Member Rice agreed the Board is trying to put some upper limit on the co-funding application and not leave it open ended. Chairman Murman stated the language does address this issue. She asked the representative from SWFWMD if the district has \$350 million to fund the project. Mr. Dunbar stated that his conversations with Brian Armstrong have indicated there is money available.

Joel Brown, Government Affairs Program Manager for SWFWMD, stated that there is a measurable benefit tied to the \$350 million and that is how the cost benefit of projects for co-funding are assessed. Mr. Brown stated currently TAP ranks in the medium category for cost-benefit because the project is between \$10 and \$15 per gallon. The assumptions are the cost of the project is \$350 million to produce 28 million gallons per day. Mr. Brown explained there are two numbers at work – the amount of capital cost and the amount of water produced. If there is a shift in either, it changes the project's cost-benefit ranking and it would have to go back to the district governing board for consideration. Commissioner Starkey asked what the total amount of co-funding is available annually from the district. Mr. Brown responded it ranges from \$60-\$70 million annually. Commissioner Eggers asked if the project cost goes

up, for example from \$350 million to \$450 million, does that get figured into the funding equation before District staff makes a recommendation to the governing board or is the recommendation based on the initial application request. Mr. Brown responded that there are triggers based on cost increases and sometimes they can determine whether there's a measurable benefit increase. Sometimes there's an increase, but there's also a greater resource benefit.

Chairman Murman asked if there was a consensus on 5a.

Council Member Rice referred to the Hazen and Sawyer's memo where it indicated the need to refine the Board's understanding of TAP and the impact of the final life-cycle cost of TAP. Council Member Rice asked if this is needed to further finalize the capitol costs in the O&M cost estimates. Council Member Rice suggested discussing of the Hazen and Intera reports summarizing unknowns about the TAP project. Mr. Ammerman stated that they are looking at the Hazen memo and agreed there is information the City of Tampa needs provide. Chuck Weber, City of Tampa, explained the first phase of the feasibility is complete and answers the question on whether the TAP project is feasible. The next step is Phase Two which will answer questions on how are we going to do this, how many wells do we need, what kind of treatment do we need. Commissioner Eggers asked how long will Phase Two take. Mr. Weber responded it is expected to be completed by the end of the year.

Chairman Murman announced a lunch break at 12:06 p.m. The Executive Committee reconvened the meeting at 12:29 p.m. Chairman Murman stated that most Board Members needed to leave by 2:00 p.m.

Handout Item Two: A provision to clarify the 20 mgd benefit from the Harney Canal.

Mr. Dunbar explained that there have been many questions about the 20 mgd benefit and whether the water is available from the Harney Canal and the following will be a discussion of this benefit. Ms. Wallace spoke on St. Petersburg's concerns regarding the availability of the 20 mgd each and every day and reviewed the agreement language proposed by the City of St. Petersburg. Chairman Murman asked the City of Tampa and Tampa Bay Water to respond. Ms. McLean explained why the City of Tampa could not agree to that language and requested Chuck Weber, Tampa, explain the potential water available for the regional system. Mr. Weber suggested looking at historical water availability data that SWFWMD collects. He stated that Tampa Bay Water will not need the 20 mgd to meet future demands. Council Member Rice stated that it was her understanding that the 20 mgd was only available during extreme drought conditions and that Tampa had to seek special approval from SWFWMD and Mr. Weber explained Tampa's historical use. Commissioner Starkey asked if the city studied how much water was taken out and if that annual amount could be provided; Mr. Weber agreed to provide a graph. Commissioner Eggers, Chuck Weber and Matt Jordan discussed the possibility of water co-mingling from the Hillsborough River Reservoir into the Harney Canal. Chairman Murman called Ken Herd, Tampa Bay Water Chief Science and Technical Officer, to the podium to provide information. Mr. Herd explained that many factors influence the amount of water that will be available from the Harney Canal and that Tampa Bay Water can plan for

2-5 mgd on a long-term annual average basis and up to 16 mgd during a drought year. Mr. Herd also stated that Tampa Bay Water has modeled the system and determined the agency does not need to add treatment capacity to benefit from available flows from the Harney Canal Permit. Commissioner Eggers asked about water co-mingling. Mr. Jordan, Chuck Weber, and Mr. Herd continued to discuss the availability of water and the chances of surface water co-mingling. Commissioner Eggers and Council Member Rice asked for additional information on the 20 mgd availability and the analysis of the Harney Canal. Mr. Herd further explained the modeling and the results. Commissioner Smith asked to confirm if no TAP water can get into the Harney River Canal and the rest of the water system and that all TAP water will go to the City of Tampa. Chairman Murman asked Pete Dunbar to summarize; Mr. Dunbar stated that the proposal is to go either with guaranteeing Tampa Bay Water 20 mgd as proposed by the City of St. Petersburg or to propose that whatever water is available will go to Tampa Bay Water. Chairman Murman asked the Committee members to confirm their preference; Mr. Dunbar confirmed he would add a clause about co-mingling water to the Agreement. Mr. Dunbar, Mr. Jordan, Commissioner Eggers and Chairman Murman discussed the amount of water available from the Harney Canal. Chairman Murman suggested putting parameters into the agreement so when uncertainties come up there is direction on what to do. Commissioner Starkey asked what happens if Tampa is unable to self-supply. Mr. Jordan and General Counsel Barrie Buenaventura explained the milestone dates and provisions in the Agreement. Chairman Murman asked if Executive Committee had consensus regarding the Harney Canal. Commissioner Eggers stated there are still a lot of questions to be answered but he is okay with the Harney Canal information. Mr. Dunbar stated the attorneys would qualify Tampa Bay Water's modeling numbers and provide what historically was available. Council Member Rice asked a question about damage to structure 161 and who would be responsible for fixing the structure. Chairman Murman replied SWFWMD.

Handout Item Six: A provision that will deal with Tampa Bay Water's debt service. Mr. Dunbar explained item six is an analysis of the stranded indebtedness when TAP becomes fully functional. Different numbers can be calculated using different factors. This began with discussions between Pasco County and the City of Tampa that resulted in the \$7 million. Mr. Dunbar discussed the current debt, new debt, and Tampa's historical percentage use. Mr. Dunbar stated that if you apply Tampa's percentage to remaining debt in 2028, the amount is \$18,172,000 and that is what would be left when Tampa was fully self-supplying. Commissioner Eggers asked if the calculation considers the City of Tampa increasing the amount it will buy from Tampa Bay Water in 2028 and going forward. Mr. Jordan asked Christina Sackett, Tampa Bay Water Chief Financial Officer, to respond. Ms. Sackett explained that Mr. Dunbar looked at historical use and looked at 2028-2038 debt. She explained the numbers presented in December included years 2019-2038. Ms. Sackett explained that if she used the same calculations as were used in December and just look at 2028-2038, the amount the City of Tampa would owe is around \$15 million and their percentage of water use will go down as other members use a higher percentage of water from Tampa Bay Water. Mr. Weber stated that both sides of debt service should be considered and discussed the Raftelis analysis showing building TAP will save the region future debt. Ms.

Sackett stated that the Raftelis analysis did not include Tampa Bay Water receiving co-funding. Mr. Jordan added that the calculation is based on existing debt; the calculation referred to by Mr. Weber from the Raftelis report is future debt. Mr. Dunbar stated the City of St. Petersburg has a different solution to offer and invited Ms. Wallace, St. Petersburg, to explain. Ms. Wallace explained the City of St. Petersburg's solution which included the City of Tampa paying \$7 million for assignment of wells and the City of Tampa paying its share of the agency's debt. Mr. Jordan clarified the difference in debt numbers reported; Ms. Sackett confirmed the explanation. Commissioner Eggers asked for confirmation of the debt numbers. Commissioner Starkey asked if the Interlocal Agreement covers if Tampa Bay Water dissolves how the members take debt. Ms. Buenaventura explained how that is contemplated in the Interlocal Agreement. Commissioner Starkey asked for legal clarification on how this should be handled. Ms. Buenaventura clarified that the City of Tampa is not proposing to withdraw from Tampa Bay Water and would remain a member. Chairman Murman asked when Tampa Bay Water's debt started. Ms. Sackett explained the debt started in 1998 when member government facilities were purchased. Ms. McLean clarified that the current Interlocal Agreement would look at prior five years to determine share of debt; there have been times when City of Tampa did not purchase any water for four or five years. Commissioner Starkey stated that is a flaw in the original contract. The board and staff discussed the original contracts and governance process. Mr. Dunbar stated the attorneys would continue to work on identifying the debt options. Chairman Murman directed Mr. Dunbar and the attorneys to continue to work on this issue. Commissioner Eggers stated the \$7 million is for assignment of wells, but the debt is a different discussion. Executive Committee members continued to discuss the fee and debt service. Ms. McLean, City of Tampa, clarified how the \$7 million was derived. The Executive Committee agreed the attorneys needed to continue to work on this.

Handout Item Seven: A provision that will address 10 mgd of reclaimed water by Tampa to Tampa Bay Water for use as Tampa Bay Water chooses (not just SHARP).

Mr. Dunbar explained the final two items were added by the City of St. Petersburg for consideration. Ms. Wallace, St. Petersburg, explained it would be a regional benefit for Tampa Bay Water to use reclaimed water for potable reuse projects, so the City of St. Petersburg is suggesting the City of Tampa provide 10 mgd of reclaimed water for Tampa Bay Water to decide how to use the reclaimed water. Chairman Murman commented Hillsborough County needs water for South-Hillsborough County and cannot support the City of St. Petersburg language because the County needs the water. Chairman Murman asked Mr. Dunbar if Tampa Bay Water was designated as a provider of reclaimed water. Mr. Dunbar stated the member governments retain the rights to reclaimed water. Councilman Miranda, City of Tampa, discussed the former TWRRP project and the City offering Tampa Bay Water reclaimed water. Council Member Rice asked questions regarding limiting the 10 mgd to SHARP and what will the rate be for reclaimed water Tampa Bay Water will be charged. Chairman Murman discussed the growth and water needs in south Hillsborough County. Mr. Dunbar clarified the City of Tampa made the offer for SHARP as part of the MOU discussions. Mr. Jordan added the cost for the water and infrastructure will need to be negotiated. Chairman Murman asked the Executive Committee members if there is consensus on not accepting the offer.

Commissioner Starkey asked if the members should help negotiate the reclaimed value. Chairman Murman responded staff is working on that now and will be answered in a different item and MOU. Commissioner Eggers asked for clarification on what costs would be included in the valuation. Mr. Jordan stated there needs to be a basis for paying credits and that is being negotiated; the 10 mgd in the MOU is additional water. Commissioner Starkey asked for clarification on who would have to build the infrastructure. Mr. Jordan stated that would have to be negotiated. The committee members discussed if the 10 mgd should be a part of the MOU. Mr. Dunbar stated it was offered from the City of Tampa. Commissioner Eggers points out it is listed in the benefits page to the MOU and the committee continued to discuss the benefit and its inclusion in the MOU. Mr. Jordan and George Cassady, Hillsborough County, explained the 10 mgd for expansion of SHARP.

Handout Item Number Eight: Drafting an inquiry or request to the Board concerning their desire to amend the Interlocal Agreement in lieu of continuing to consider TAP in the current context of the Interlocal Agreement. Mr. Dunbar invited Jane Wallace, St. Petersburg, to discuss the item.

Ms. Wallace asked for clarification on the record on whether amendments to the Interlocal Agreement would have to go to the legislature for approval, as stated at the December 2018 workshop and board meeting. Chairman Murman stated that anything amended in the Interlocal Agreement would have to go to the legislature. Commissioner Eggers stated he is concerned with precedence. General Counsel Barrie Buenaventura stated that if the Interlocal Agreement was amended, that would go to all the member governments for approval, but the only amendments that would have to go to the legislature were amendments inconsistent with the enabling legislation. Ms. Buenaventura suggested amendment language should be approved by the Florida Department of Environmental Protection secretary. Chairman Murman discussed the potential process to amending the Interlocal Agreement. Mr. Dunbar stated he agreed with the current process and the member government attorneys reached consensus the board requested the attorneys work on a solution that did not require amending the Interlocal Agreement. Commissioner Eggers stated the issue is complicated, but every board member is trying to protect Tampa Bay Water and its member governments and trying to accommodate the City of Tampa's requests. The Executive Committee thanked everyone for the discussion and attendance at the Executive Committee meeting.

IV. ADJOURNMENT

The Board adjourned at 2:15 p.m.

Attest: _____
Matt Jordan, General Manager/Secretary

Date: _____

Executive Committee Agenda Item B



DATE: March 4, 2019
TO: Executive Committee
FROM: Matt Jordan, General Manager *mf*
SUBJECT: General Manager Update

FUNDING SOURCE: Not Applicable

SUMMARY: The General Manager will provide the Board Executive Committee with an update on agency administrative matters.

RECOMMENDATION: Information item only. No action requested.

Executive Committee Agenda Item C



DATE: March 1, 2019
TO: Matt Jordan, General Manager
FROM: Christina Sackett, Chief Financial Officer *CS*
SUBJECT: Proposed Fiscal Year 2020 Budget Overview

FUNDING SOURCE:

SUMMARY: The agency is in the process of developing the proposed budget for Fiscal Year 2020. The Interlocal Agreement requires the agency have an approved budget by August 1st each year. This presentation will provide the Executive Committee with highlights of the preliminary draft of Tampa Bay Water's FY20 proposed budget.

RECOMMENDATION: Discussion Item. No action requested.

mf

Executive Committee Agenda Item D



DATE: March 1, 2019
TO: Executive Committee
FROM: Charles H. Carden, Chief Operating Officer *CH Carden*
SUBJECT: South Central Hillsborough Memorandum of Understanding- Status Update

FUNDING SOURCE: Not applicable.

SUMMARY: Staff will provide a presentation of the Memorandum of Understanding with Hillsborough County to meet the County's growing demands in the South County area.

RECOMMENDATION: Discussion Item. No action requested.

mf

Executive Committee Agenda Item E



DATE: March 7, 2018
TO: Executive Committee
FROM: Barrie S. Buenaventura, General Counsel *BSB*
Peter M. Dunbar, Special Counsel
SUBJECT: Agreement and Memorandum of Understanding with the City of Tampa
Regarding the Tampa Augmentation Project – *Status Update*

FUNDING SOURCE: Not applicable

SUMMARY: At the February Board meeting, the Agreement and Memorandum of Understanding Regarding the Tampa Augmentation Project (the “Agreement and MOU”) was discussed and the Board took action to incorporate specific language into the Agreement and MOU addressing the following six issues:

1. An “opt-out” provision or process for inclusion in the Agreement and MOU;
2. A provision to clarify the 20 mgd benefit from the Harney Canal;
3. A provision addressing the nutrient credit issue;
4. A provision addressing address the sale of “water”;
5. A provision addressing cooperative funding requests to SWFWMD; and
6. A provision regarding Tampa Bay Waters’s debt service.

An updated draft Agreement and MOU was prepared and subsequently discussed by the Member Government attorneys and counsel for Tampa Bay Water. In addition to the six issues identified above that are incorporated into the Agreement and MOU in paragraphs 10 through 15 and Exhibit A, a few other edits were made to paragraphs 3, 4 and 5. The attached version of the Agreement and MOU reflects all changes made since the February Board meeting and is provided for review and discussion. Member Government attorneys and counsel for Tampa Bay Water are scheduled to meet again on Monday, March 11, to discuss further comments on the attached updated draft and any other issues of concern.

RECOMMENDATION: Status report for discussion and recommendation to the Board, if appropriate.

Attachment – Updated draft of the Agreement and MOU

A handwritten signature in cursive script, likely belonging to a member of the Executive Committee.

AGREEMENT AND MEMORANDUM OF UNDERSTANDING

THIS AGREEMENT AND MEMORANDUM OF UNDERSTANDING (hereinafter referred to as “Agreement”) is entered into to be effective as of the _____ day of _____, 20___, by and between the CITY OF TAMPA, hereinafter referred to as “TAMPA” and TAMPA BAY WATER, a regional water supply authority, hereinafter referred to as the “TAMPA BAY WATER.”

WHEREAS, the Amended and Restated Interlocal Agreement of 1998, (the “ILA”), created TAMPA BAY WATER as the wholesale provider of potable water for its members and further provides that TAMPA’s historical use of surface water constitutes a special circumstance justifying the exception to the exclusivity clause contained in the ILA; and

WHEREAS, Section 3.08 (A) of the ILA authorizes TAMPA to seek additional water from the Hillsborough River for use by TAMPA for supply and to meet regulatory requirements, after certain conditions have occurred, and that any obligation that TAMPA BAY WATER has to meet TAMPA’s need for water pursuant to the ILA shall be reduced by the amount of water that is derived from TAMPA’s use of surface water sources; and

WHEREAS, TAMPA has proposed an alternative water source utilizing its advanced treated reclaimed water to be used in an aquifer recharge and recovery project with the benefits as described on Exhibit A for TAMPA BAY WATER, to benefit the needs of the region, and to sustain TAMPA’s use of the Hillsborough River Reservoir; and

WHEREAS, the Member Governments retained the exclusive right to develop, own, and operate all facilities for reclaimed water as provided in Section 3.09 of the ILA; and

WHEREAS, at the direction of the TAMPA BAY WATER Board of Directors, an ad hoc committee was established to consider projects using reclaimed water of the members (the “Reclaimed Committee”) and the Reclaimed Committee commissioned utilities consultant Raftelis to review and analyze the Tampa Augmentation Project as defined and described in the attached Exhibit A attached hereto and by reference made a part hereof (“TAP”) to determine if the members of TAMPA BAY WATER would benefit from TAP, and has determined that TAP benefits the region as contemplated by the ILA; and

WHEREAS, TAMPA BAY WATER intends to include TAP in the Master Water Plan as an exclusive source for TAMPA alleviating TAMPA BAY WATER from needing to plan, budget or supply TAMPA water in accordance with the terms of this Agreement; and

WHEREAS, the implementation of TAP will not result in any adverse impact to TAMPA BAY WATER’s operations or current and projected financial status; and

WHEREAS, neither this Agreement nor the implementation of TAP allows TAMPA to sell any potable water to any other Member Government except as already allowed under the ILA; and

WHEREAS, TAMPA BAY WATER and TAMPA agree that it is in the best interests of TAMPA BAY WATER and all of its members for TAMPA to pursue TAP to sustain its use of the Hillsborough River and Sulphur Springs by using its reclaimed water in a manner that will also provide benefits to TAMPA BAY WATER members and the regional system in a manner consistent with the provisions of the ILA as set forth in this Agreement.

NOW THEREFORE, in consideration of the mutual covenants and considerations herein contained, the parties hereto do agree to the following:

1. TAMPA and TAMPA BAY WATER acknowledge and agree that the TAP recovery wells identified on Exhibit B attached hereto and by reference made a part hereof as incorporated or in substantially similar form and content, hereinafter referred to as "TAP Recovery Wells," are being constructed by TAMPA for the purposes of providing water for the exclusive use of TAMPA and its retail customers and for purposes of providing other regional benefits consistent with the ILA.
2. TAMPA and TAMPA BAY WATER acknowledge and agree that the benefits provided by TAP, including the function of the TAP Recovery Wells are regional in nature, and are being or will be constructed at the expense of TAMPA and not TAMPA BAY WATER.
3. TAMPA and TAMPA BAY WATER acknowledge the exceptions to the Exclusivity clause in § 3.08 of the ILA allow TAMPA to develop TAP for its exclusive use and benefit, and consistent with the provisions of this Agreement, and TAMPA BAY WATER does hereby assign any and all of its interest in the TAP Recovery Wells, including the function of the TAP Recovery Wells, that are or may be created by the terms of the ILA to TAMPA for and in exchange of the regional benefits of TAP, the acquisition option by TAMPA BAY WATER, hereinafter provided, and SEVEN MILLION DOLLARS (\$7,000,000) to be contributed by TAMPA to the rate stabilization fund. An initial payment of TWO MILLION THREE HUNDRED THIRTY THREE THOUSAND, THREE HUNDRED THIRTY THREE DOLLARS AND THIRTY FOUR CENTS (\$2,333,333.34) shall be made one year after the

execution date of this Agreement. Two additional payments of TWO MILLION THREE HUNDRED THIRTY THREE THOUSAND, THREE HUNDRED THIRTY THREE DOLLARS AND THIRTY THREE CENTS (\$2,333,333.33) shall be made on the same date each year thereafter in **2021 and 2022**. In addition, should TAMPA BAY WATER and TAMPA agree that the Recovery Wells will be acquired by TAMPA BAY WATER, the SEVEN MILLION DOLLARS (\$7,000,000) previously paid to TAMPA BAY WATER for the assignment of rights will be paid to TAMPA in addition to the purchase price to be determined in accordance with paragraph 5.

4. That for and in consideration of the **irrevocable** assignment and exclusive use herein acknowledged by TAMPA as well as an option of acquisition provided by TAMPA to TAMPA BAY WATER to purchase the TAP Recovery Wells under the terms and conditions as indicated below, TAMPA hereby **waives its rights under and** acknowledges that TAMPA BAY WATER has met the terms of S. 3.03 and S. 3.08, **except for S. 3.08(B)** of the ILA, and hereby releases TAMPA BAY WATER from any obligation to provide, plan, or budget for the delivery of water for TAMPA **upon TAP being fully functioning or December 31, 2027, whichever occurs first.** “Fully Functioning” for the purposes of this Agreement shall mean TAP will be able to produce the maximum quantity allocated to be withdrawn from the TAP Recovery Wells as authorized by the water use permit in accordance with the terms and conditions therein which shall occur no later than December 31, 2027. TAMPA BAY WATER intends to select a project to meet south Hillsborough County demand in or around April 2020. In order for TAMPA BAY WATER to plan to meet regional demand, by no later than December 31, 2022, TAMPA shall

notify TAMPA BAY WATER **in writing** of a date certain no later than December 31, 2027, by which TAP will be fully functioning. **TAMPA BAY WATER shall continue to provide, plan and budget for the delivery of water to TAMPA until, but not beyond, the date certain identified in TAMPA's notification to TAMPA BAY WATER when TAP will be fully functioning.**

If TAP is not fully functioning by **the date certain, no later than** December 31, 2027 **identified by TAMPA**, or if the configuration of TAMPA's service area or projected population increases by more than 30% beyond the current TAMPA BAY WATER projection for 2040, TAMPA shall **immediately** inform TAMPA BAY WATER **in writing** if, and to what extent, it may require the delivery of water from TAMPA BAY WATER. The Parties will determine a mutually agreeable date by which TAMPA BAY WATER will resume supplying TAMPA provided, however, that such date must allow TAMPA BAY WATER time to plan and develop new supplies, if necessary, in order to maintain the relationship between the quantity of Quality Water actually delivered by TAMPA BAY WATER to the Member Governments and the aggregate permitted capacity of TAMPA BAY WATER production facilities below the threshold identified in Section 3.03(C)(1) of the ILA. **Further, the Parties acknowledge and agree that if TAMPA does not notify TAMPA BAY WATER by December 31, 2022 of a date certain no later than December 31, 2027 when TAP will be fully functioning, this AGREEMENT is null and void and of no further force or effect.**

5. The parties acknowledge and agree that TAMPA BAY WATER shall have an option to acquire the TAP Recovery Wells at a mutually agreeable date pursuant to the following terms and conditions:

- a. For purposes of determining the acquisition price for the TAP Recovery Wells infrastructure the Parties shall mutually agree to use the valuation provisions in either Section 3.02 (A) or 3.06 (A) of the ILA.
 - b. The acquisition of the TAP Recovery Wells shall be further subject to the simultaneous execution of an operation and maintenance agreement mutually agreeable to the parties to assure the continued operation and maintenance of the recovery wells as an integral part of TAP together with appropriate access to the TAP Recovery Wells for such purposes.
6. TAMPA commits to providing TEN MILLION (10,000,000) gallons per day (GPD) of reclaimed water from its Howard F. Curren Advanced Wastewater Treatment Plant in the manner described in Exhibit A and under such terms and conditions, including but not limited to cost of construction and the reclaimed water, to be agreed upon between TAMPA and the Hillsborough County (COUNTY) to be utilized for the COUNTY'S SHARP/SHARE project **for the benefit of TAMPA BAY WATER**, if the project is pursued by TAMPA BAY WATER as the project to assist in meeting regional demand for the benefit of TAMPA BAY WATER and its members. This quantity of reclaimed water can be available upon the execution of such agreement between TAMPA and the COUNTY and the construction of facilities to provide the reclaimed water.

7. The Parties agree and affirm that this Agreement is consistent with and does not modify or amend the ILA or Master Water Supply Contract, and this Agreement is not intended in any way to alter the Parties' rights or obligations thereunder, nor shall any member be estopped by the provisions herein from exercising their rights in the ILA. To the extent any provision herein is determined to conflict with a provision in the ILA or the Master Water Supply Contract, the provision in the ILA or the Master Water Supply Contract shall control. Unless otherwise defined herein, all defined terms shall have the same meaning as in the ILA.

8. The Parties agree and affirm that no changes are required in state law to implement this Agreement, and neither Party will seek legislative changes that affects TAMPA BAY WATER in a manner set forth in Section 6.04 of the ILA.

9. TAMPA shall provide an annual report to TAMPA BAY WATER on the progress of the TAP implementation beginning on the first year following the execution of this Agreement until TAP is fully functioning.

10. No later than June 30, 2020, TAMPA BAY WATER must affirmatively acknowledge by Board resolution requiring the same number of votes as this Agreement that the benefits of TAP, including the functions of the TAP recovery wells, are regional in nature. If TAMPA BAY WATER fails to make this acknowledgement, this Agreement shall terminate and be of no further force or effect, and neither TAMPA BAY WATER nor TAMPA shall have any further obligations pursuant to this Agreement; provided however that any payment made by TAMPA to TAMPA BAY WATER in accordance with

paragraph 3 shall be refunded to TAMPA within THIRTY (30) days of the termination of this Agreement.

11. Upon TAP being determined to be fully functioning, TAMPA will relinquish its authorization to use water pursuant to the Southwest Florida Water Management District (SWFWMD) Use Permit No. 20 006675.006. All quantities of water authorized for TAMPA's use under the terms and conditions of the permit would be available for use by TAMPA BAY WATER as authorized by SWFWMD. TAMPA will not permit any injected or surface water developed by TAP to directly or indirectly enter the Harney Canal or the Tampa Bypass Canal.

12. It is estimated that TAP could provide a total reduction of nutrient loading to Hillsborough Bay of 1954 lbs. of nutrients per day. However, based on operational protocols, it is estimated that TAP will provide a reduction of approximately 1758 lbs. per day of nutrients to Hillsborough Bay. TAMPA will not directly or indirectly transfer or reallocate or facilitate the transfer or reallocation of any nutrient credits that may be created by the reduction of nutrients per day to Hillsborough Bay to third parties nor will it reallocate any of the estimated 1758 lbs. per day of nutrients to TAMPA's Stormwater department permitted discharge allocation.

13. Any water developed by TAP will be utilized by TAMPA for TAMPA'S stated purposes of drought-proofing its current authorized permitted quantities, assist in compliance with minimum flows of the Lower

Hillsborough River and to supply TAMPA'S projected demands. If any excess potable water should be available, TAMPA shall comply with the provisions of the Interlocal Agreement including not providing water to any new customers outside of TAMPA'S service area or within the service areas of other members within the TAMPA BAY WATER service area except for Hillsborough County through current interconnections in areas in Hillsborough County adjoining the City of Tampa service area. TAMPA, TAMPA BAY WATER and HILLSBOROUGH COUNTY shall provide a report to TAMPA BAY WATER within one year of the date of execution of this Agreement that allows TAMPA BAY WATER to determine if it can serve the current thirteen (13) existing interconnections between TAMPA and HILLSBOROUGH COUNTY, and also identifies any increase in usage from new development. TAMPA BAY WATER must approve any potential additional interconnections. Tampa shall not sell or provide any potable water to any third parties or entities outside of TAMPA BAY WATER's service area.

14. If TAMPA applies for cooperative funding for the TAP project, it will identify the projected maximum total cost directly related to the project on its application, but such maximum amount shall not exceed three hundred and fifty million dollars (\$350,000,000). The infrastructure and improvements of the TAP project are identified in Exhibit A. TAMPA will only seek cooperative funding from SWFWMD for TAP based on the maximum project

cost. If project costs increase above that amount, TAMPA will not seek additional funding from SWFWMD for the increase.

15. TAMPA will be purchasing water from TAMPA BAY WATER as needed and pursuant to the Interlocal Agreement through December 31, 2027 contributing to the current debt service of TAMPA BAY WATER. The construction and operation of TAP by TAMPA is estimated to provide \$34.7 million dollars of net present value savings to the members of TAMPA BAY WATER through the year 2038. The Parties agree to evaluate the actual cost savings to TAMPA BAY WATER members and report to the members no later than December 31, 2028 and determine what if any further contributions to the debt service as of the date of this Agreement that TAMPA will pay. The Parties will jointly secure the services of a financial advisor to provide an updated analysis as the basis of the report to the members. TAMPA agrees to pay TAMPA BAY WATER any additional contributions to debt service, if identified and recommended in the financial advisor’s report.

DONE AND EXECUTED to be effective on the date and year written above.

ATTEST:

CITY OF TAMPA, FLORIDA

By: _____
City Clerk/Deputy City Clerk

By: _____
Bob Buckhorn, Mayor

Approved as to Legal Sufficiency:

By: _____
Janice M. McLean, Senior Assistant City Attorney

ATTEST:

TAMPA BAY WATER, A REGIONAL
WATER SUPPLY AUTHORITY

Matt Jordan, Secretary

By: _____
Sandra Murman, Chairman

Date: _____

(SEAL)

APPROVED AS TO FORM:

General Counsel

STATE OF FLORIDA
COUNTY OF PINELLAS

The foregoing instrument was acknowledged before me this _____ day
of _____, 20____, by Sandra Murman, as Chairman for Tampa Bay Water,
A Regional Water Supply Authority.

Notary Public

Print Name

My Commission Expires:

Personally known _____ OR

Type of Identification Produced _____

EXHIBIT A

Tampa Augmentation Project

Description & Benefits

The Tampa Augmentation Project (TAP) infrastructure and improvements include:

- (1) upgrades at the Howard F. Curren Advanced Wastewater Treatment Plant (Curren);
- (2) transmission lines from Curren to recharge locations;
- (3) twelve (12) new wells total for recharge, likely with UV treatment;
- (4) thirty-seven (37) wells total for recovery including eight (8) of Tampa's existing ASR wells;
- (5) transmission lines from the recovery wells to the Hillsborough River Reservoir close to intake location;
- (6) implementation of a pre-treatment "source control" program to address specific Tampa wastewater customers: and
- (7) upgrades at the David L. Tippin Water Treatment Facility.

Benefits

The cost of TAP will be borne by the City either solely or with additional funding from other sources. Tampa Bay Water members will not provide funding for TAP. At this time, the estimated cost for TAP is approximately \$350,000,000. The water developed by TAP will be solely for Tampa and its customers only. TAP will be developed and implemented consistent with the Amended and Restated Inter-Local Agreement of 1998 creating Tampa Bay Water.

Once completed and fully functioning the following quantities of water are expected to be available for Tampa and Tampa Bay Water:

1. 82 MGD to 132 MGD, subject to regulatory authorization, exclusively for Tampa from the water created by TAP.
2. Potentially 20 MGD annual average or more to TBW from the current "20/40" permit from the Tampa Bypass Canal upon approval by the Southwest Florida Water Management District by elimination of supplementation of the Hillsborough River reservoir.
3. 6 MGD annual average by elimination of the TBW current annual budgeting for Tampa.
4. Potentially 7.5 MGD or more from SHARP/SHARE projects subject to regulatory authorization. This will be possible by Tampa providing a minimum of 10 MGD of reclaimed water from Curren on a daily basis except in the event that Tampa is obstructed, prevented or delayed in providing any part of said reclaimed water pursuant to conditions contained within a force majeure clause, including mechanical failure, to be agreed upon later, which cause the interruption of the provision of the reclaimed water which are beyond the control of Tampa to provide said reclaimed water for use by SHARP/SHARE.

~~**Upon completion and fully functioning of TAP, there will be no further obligation for Tampa Bay Water to supply, or plan for supply, water for Tampa with its current service area and projected population.**~~