



**WITHLACOOCHEE
REGIONAL
WATER
SUPPLY
AUTHORITY**

Board Meeting Package

February 20, 2013
4:30 p.m.

Meeting Location:

Lecanto Government Building
Room 166
3600 W. Sovereign Path
Lecanto, Florida 34461

**MEMORANDUM**

To: Water Supply Authority Board of Directors and Interested Parties

From: Richard S. Owen, Executive Director

Date: February 6, 2013

Subject: Monthly Meeting of the Withlacoochee Regional
Water Supply Authority

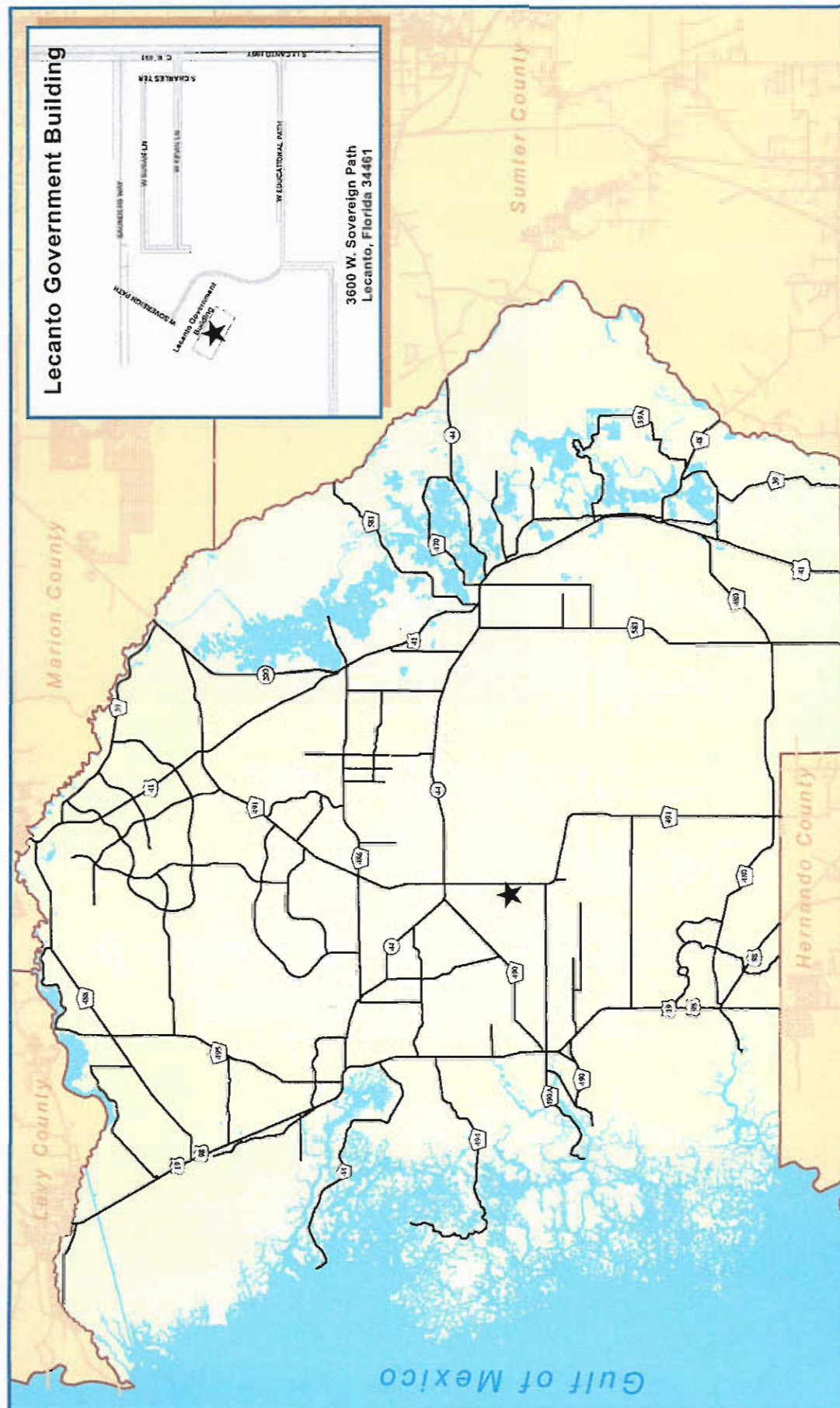
The next meeting of the Withlacoochee Regional Water Supply Authority will be on **Wednesday, February 20, 2013, 4:30 p.m., at the Lecanto Government Center Building, Room 166, 3600 Sovereign Path, Lecanto, FL 34461.**

Enclosed for your review are the following items:

- Agenda
- Minutes of the January 16, 2013 meeting
- Board Package*
- Copies of the Board Package are available through the Internet. Log on to www.wrwsa.org. On the Authority's Home Page go to the left side of the page and click on "Meetings." On the slide out menu is a button for the current Board Package. Click on the Board Package to download and print the Board Package.

Please note that if a party decides to appeal any decision made by the Board with respect to any matter considered at the above cited meeting, that party will need a record of the proceedings, and for such purpose, that party may need to ensure that a verbatim record of the proceedings is made, which record includes that testimony and evidence upon which the appeal is to be based.

Enclosures



Driving Directions to 3600 W. Sovereign Path, Lecanto Government Building

From Brooksville:

- Go North on N. Main St. toward S. Broad St./E. Jefferson St.
- Take the 1st Left onto S. Broad St./W. Jefferson St.
- Turn Right onto US 98/Ponce De Leon Blvd.
- Turn Right onto CR 491 toward Lecanto (about 13.5 miles)
- Turn Left on W. Educational Path (traffic signal)
- Turn right at the Park onto W. Sovereign Path; continue to the right to the Lecanto Government Building

From Ocala

- Go southwest on SR 200 into Citrus County
- Turn Right onto CR 491 (stay on 491 through Beverly Hills, crossing Hwy. 486 and SR 44)
- Turn Right on Saunders Way
- Turn Left onto W. Sovereign Path; follow to Lecanto Government Building

From Bushnell

- In Bushnell, Go West on FL-48W
- Turn Right onto US 41; continue to follow US 41 N
- Continue straight onto FL 44 W/W Main St.; continue straight on SR 44
- Turn Left onto CR 491
- Turn Right onto Saunders Way
- Turn Left onto W. Sovereign Path; follow to Lecanto Government Building

From Wildwood

- Go West on SR 44W; continue on SR 44 through Inverness
- Turn Left onto CR 491
- Turn Right onto Saunders Way
- Turn Left onto W. Sovereign Path; follow to Lecanto Government Building.



**WITHLACOOCHEE REGIONAL WATER SUPPLY AUTHORITY
BOARD OF DIRECTORS MEETING
AGENDA**

**3600 W. SOVEREIGN PATH, ROOM 166
LECANTO, FLORIDA 34461
February 20, 2013 @ 4:30 p.m.**

At the discretion of the Board, items may be taken out of order to accommodate the needs of the Board and the public.

- | | | |
|-------------|------------|--|
| Item | #1 | Call to Order |
| Item | #2 | Roll Call |
| Item | #3 | Introductions and Announcements |
| Item | #4 | Approval of Minutes of January 16, 2012 |
| Item | #5 | FY 2011/12 Audit Report . . . Mark White, Purvis Gray |
| Item | #6 | Regional Water Supply Plan Update – SWFWMD Cooperative Funding Agreement . . . Richard Owen, Executive Director |
| Item | #7 | Phase II Irrigation Audit Program – SWFWMD Cooperative Funding Agreement . . . Nancy Smith, Project Manager |
| Item | #8 | Board Member Meeting Preferences – Survey Results . . . Richard Owen, Executive Director |
| Item | #9 | Authority Agency Statement of Organization and Operations . . . Richard Owen, Executive Director |
| Item | #10 | Executive Director’s Report . . . Richard Owen, Executive Director

a. Bills to be Paid [to be provided in a handout at the meeting]
b. Correspondence
c. News Articles
d. Other |
| Item | #11 | 2013 Legislative Update and Legislative Issues List . . . Diane Salz, Governmental Affairs Liaison |
| Item | #12 | Attorney’s Report . . . Larry Haag, WRWSA Attorney |
| Item | #13 | Other Business |
| Item | #14 | Public Comment |
| Item | #15 | Next Meeting Time and Location . . . “Tentative” March 20, 2013, 4:30 p.m., Lecanto Government Building, Room 166, 3600 W. Sovereign Path, Lecanto, Florida 34461 |
| Item | #16 | Adjournment |

Please note that if a party decides to appeal any decision made by the Board with respect to any matter considered at the above cited meeting, that party will need a record of the proceedings, and for such purpose, that party may need to ensure that a verbatim record of the proceedings is made, which record includes that testimony and evidence upon which the appeal is to be based.

**Item 4.
Minutes**

**WITHLACOOCHEE REGIONAL WATER SUPPLY AUTHORITY
BOARD OF DIRECTORS MEETING MINUTES
January 16, 2013**

TIME: 4:30 p.m.
PLACE: Lecanto Government Building
3600 W. Sovereign Path, Room 166
Lecanto, Florida 34461

The numbers preceding the items listed below correspond with the published agenda.

1. Call to Order

Chairman Dennis Damato called the Withlacoochee Regional Water Supply Authority (WRWSA) meeting to order at 4:35 p.m. and asked for a roll call.

2. Roll Call

Mr. Richard Owen, Executive Director, called the roll and a quorum was declared present.

MEMBERS PRESENT

Dennis Damato, Chairman, Citrus County Commissioner
Jim Adkins, Hernando County Commissioner
Ken Brown, Crystal River City Councilor
Al Butler, Sumter County Commissioner
Don Hahnfeldt, Sumter County Commissioner
Joseph Johnston, Brooksville City Councilor
David Russell, Hernando County Commissioner

MEMBERS ABSENT

Scott Adams, Citrus County Commissioner
Rebecca Bays, Citrus County Commissioner
Kathy Bryant, Marion County Commissioner
Wayne Dukes, Hernando County Commissioner
Gary Ernst, Belleview City Councilor
Stan McClain, Marion County Commissioner
Dale Swain, Bushnell City Councilor
Carl Zalak, Marion County Commissioner

3. Introductions and Announcements

Members of the audience introduced themselves. There were no announcements.

STAFF PRESENT

Richard Owen, WRWSA Executive Director
Larry Haag, WRWSA Attorney
Diane Salz, Governmental Affairs Consultant
Nancy Smith, WRWSA Administrative Assistant

OTHERS PRESENT

Bruce Wirth, Cardno TBE
Terry Clark, Cardno Entrix
Gregg Jones, Cardno Entrix
Linda Shelley, Fowler, White, Boggs

Ken Weber, Weber and Associates
Pete Hubbell, Water Resource Associates
Mark Farrell, Water Resource Associates
Ken Jones, Water Resource Associates
Chris Baggett, Jones Edmunds
Brett Goodman, Jones Edmunds
Brett Cunningham, Jones Edmunds
Terri Lowery, Jones Edmunds
Tina Malmberg, Citrus County Water Resources
Ray Pribble, Janicki Environmental
Ron Basso, SWFWMD
John Ferguson, SWFWMD
Al Grubman, TOO FAR
Jan Grubman, TOO FAR
Mike Czerwinski, MGC Environmental
David Hornsby, SJRWMD
Debra Burden, Citrus County Water Resources
Trey Arnett, Arnett Environmental
Kraig McLane, SJRWMD
Ricardo Calvo, HDR Engineering, Inc.
Pat Hawk, Waterwell Justice
Judy Etzler, Waterwell Justice
David Moore, Atkins North America
Chris Zajac, SWFWMD
David O'Connor, Cardno
Flip Mellinger, Marion County Utilities

4. Approval of Minutes of November 28, 2012 Meeting

A copy of the minutes was provided in the Board packet for review.

Following consideration, a motion was made by Mr. Adkins to approve the minutes for the November 28, 2012 meeting. The motion was seconded by Mr. Russell and carried unanimously.

5. Election of Officers

Mr. Owen described the traditional sequence of officers for the Authority has been to advance the previous vice-chairman to chairman, the previous treasurer to vice-chairman, and to select a new treasurer, keeping a balance of officers among the member local governments. This year is different in that the past vice-chairman was not re-elected and the current treasurer does not wish to continue to hold office on the Board.

Chairman Damato opened the floor for nomination of officers.

Following consideration, Mr. Johnston nominated a slate of officers for the upcoming year: Dennis Damato, Chairman, Citrus County; James Adkins, Vice-Chairman, Hernando County; and Al Butler, Treasurer, Sumter County. The nomination was seconded by Mr. Russell and carried unanimously.

6. Northern Sumter Data Collection, Final Report. . . Ron Basso, SWFWMD

Ron Basso, Senior Professional Geologist, presented the final report of the Northern Sumter Data Collection project. The data collection was a joint project between the WRWSA, SWFWMD, and

The Villages to construct four test wells in the vicinity of the Villages in northern Sumter County. The data collected from these wells provides more specific information for the groundwater model about the depth to the water table, separation of upper and lower Floridan aquifer and degree of confinement. The project began in 2009 and was completed in December 2012. The projected total cost was \$100,000 with each participant contributing \$33,333. The actual cost to the WRWSA is under budget at \$9,000.

Following consideration, a motion was made by Mr. Johnston to accept the Northern Sumter County Data Collection final report, as presented. The motion was seconded by Mr. Hahnfeldt and carried unanimously.

7. Regional Water Supply Plan Update . . . Richard Owen, WRWSA

Mr. Owen introduced the Regional Water Supply Plan Update. This is a two-part process. The first of these is the approval of a cooperative funding agreement with the SWFWMD. The SWFWMD has been reviewing all of its cooperative funding agreements and determining the type of risk associated with four different types of projects. Because of this process, there was no cooperative funding agreement available to the Board in advance of today's meeting, although the Agreement has been provided to staff today and should be available in the February Board packet. This has resulted in a revised staff recommendation, provided as a handout, to recommend first, that the Board postpone action on the SWFWMD agreement until it is available for review. The second part of the revised staff recommendation is that the Board hear the scheduled presentations by the two firms that submitted proposals to update the Regional Water Supply Plan. The staff also recommends that the Board rank the firms and authorize the Executive Director to enter into negotiations with the firms in the ranked order, and to enter into that agreement, contingent upon the WRWSA entering into the Cooperative Funding Agreement with SWFWMD.

Following consideration, a motion was made by Mr. Russell to postpone Board action on the SWFWMD Cooperative Funding Agreement. The motion was seconded by Mr. Adkins and carried unanimously.

Chairman Damato stated that the Board would consider the second part of Item 7, ranking the two firms that submitted Statements of Qualifications (SOQ) based on their submittals and the presentations that will be made at today's meeting. Mr. Owen reviewed the ranking method used by the Technical Review Committee to rank the firms and included in the Board's packet. Following the presentations by each firm, the Board will rank each firm as either Rank 1 or Rank 2 on the sheet provided. The firm with the most number 1 rankings will be ranked 1; the other firm will be ranked number 2.

Gregg Jones, Cardno, the project manager for the Regional Water Supply Plan update, made the presentation for his firm and other team members. This was followed by a presentation by Pete Hubbell, Water Resource Associates and Brett Goodman, Jones Edmunds, the team leaders for the Regional Water Supply Plan update for the second responding firm. Members of the Board asked questions after each presentation. Following both presentations, the Board members ranked the firms as follows: Cardno, number 1; Water Resource Associates, number 2.

Following consideration, a motion was made by Mr. Johnston to accept the ranking as presented, with the number 1 ranked firm, Cardno, and the number 2 ranked firm, Water Resource Associates. The motion was seconded by Mr. Adkins and carried unanimously.

The next step will be to work with Cardno to develop an agreement. The completion of that agreement will be contingent on finalizing the cooperative funding agreement between the

WRWSA and SWFWMD, and signatures by both parties. Mr. Owen reminded the Board that he plans to establish a Technical Advisory Committee to assist in the review of the Regional Water Supply Plan update. Membership will include each of the four counties and every member government, as well as The Villages.

[There was a 5-minute recess. Mr. Adkins left the meeting]

8. CAB Engineering Evaluation . . . David O'Connor, Cardno TBE

David O'Connor summarized the engineering report prepared for the WRWSA evaluating the Charles A. Black wellfield and water treatment facilities. These include two Charles A. Black facilities 1 and 2, as well as the distribution system. The report includes compliance regarding all regulatory issues and the physical condition of the facilities. Some engineering recommendations were made in the report and a 10-year renewal and replacement cost assessment was prepared. This report was delivered to Citrus County followed by a meeting to review its contents with minor comments. Pending today's meeting, Cardno will prepare the final report.

Following consideration, a motion was made by Mr. Russell to accept the **Engineering Evaluation of the Charles A Black Wellfield and Water Treatment Facilities Report** as presented. The motion was seconded by Mr. Johnston and carried unanimously.

9. Regional Framework, Acceptance of Final Report . . . Richard Owen, WRWSA

Mr. Owen explained that the *Regional Framework* was satisfactorily completed in 2012, all reports were submitted to the WRWSA, and final payment was made to Water Resource Associates. However, during the audit process, it was noted that there was no request for the WRWSA Board to take formal action to "accept" the final work product. Staff recommended that the Board accept the final report as presented.

Following consideration, a motion was made by Mr. Russell to accept the *Regional Framework Initiative Report* as presented. The motion was seconded by Mr. Brown and carried unanimously.

10. Annual Board Meeting Calendar . . . Richard Owen, WRWSA

Mr. Owen presented a tentative 2013 meeting schedule for the Board's approval. A survey of all WRWSA members will be taken as soon as the member governments finalize new Board liaison appointments. The survey results will be distributed at the February Board meeting. Staff recommended that the Board approve an annual Board meeting calendar as presented in the Board packet, including a meeting time of 4:30 p.m. at the Lecanto Government Building, Room 166.

Following consideration, a motion was made by Mr. Russell to approve the annual meeting calendar as presented, with the addition of the 4:30 meeting time and meeting location in Room 166, Lecanto Government Building. The motion was seconded by Mr. Johnston and carried unanimously.

11. Executive Director's Report ... Richard Owen, WRWSA

a. Bills to be Paid

The December 2012 bills are provided in the Board's Packet, Mr. Owen also provided the January 2013 bills as a handout. He requested the WRWSA approve payment of the December 2012 bills totaling \$21,565.17 and January 2013 bills totaling \$22,663.66.

Following consideration, a motion was made by Mr. Russell to approve payment of the December 2012 bills of \$21,565.17 and January 2013 bills of \$22,663.66. The motion was seconded by Mr. Hahnfeldt and carried unanimously.

b. Correspondence

This item was presented for the WRWSA's information; no action was required.

News Articles were presented as a handout for the WRWSA's information; no action was required.

c. Other

Mr. Owen presented updates to the Board on the following issues:

- ***Adena Ranch Update:*** Adena Ranch submitted a modification to its permit request, which was received by SJRWMD prior to the deadline. The SJRWMD has requested additional information. Staff will keep the Board informed, as more information is available.
- ***SWFWMD MFLs for the Homosassa and Chassahowitzha Rivers:*** The SWFWMD Governing Board held a public hearing on January 15, 2013 on MFLs for the Homosassa and Chassahowitzha Rivers at the request of an affected party. Chris Zajac, SWFWMD, briefly summarized the meeting. The public hearing was held to discuss rulemaking for the two rivers. The Board heard a presentation and then took comments from both sides of the debate represented at the meeting. District staff will take these comments into consideration during rule development.
- ***Northern Groundwater Model.*** SJRWMD is the lead agency in this project. They have received five Statements of Qualifications from firms. The review committee meeting is Thursday, January 17, 2013 and Mr. Owen will attend this meeting.
- ***DEP – Notice of Rulemaking and Consistency.*** Rulemaking is underway on the consistency of consumptive use permits and there is a hearing scheduled on January 23rd in Tallahassee. Diane Salz is expected to attend that meeting on our behalf. Mr. Owen will be reviewing the rule and will inform the Board of any modifications pertinent to the WRWSA.
- ***Cooperative Funding Applications.*** The WRWSA submitted two applications to SWFWMD for the next fiscal year, 2013-2014. One was a continuation of the Residential Irrigation Evaluation program, and the other was for sub-regional planning for beneficial reclaimed water. The time frame to apply for the cooperative funding cycle was earlier this year than in prior years and a decision was made to apply for two projects and then discuss the applications with the member governments. Subsequent to that submittal, Mr. Owen discussed the sub-regional planning project with staff of the member governments and did not find a need for this project. Therefore, Mr. Owen asked that the Board rescind the application for the Sub-regional Planning application.

Following consideration, a motion was made by Mr. Russell to rescind the Cooperative Funding Application for the Sub-regional Planning for Reclaimed Water project. The motion was seconded by Mr. Butler and carried unanimously.

- **Official Records Storage:** Mr. Owen stated that the Authority's permanent records are stored in Hernando County. He would like to move these official records to the WRWSA office in Lecanto, but the WRWSA does not have suitable, fire-rated storage. Staff has explored several options for acquiring a surplus or used fire-rated cabinet without success and is still looking at electronic storage options. In order to safely store the official records in the WRWSA office, Mr. Owen recommended that the Board authorize purchase of a fire-rated filing cabinet, not to exceed a cost of \$2,000.00. Staff will obtain a minimum of three estimates prior to any purchase.

Following consideration, a motion was made by Mr. Brown to approve the purchase of a fire-rated filing cabinet, at a cost not to exceed \$2,000.00. The motion was seconded by Mr. Russell and carried unanimously.

12. **Legislative Update ... Diane Salz, Governmental Affairs Consultant**
Ms. Salz provided a schedule of interim committee weeks and a list of committees that are important to the WRWSA concerns. Ms. Salz also included a draft summary of key issues that are pending in this upcoming legislative session. That list will be presented to the Board for action at the February meeting. Two bills are of particular interest to the WRWSA. One deals with equitable representation on the SWFWMD Governing Board and the other deals with cross-jurisdictional impacts, such as Marion County that is bisected by the Southwest and St. Johns River water management districts.
13. **Attorney's Report ... Larry Haag, WRWSA Attorney**
There was no report from the Attorney.
14. **Other Business**
There was no other business of the WRWSA Board.
15. **Public Comment**
There was no public comment.
16. **Next Meeting Time and Location**
Next meeting is scheduled for February 20, 2013, 4:30 p.m., at the Lecanto Government Building, Room 166, 3600 W. Sovereign Path, Lecanto, Florida 34461.
17. **Adjournment**
Chairman Damato announced there was no further business or discussion to come before the WRWSA and adjourned the meeting at 6:47 p.m.

Dennis Damato, Chairman

Richard S. Owen, Executive Director

Item 5.
FYE 2012
Annual Audit

Item #5. FY 2011-2012 Annual Audit . . . Mark White, Purvis Gray and Company

Purvis Gray and Company has been conducting the annual audit of the Authority's financial statements for the Fiscal Year ending September 30, 2012. The audit report, included as an exhibit, will be summarized at the meeting by Mr. Mark White, CPA, Partner with Purvis Gray & Company, LLP.

Staff Recommendation: Staff recommends that the Board approve the Annual Financial Report and Fiscal Year 2011-12 Financial Audit Report as presented at the meeting.

To the Governing Board
Withlacoochee Regional Water
Supply Authority
Lecanto, Florida

We have audited the financial statements of the business-type activities and the major fund of Withlacoochee Regional Water Supply Authority (the Authority), for the year ended September 30, 2012, and have issued our report thereon dated January 31, 2013. Professional standards require that we provide you with the following information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and Chapter 10.550, *Rules of the Auditor General*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated October 26, 2005, and communications letter dated August 16, 2012. Professional standards also require that we communicate to you the following information related to our audit:

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2012. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

- Management's estimate of depreciation expense is based on original judgments of useful lives and straight-line depreciation. We evaluated the key factors and assumptions used to develop the depreciation estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Certified Public Accountants

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309
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To the Governing Board
Withlacoochee Regional Water
Supply Authority
Lecanto, Florida

Corrected and Uncorrected Misstatement

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of the audit procedures and corrected by management were material, either individually or in aggregate.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 31, 2013.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of Governing Board and management of the Authority and is not intended to be and should not be used by anyone other than these specified parties.

Purvis, Gray and Company, LLP

January 31, 2013
Ocala, Florida

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

**WITHLACOOCHEE REGIONAL
WATER SUPPLY AUTHORITY
LECANTO, FLORIDA**

SEPTEMBER 30, 2012

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

**WITHLACOOCHEE REGIONAL
WATER SUPPLY AUTHORITY
LECANTO, FLORIDA**

SEPTEMBER 30, 2012

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INDEPENDENT AUDITORS' REPORT

To the Governing Board
Withlacoochee Regional Water
Supply Authority
Lecanto, Florida

We have audited the accompanying financial statements of the business-type activities and the major fund of Withlacoochee Regional Water Supply Authority (the Authority), as of and for the year ended September 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the management of the Authority. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Authority's 2011 financial statements, and in our report dated December 30, 2011 we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the major fund of the Authority, as of September 30, 2012, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 31, 2013, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Certified Public Accountants

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505
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5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309

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To the Governing Board
Withlacoochee Regional Water
Supply Authority
Lecanto, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pages 3 through 8, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Purvis, Gray and Company, LLP

January 31, 2013
Ocala, Florida

MANAGEMENT DISCUSSION AND ANALYSIS 2011-2012 FISCAL YEAR ENDING FINANCIAL REPORT

This management discussion and analysis of the Withlacoochee Regional Water Supply Authority's (WRWSA) financial performance provides an overview of the financial activities for the fiscal year ended September 30, 2012, as compared to September 30, 2011. The purpose of this overview is to provide readers with a comprehensive picture of the WRWSA's financial condition and results of operations. This discussion and analysis should be read in conjunction with the audited financial statements and related footnotes, as details there are not necessarily repeated in this analysis.

FINANCIAL HIGHLIGHTS

- Net assets of the Authority decreased by \$263,837 or 7.9%. The depreciation of plant equipment at the Charles A. Black Water Supply Facility (CAB#1) comprised a significant portion of the reduction in Net Assets of the Authority for the fiscal year. Expenditures were up by \$127,658 or 23%. In addition, the combined operating and non-operating revenue was down by \$18,560 or 4.3%. Local assessments were up by less than 1% as a result of a small increase in regional population. Funding from the Southwest Florida Water Management District (SWFWMD) increased by \$12,932 or approximately 45% as the Residential Irrigation System Audit program completed its first full year of on-site evaluations.
- Operating expenses for the year were up by 23% or \$127,658 from expenses in FY 2010-11. The primary components were an increase of \$65,377 in Water Resource Projects over the previous year, an increase of \$51,158 in Professional Services primarily associated with the overlap between the retiring executive director and the new executive director who was under contract on July 1, 2012, and increased costs for an administrative assistant. General and Administrative Expenses increased by \$11,039 associated with advertising and general office expenses.
- Revenues to the Authority consist of annual assessments of \$0.19 per capita, revenue from the Authority's contract with Citrus County consisting of an amortization fee for the capital cost of the construction of CAB#1 and a surcharge for the Authority's administration of its contract with the County and its maintenance and operations review, and revenues from project cooperators. Member assessment revenues increased slightly by 0.1% or \$92.00 over the previous year. Member assessments totaled \$139,443 and represented 34.3% of the Authority's total Operating Revenues. Project revenues were \$43,627, a decrease of \$22,736 from the previous fiscal year, and represented 10.7% of the Authority's total Operating Revenues. Citrus wellfield amortization revenue remained the same and the administrative surcharge increased by 1.5% or \$907.00 over the previous year. Combined, the Citrus wellfield revenues totaled \$223,587 and represented 54.3% of the Authority's total Operating Revenues.
- Net Assets continue to provide the resources necessary to fund projects and continue to meet the obligations of the Authority. In particular, revenue from the CAB#1 facility provide a funding source for both local and regional water resource projects that strengthen the Authority's role as a regional water planning and supply agency and allow the Authority to positively influence development of water supply facilities in the region and conservation efforts at the local government level. In addition, assessment revenue from member governments continues to assist the Authority in its regional activities and enables the Authority to represent its member governments in regional and statewide water management decision making.

PROGRAM HIGHLIGHTS

Revenue from the CAB#1 facility has provided the resources for the Authority to support a number of special and on-going projects that increase the water supply capability of the region and are of unique benefit to the local governments that are members of the Authority. Some of these projects include:

**MANAGEMENT DISCUSSION AND ANALYSIS
2011-2012 FISCAL YEAR ENDING FINANCIAL REPORT
(Continued)**

1. Joint Funding of Water Supply Projects with Member Local Governments.

The Authority Board has continued its grant program to assist local governments in improving water conservation within the region in order to extend the use of groundwater as long as possible. Since its inception in FY 1999-2000, the Authority has appropriated \$964,631 to local government projects in the region. During FY 2011-12, the Board appropriated \$130,000 toward local government water conservation projects. This funding continues in FY 2012-13. Proposals will be considered from any member local government in the Authority's jurisdiction. The grant program guidelines and application package may be found on the Authority's web page at www.wrwsa.org.

2. FY 2010/11 Residential Irrigation Evaluation Pilot Program

The WRWSA entered into a cooperative funding agreement with SWFWMD in FY 2011, and with utilities in Citrus, Hernando and Marion counties and two development districts in The Villages. The Agreement was to conduct residential irrigation system evaluations within the region as part of continuing water conservation efforts. A program administrator and an irrigation evaluation contractor were selected and contracts were signed in June 2011. The first irrigation system evaluation took place on August 26, 2011. The irrigation evaluation portion of the program was completed on December 1, 2012. A total of 230 evaluations were completed, out of the original goal of 250. Results from those 230 evaluations include:

- 136 (59%) rain sensors were installed or repaired
- Projected water saved annually from 230 residences: 38 million gallons per year

The follow-up evaluation portion of the pilot program is underway and will continue through November 2013. Thirty-three follow-up evaluations have been completed or scheduled. These evaluations are conducted approximately 1 year following the initial evaluation to determine how many of the recommended changes were implemented. In addition, the program will analyze the total water saved per residence based on water utility data. The utilities are compiling actual water use data for each residence for 1 year both pre- and post-evaluation.

3. Tracking and Providing Input to Water Resource Legislation During the 2012 Legislative Session that is of Interest to the Withlacoochee Region.

The Authority has contracted with Diane Salz, Legislative Consultant, to track legislation on water supply, water management districts and other water resource issues. The Authority has focused its attention on tracking any attempts to weaken or abolish the "Local Sources First" permitting requirements adopted by the 1997 Legislature. The Authority approved the continuation of its contract with the Legislative Consultant for additional work during the 2013 legislative session.

4. Expand and Refine the "Regional Framework" Concept that will Provide the Future Infrastructure for Introduction of Alternative Water Supplies into the Region's Water Supply Systems.

The Regional Framework concept is a long-term public water supply strategy based on the knowledge that regionalization of water sources and alternative water supplies will be necessary for the region at some point in the future. During FY 2011-12 the Authority continued to work with Member Governments and other stakeholders to advance the Regional Framework concept, building upon the Master Water Supply plan recommendations completed in a prior year. The Authority continues to plan and advocate for a regional framework for long-term water supply that supports member communities and helps to manage the technical, economic, environmental, and political issues associated with timely development of long-term, sustainable water supplies. The Regional Framework concept is intended to be consensus-based and mutually beneficial to all Authority members. This effort will be integrated with the RWSP update in FY 2012-13.

MANAGEMENT DISCUSSION AND ANALYSIS
2011-2012 FISCAL YEAR ENDING FINANCIAL REPORT
(Continued)

5. Analyzing Impacts of MFLs to Existing and Future Water Supply Facilities

The Authority will continue to work cooperatively with the SWFWMD and SJRWMD to understand the implications of minimum flows and levels (MFL) set on rivers, lakes, springs and the aquifer in the Withlacoochee Region and to ensure these MFLs take into consideration sound science and implications on water supply. If existing wellfields or future planned wellfields negatively impact resources such as lakes, springs or rivers when MFLs are set on those facilities, it is important for both the Authority and the impacted local government to know this as quickly as possible in order to make necessary changes to avoid those impacts.

6. Enhanced Data Collection and Monitoring of Groundwater Resources in Northern Sumter County

The Authority approved a joint data collection and monitoring program for north Sumter County during FY 2008-09. The Authority, the SWFWMD and The Villages continued this program throughout FY 2011-12. This program was approved because in the past the Authority's consultants have had difficulty developing groundwater models of the north Sumter County area to assess the potential for a dispersed wellfield in that area to serve future needs of Wildwood and The Villages.

SWFWMD took the lead in implementing this project during FY 2011-12. Field data was collected that will be needed to determine if a wellfield in that area is possible. This will be further explored as the Authority updates its Regional Water Supply Plan starting in FY 2012-13. The total project budget was \$100,000, with the Authority responsible for 1/3 of the cost at \$33,333. The project was nearing completion at the end of FY 2011-2012 and was being completed well under budget. Results of the project appear to indicate good confinement for the upper and lower floridan aquifer system, with positive implications for future groundwater development, dependent upon additional future analysis.

7. Continuation of Cooperation with Citrus County in Operation of the Authority's Charles A. Black Wellfield and Water Supply Facility (CABWSF).

The CAB Water Supply Facility continues to operate and supply water to the Citrus County system. The Authority will continue to cooperate with Citrus County in the maintenance and permitting for the wells and the treatment facility per the operation and maintenance contract with Citrus County. The Authority has had initial discussions with the County about possible revisions to the contract to ensure the long-term integrity of the Authority's facilities and services.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Balance Sheet and Statements of Revenues, Expenses, and Change in Net Assets provide information about the activities of the Authority as a whole and present a longer-term view of the Authority's finances. These statements include all assets and liabilities using the accrual basis of accounting. All current year revenues and expenses are taken into account regardless of when cash was received or disbursed. The primary purpose of the Statement of Cash Flows is to provide information about the cash receipts and disbursements of an entity during a period. Accompanying footnotes provide further information related to amounts presented on the financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS
2011-2012 FISCAL YEAR ENDING FINANCIAL REPORT
(Continued)

Balance Sheet

As shown in the table below, there was a reduction of 6.6% or \$226,392 in Total Assets during the 2011-2012 FY. This amount is primarily the result of depreciation of the physical plant at the CAB#1 facility. However, a significant outlay of funds each year for the Authority is through grants to local governments from Restricted Assets. The Authority provides joint participation grants to local governments as an incentive for local governments in the region to embark on water conservation programs. The Authority's funding formula provides up to 50% participation with local governments to a maximum grant of \$50,000.

Assets	FYE 2011	FYE 2012	% Change	\$ Change
Current and Other Assets	\$1,618,058	\$1,554,924	-3.9%	-\$63,134
Capital Assets	\$1,795,334	\$1,632,076	-9.1%	-\$163,258
Total Assets	\$3,413,392	\$3,187,000	-6.6%	-\$226,392

The Authority's Total Liabilities increased by \$37,445 or 50%. However, as Accounts Payable these amounts are relatively insignificant in that the Authority has no long-term debt. The accounts payable shown in the Balance Sheet represent the Total Liabilities of the Authority and are normal payables at the end of each month or amounts remaining to be paid for contracts ending each Fiscal Year. The ratio of Current Assets to Current Liabilities is about 14:1, which indicates a high degree of solvency for the Authority. In addition, the plant and equipment of the Authority is debt-free. Further, the Authority has a "Maintenance and Use" contract with Citrus County for the County to operate and maintain the Authority's CAB#1 water supply facility, prepare and obtain all permits required for operation and to maintain a Renewal and Replacement Fund for the facility. The funds provided by Citrus County to the Authority for amortization of the facility and for an administrative surcharge continue to be sufficient to carry out the water resource projects of the Authority.

Liabilities	FYE 2011	FYE 2012	% Change	\$ Change
Operating Account A/P	\$15,195	\$24,096	58.6%	\$8,901
Water Resource Project Account A/P	\$59,558	\$88,102	47.9%	\$28,544
Total Liabilities	\$74,753	\$112,198	50.1%	\$37,445

Computing and reflecting net assets is one way to illustrate the financial health and financial position of the Authority. Over time, increases or decreases in net assets are an indicator of whether the financial health is improving or deteriorating. The following table summarizes net assets for the Authority for FYE 2011 and 2012 for comparison purpose.

Net Assets:	FYE 2011	FYE 2012	% Change	\$ Change
Invested in Capital Assets, Net of Debt	\$1,795,334	\$1,632,076	-9.1%	-\$163,258
Unrestricted Net Assets	\$1,543,305	\$1,442,726	-6.5%	-\$100,579
Total Net Assets	\$3,338,639	\$3,074,802	-7.9%	-\$263,837

The majority of the decrease from FYE 2011 to FYE 2012 in Capital Assets is attributable to the continued depreciation of the Authority's CAB#1 water supply facility. The change in cash assets, both unrestricted and restricted, is a better indicator of the financial position of the Authority. To better balance the outflow of cash for water resource projects with revenue from the CAB#1 contract with Citrus County, the Authority has set its annual grant obligation to a maximum outlay of \$130,000 per year and set its match at a maximum of 50% of the project total costs with a maximum of \$50,000 to any one grantee. These measures have reduced the net decrease in assets over time.

MANAGEMENT DISCUSSION AND ANALYSIS
2011-2012 FISCAL YEAR ENDING FINANCIAL REPORT
(Continued)

Statement of Revenues, Expenses and Changes in Net Assets

Revenue for the Authority has been categorized in the past into unrestricted and restricted and is derived from two sources: member government per capita assessments and contractual funds from Citrus County for amortization of the construction of the Charles A. Black Water Supply Facility (CAB#1) and an administrative surcharge paid to the Authority. Member government assessments in FY 2011-12 were received from Citrus, Hernando, Marion, and Sumter counties and the City of Ocala. The City of Ocala withdrew from being a dues paying member at the end of the fiscal year and Marion County has committed to fund the entire County's per capita contribution for FY 2012-13. Per capita assessments for the small cities within the member counties are paid by the member county to avoid the issue of "double taxation." These per capita assessments are approved each year. For FY 2011-12, the Authority and its member governments approved \$.19/per capita. All of this revenue is unrestricted and used for administration of the Authority.

Revenues from the CAB#1 facility are fixed by contract between Citrus County and the Authority. The monthly payment by Citrus County to the Authority is divided into "facilities recovery," based on an amortization table for the 35-year debt to the Authority and an administrative surcharge, termed "administrative recovery" that runs for 30 years from the inception of service until 2022. The facilities recovery is being placed in an investment account with the State Board of Administration Investment Pool and was restricted for use on water supply and water resource projects within the SWFWMD area until 1999. Although these funds are no longer restricted by SWFWMD as indicated below, the Authority continues to separate the funds to reflect funds available for administration and those available for water supply projects. The payback of these funds by Citrus County results from a "seed grant" by SWFWMD to the Authority for the purpose of building its first regional water supply facility. The administrative recovery revenue paid by Citrus County was increased by 5% each year beginning in 1992, reaching a maximum of \$60,000 in 2011 through 2021. These monies are unrestricted and are used primarily for administration of the Authority.

The requirement that the facilities recovery funds from the CAB#1 be restricted arises from an Agreement between the Authority and SWFWMD signed in 1987. The Agreement expired in 1999 and therefore the funds from CAB#1 are no longer required to be restricted and may be used for water supply projects as well as administration of the Authority.

The last source of revenue during FY 2011-12 came from cooperative funding with The Villages and the SWFWMD for the Irrigation Audit Water Conservation project. During FY 2011-12, the Authority received matching funds of \$43,627. A comparison of revenues from FY 2010-11 and FY 2011-12 is provided in the following table:

Operating Revenue	FYE 2011	FYE 2012	% Change	\$ Change
Local Assessments (Per Capita)	\$139,351	\$139,443	0.0%	\$92
Citrus Wellfield Administrative Funds	\$59,093	\$60,000	1.5%	\$907
Citrus Wellfield Water Resource				
Project Funds	\$163,587	\$163,587	0.0%	\$0
Project Revenue	\$66,363	\$43,627	-34.3%	-\$22,736
Total Operating Revenue	\$428,394	\$406,657	-5.1%	-\$21,737

MANAGEMENT DISCUSSION AND ANALYSIS
2011-2012 FISCAL YEAR ENDING FINANCIAL REPORT
(Concluded)

Statement of Revenues, Expenses and Changes in Net Assets

Operating expenses for the Authority increased by 23% during FY 2011-12 over FY 2010-11. The major increase was caused primarily by the overlap of the existing Executive Director with the new Executive Director for a three month period, increased costs associated with administrative support and with water supply studies. The following table provides a comparison of expenditures for FYE 2011 and 2012:

Operating Expenditures	FYE 2011	FYE 2012	% Change	\$ Change
Professional Services	\$160,527	\$211,685	31.9%	\$51,158
General & Administrative	\$18,873	\$29,912	58.5%	\$11,039
Water Resource Projects	\$211,465	\$276,842	30.9%	\$65,377
Depreciation	\$163,174	\$163,258	0.1%	\$84
Total Operating Expenditures	\$554,039	\$681,697	23.0%	\$127,658

Non-operating revenues increased by 39.6% from the previous year, although the actual amount of money was small. The increase was attributable to a slight increase in investment rates of return for funds with the State Board of Administration.

Non-Operating Revenue	FYE 2011	FYE 2012	% Change	\$ Change
Interest Income – General Fund	\$3,975	\$4,717	18.7%	\$742
Unrealized Gain/(Loss) on Investments	\$4,051	\$6,486	60.1%	\$2,435
Total Non-Operating Revenue	\$8,026	\$11,203	39.6%	\$3,177

Request for Information

This financial report is designed to present users with a general overview of the Authority's finances and to demonstrate the Authority's accountability. If you have any questions concerning the information provided in this report, or need additional financial information, contact the Executive Director at 3600 W. Sovereign Path, Ste. 228, Lecanto, FL 34461. Additional information concerning the Authority can be found on our website www.wrwsa.org.

**STATEMENT OF NET ASSETS
 PROPRIETARY FUND
 SEPTEMBER 30, 2012,
 WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2011
 WITHLACOOCHEE REGIONAL WATER SUPPLY AUTHORITY
 LECANTO, FLORIDA**

	Business-type Activities - Enterprise Fund			2011 Total
	Operating Account	Project Account	Total	
Assets				
Current Assets				
Cash and Investments	\$ 558,858	\$ 981,340	\$ 1,540,198	\$ 1,605,670
Accounts Receivable - SWFWMD	0	14,555	14,555	12,388
Prepaid Expense	171	0	171	0
Total Current Assets	<u>559,029</u>	<u>995,895</u>	<u>1,554,924</u>	<u>1,618,058</u>
Noncurrent Assets				
Capital Assets:				
Property and Equipment, Net of				
Accumulated Depreciation	0	1,632,076	1,632,076	1,795,334
Total Noncurrent Assets	<u>0</u>	<u>1,632,076</u>	<u>1,632,076</u>	<u>1,795,334</u>
Total Assets	<u>559,029</u>	<u>2,627,971</u>	<u>3,187,000</u>	<u>3,413,392</u>
Liabilities				
Accounts Payable	24,096	88,102	112,198	74,753
Total Liabilities	<u>24,096</u>	<u>88,102</u>	<u>112,198</u>	<u>74,753</u>
Net Assets				
Investment in Capital Assets	0	1,632,076	1,632,076	1,795,334
Unrestricted	534,933	907,793	1,442,726	1,543,305
Total Net Assets	<u>\$ 534,933</u>	<u>\$ 2,539,869</u>	<u>\$ 3,074,802</u>	<u>\$ 3,338,639</u>

See accompanying notes.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012,
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2011
WITHLACOOCHEE REGIONAL WATER SUPPLY AUTHORITY
LECANTO, FLORIDA

	Business-type Activities - Enterprise Fund			2011 Total
	Operating Account	Project Account	Total	
Operating Revenues				
Member Assessments:				
Citrus County	\$ 27,018	\$ 0	\$ 27,018	\$ 27,096
Hernando County	31,458	0	31,458	31,359
Marion County	52,568	0	52,568	52,410
Sumter County	18,112	0	18,112	18,112
City of Ocala	10,287	0	10,287	10,374
Total Member Assessments	139,443	0	139,443	139,351
Project Revenues				
Project Revenue - Irrigation Audit Revenue	0	2,082	2,082	37,750
Project Revenue - SWFWMD	0	41,545	41,545	28,613
Total Project Revenues	0	43,627	43,627	66,363
Wellfield Revenues:				
Administrative Cost Portion	60,000	0	60,000	59,093
Facilities Cost Portion	0	163,587	163,587	163,587
Total Wellfield Revenues	60,000	163,587	223,587	222,680
Total Operating Revenues	199,443	207,214	406,657	428,394
Operating Expenses				
Professional Services:				
Consulting Executive Director				
Admin Assistance Services	145,000	0	145,000	100,000
Legal Services	15,510	0	15,510	10,736
Financial Consultation and Accounting Services	900	0	900	1,800
Lobbyist Fees	42,000	0	42,000	39,996
Audit Services	8,275	0	8,275	7,995
General and Administrative	29,912	0	29,912	18,873
Water Resource Projects	0	276,842	276,842	211,465
Depreciation	0	163,258	163,258	163,174
(Total Operating Expenses)	(241,597)	(440,100)	(681,697)	(554,039)
Operating (Loss)	(42,154)	(232,886)	(275,040)	(125,645)
Nonoperating Revenue				
Interest Income - General Fund	4,717	0	4,717	3,975
Unrealized Gain on Investments	1,823	4,663	6,486	4,051
Total Nonoperating Revenue	6,540	4,663	11,203	8,026
(Decrease) in Net Assets	(35,614)	(228,223)	(263,837)	(117,619)
Net Assets, Beginning of Year	570,547	2,768,092	3,338,639	3,456,258
Net Assets, End of Year	\$ 534,933	\$ 2,539,869	\$ 3,074,802	\$ 3,338,639

See accompanying notes.

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012,
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2011
WITHLACOOCHEE REGIONAL WATER SUPPLY AUTHORITY
LECANTO, FLORIDA

	Business-type Activities - Enterprise Fund			2011 Total
	2012			
	Operating Account	Project Account	Total	
Cash Flows from Operating Activities				
Member Assessments Received	\$ 139,443	\$ 0	\$ 139,443	\$ 139,351
Wellfield Revenues Received	60,000	163,587	223,587	222,680
Project Revenues	0	41,460	41,460	53,975
Prepaid Expense	(171)	0	(171)	0
Cash Paid to Contractors and Suppliers	(232,696)	(248,298)	(480,994)	(403,177)
Net Cash Provided by (Used in) Operating Activities	(33,424)	(43,251)	(76,675)	12,829
Cash Flows from Investing Activities				
Interest Income	4,717	0	4,717	3,975
Unrealized Gains/(Loss) on Investments	1,823	4,663	6,486	4,051
Purchase of Fixed Assets	0	0	0	(418)
Net Cash Flows Provided by (Used in) from Investing Activities	6,540	4,663	11,203	7,608
Net Increase (Decrease) in Cash and Investments	(26,884)	(38,588)	(65,472)	20,437
Cash and Investments, Beginning of Year	585,742	1,019,928	1,605,670	1,585,233
Cash and Investments, End of Year	\$ 558,858	\$ 981,340	\$ 1,540,198	\$ 1,605,670
<u>Reconciliation of Change in Net Assets to Net Cash Provided by (Used in) Operating Activities</u>				
Operating Income (Loss)	\$ (42,154)	\$ (232,886)	\$ (275,040)	\$ (125,645)
Reconciling Adjustments:				
Depreciation	0	163,258	163,258	163,174
Decrease (Increase) in Accounts Receivable	0	(2,167)	(2,167)	(12,388)
Decrease (Increase) in Prepaid Expense	(171)	0	(171)	0
Increase (Decrease) in Accounts Payable	8,901	28,544	37,445	(12,312)
Net Cash Provided by (Used in) Operating Activities	\$ (33,424)	\$ (43,251)	\$ (76,675)	\$ 12,829

**Supplemental Schedule of Noncash Investing and
Financing Activities**

There are no noncash investing and financing activities for the years ended September 30, 2012 and 2011.

See accompanying notes.

**NOTES TO FINANCIAL STATEMENTS
WITHLACOOCHEE REGIONAL WATER SUPPLY AUTHORITY
LECANTO, FLORIDA**

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

Withlacoochee Regional Water Supply Authority (the Authority) is an independent special district serving the central Florida area. The Authority was organized in 1977 by an interlocal agreement between Citrus, Hernando, Levy, Marion, and Sumter Counties as provided by Florida State Law, Chapters 373.1962, and 163.01, Florida Statutes. The Authority amended the interlocal agreement in 1984 to release Levy County from membership. Marion County provided the Authority with its notice of intent to withdraw effective 1993; however, the interlocal agreement has not been amended to release them from membership. In September 2008, the Board approved Marion County to rejoin the Authority as an active member. The remaining four counties and various municipalities from the region currently make up the Authority's Governing Board. The primary purpose of the Authority, as defined in the interlocal agreement, is to assist its members in the management of their water resources and to provide dependable water supplies on a regional basis.

The Authority is not considered to be a component unit of any other entity, nor are there any component units for which the Authority exercises control or oversight.

Fund Structure and Basis of Accounting

The accounting policies of the Authority conform to generally accepted accounting policies for governmental entities and follows standards established by the Governmental Accounting Standards Board (GASB). All activities of the Authority are accounted for in a single major enterprise fund which uses the accrual basis of accounting. The enterprise fund is composed of an unrestricted operating account for general and administrative functions of the fund and a project account to account for various project activities of the fund.

Classification of Revenues

The Authority classifies its revenues as operating or nonoperating according to the following criteria:

- **Operating Revenues**—include activities that have the characteristics of exchange transactions, such as member assessments.
- **Nonoperating Revenues**—include activities that have the characteristics of nonexchange transactions, such as interest income.

Finance and Budgeting

The administrative rules of the Authority provide that each of the members appropriate funds on a per capita basis to fund the operations of the Authority. The per capita appropriations (19¢ per person for 2012) are based upon the most current annual population estimates available at the time the budget is adopted. Per capita appropriations become effective after approval by a minimum of three County Commissioners.

The Authority prepares a tentative annual budget each year and forwards copies to the members at least four weeks prior to adoption of a final budget. The members may then take action in either approving or disapproving the proposed budget and provide for the necessary per capita appropriation. The budget may be amended by the Governing Board as necessary to conduct the financial affairs of the Authority. The Authority does not use encumbrance accounting. All appropriations lapse at year-end.

NOTES TO FINANCIAL STATEMENTS
WITH LACOOCHEE REGIONAL WATER SUPPLY AUTHORITY
LECANTO, FLORIDA
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Finance and Budgeting (Concluded)

The Authority elects not to apply Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, for its proprietary fund pursuant to the provisions of GASB Statement No. 20.

Property Taxes

Chapter 373.1962, Florida Statutes, provides that the Authority may levy ad valorem taxes, not to exceed one-half mill, upon approval of the electors residing in each county or municipality within the Authority's territory. The Authority has not levied any ad valorem taxes since its creation.

Cash and Investments

Cash and investments consist of a bank checking account and an investment in the State Board of Administration of Florida, Local Government Pooled Investment Account, more fully described in Note 2.

Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Capital Assets - Property and Equipment

Office equipment is recorded at historical cost with depreciation computed using the straight-line method over estimated useful lives of five to ten years. Repairs and maintenance are expensed as incurred.

During the 1992-1993 year, the Authority completed the Citrus County Water Supply Project. The project consists of construction of a wellfield to provide Citrus County, a member government, with bulk water supply on an all requirements basis. The wellfield is owned by the Authority, with a reversionary interest to Citrus County. Payment for the water consists of monthly charges that recover the cost of the facility and pro rata overhead costs of the Authority over a thirty-five-year period. Citrus County is responsible for the operations and maintenance of the facility, as well as funding a replacement reserve account.

The wellfield is being depreciated on a straight-line basis over an estimated useful life of thirty-five years.

Revenue Recognition

■ **Member Assessments**

Revenues from member assessments are generally recognized ratably over the fiscal year of the Authority for which the assessments were budgeted. Amounts recognized, but not received at year-end, if any, are presented as accounts receivable from member governments in the accompanying statement of net assets.

NOTES TO FINANCIAL STATEMENTS
WITH LACOOCHEE REGIONAL WATER SUPPLY AUTHORITY
LECANTO, FLORIDA
(Continued)

Note 1 - Summary of Significant Accounting Policies (Concluded)

Revenue Recognition (Concluded)

■ **Wellfield Revenues**

Revenues from wellfield operations are fixed by contract and recognized ratably over the fiscal year (see Note 4 for further discussion). Amounts recognized, but not received at year-end, if any, are also presented as accounts receivable from member governments in the accompanying statement of net assets.

Prior Period Information

The financial statements include certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Authority's financial statements for the year ended September 30, 2011, from which the summarized information was derived.

Risk Assessment and Management

The Authority is exposed to the normal risks associated with governmental entities, including property loss, general liability, and fiduciary breach. The Authority manages these risks through coverages maintained by its members and contractors.

Subsequent Events

The Authority has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through January 31, 2013, the date the financial statements were available to be issued.

Note 2 - Deposits and Investments

The Authority has not adopted a formal investment policy, rather it has elected to follow the investment guidelines of Florida Statutes.

Deposits

As of September 30, 2012, all of the Authority's deposits are maintained in banks and financial institutions which are covered by the Florida Security for Public Deposits Act, Chapter 280 of the Florida Statutes, which requires that each public depository must maintain eligible collateral having a market value equal to 50% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held by the depository during the twelve months immediately preceding the date of any computation of the balance. As such, the depository is not required to hold collateral in the Authority's name nor specify which collateral is held for the Authority's benefit. The Public Deposit Security Trust Fund, as created under the laws of the State of Florida, would be required to pay the Authority for any deposits not covered by depository insurance or collateral pledged by the depository as previously described. As of September 30, 2012, all of the Authority's deposits were insured. The Authority's carrying amount of deposits for September 30, 2012, was \$1,607 and the bank balance was \$5,217.

NOTES TO FINANCIAL STATEMENTS
WITH LACOOCHIEE REGIONAL WATER SUPPLY AUTHORITY
LECANTO, FLORIDA
(Continued)

Note 2 - Deposits and Investments (Concluded)

Deposits (Concluded)

The Authority invests excess operating cash with the State Board of Administration of Florida, Florida PRIME (formally Local Government Pooled Investment Accounts). The State Board of Administration investment pool invests primarily in commercial paper, repurchase agreements, bankers' acceptance notes, and U.S. Government obligations. On December 4, 2007, based on recommendations from an outside financial advisor, the State Board of Administration restructured the pool into two separate pools: (1) State Pool Florida PRIME consists of all money market appropriate assets; and (2) Fund B consists of assets that defaulted on a payment, paid more slowly than expected, and/or had any significant credit and liquidity risk. Fund B is restricted by the State Board of Administration and is not currently available for use. The State Pool Florida PRIME is rated AAAM by Standard & Poor's and has a weighted average of 39 days. The Fund B is not rated and has a weighted average life of 4.08 years. These accounts are not insured or covered by Chapter 280 of the Florida Statutes. Investments in the State Pool Florida PRIME and Fund B were \$1,513,411 and \$25,180, respectively, at September 30, 2012.

Note 3 - Capital Assets - Property and Equipment

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital Assets Being Depreciated				
Office Equipment	\$ 1,978	\$ 0	\$ (149)	\$ 1,829
Wellfield - Citrus County	<u>4,895,231</u>	<u>0</u>	<u>0</u>	<u>4,895,231</u>
Total Assets Being Depreciated	<u>4,897,209</u>	<u>0</u>	<u>(149)</u>	<u>4,897,060</u>
Accumulated Depreciation:				
Office Equipment	(1,560)	(84)	149	(1,495)
Wellfield - Citrus County	<u>(3,100,315)</u>	<u>(163,174)</u>	<u>0</u>	<u>(3,263,489)</u>
(Total Accumulated Depreciation)	<u>(3,101,875)</u>	<u>(163,258)</u>	<u>149</u>	<u>(3,264,984)</u>
Total Capital Assets Being Depreciated	<u>\$ 1,795,334</u>	<u>\$ (163,258)</u>	<u>\$ 0</u>	<u>\$ 1,632,076</u>

Depreciation expense is \$163,258 for the year ended September 30, 2012.

NOTES TO FINANCIAL STATEMENTS
WITH LACOCHEE REGIONAL WATER SUPPLY AUTHORITY
LECANTO, FLORIDA
(Concluded)

Note 4 - Wellfield Cost Recovery

The following is a summary of the water charges to be paid by Citrus County over the remaining life of the contract:

Fiscal Year Ending	Cost Portion		Total
	Administrative	Facilities	
2013	\$ 60,000	\$ 163,587	\$ 223,587
2014	60,000	163,587	223,587
2015	60,000	163,587	223,587
2016	60,000	163,587	223,587
2017	60,000	163,587	223,587
2018	60,000	163,587	223,587
2019	60,000	163,587	223,587
2020	60,000	163,587	223,587
2021	60,000	163,587	223,587
2022	60,000	163,586	223,586
2023	0	42,500	42,500
2024	0	42,500	42,500
2025	0	42,500	42,500
2026	0	42,500	42,500
2027	0	42,500	42,500
Total	\$ 600,000	\$ 1,848,369	\$ 2,448,369

Note 5 - Commitments

Local Government Water Supply Funding Assistance Program

During 1999, the Authority moved to participate with local governments in providing funding assistance for water supply projects. The primary purpose of the project is to assist local governments in funding local water resource projects. The Authority agrees to pay, on a reimbursement basis, one-half of the project cost not to exceed \$50,000 per approved project. During the year, four water conservation contracts were considered complete: Hernando County was reimbursed \$34,900 and \$43,500 for two separate grants, Citrus County was reimbursed \$31,934, the City of Belleview was reimbursed \$6,000, and Marion County was reimbursed \$4,253. The Authority has a commitment to provide funding assistance for water conservation to the following members for the fiscal year-end September 30, 2013: Hernando County for \$46,800, Marion County for \$34,900 and Citrus County for \$48,300.

**ADDITIONAL ELEMENTS OF REPORT PREPARED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*,
ISSUED BY THE COMPTROLLER GENERAL OF THE UNITED
STATES; AND THE *RULES OF THE AUDITOR GENERAL* OF
THE STATE OF FLORIDA**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Governing Board
Withlacoochee Regional Water
Supply Authority
Lecanto, Florida

We have audited the financial statements of the business-type activities and the major fund of Withlacoochee Regional Water Supply Authority (the Authority), as of and for the year ended September 30, 2012, and have issued our report thereon dated January 31, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the below paragraph that we consider to be a significant deficiency in internal control over financial reporting. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309
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To the Governing Board
Withlacoochee Regional Water
Supply Authority
Lecanto, Florida

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Concluded)**

Internal Control Over Financial Reporting (Concluded)

■ **Segregation of Duties**

Historically, the primary weakness in the Authority's internal control is a lack of segregation of incompatible finance and accounting duties. For example, accounting personnel of the former consulting executive director have access to cash receipts and disbursements, post the general ledger, and reconcile bank statements. However, this weakness has been mitigated by controls that the Authority has established, such as the dual signature requirements on all checks, approval of all bills paid monthly by the Governing Board, and use of an outside accounting firm for interim quarterly compiled financial statements and general ledger activity review.

During 2012, a new executive director and administrative assistant were hired and they are in the process of redefining key financial processes and controls. This has the potential to eliminate or substantially reduce the lack of segregation of incompatible duties that has previously existed. We recommend that the new staff continue their effort to redefine processes and controls and that the Governing Board continue its oversight efforts in this area.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters that we reported to management of the Authority in a separate letter dated January 31, 2013.

The Authority's responses to the findings identified in our audit are described in the accompanying management's response letter. We did not audit the Authority's response and accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Governing Board, others within the entity, and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Purvis, Gray and Company, LLP

January 31, 2013
Ocala, Florida

MANAGEMENT LETTER

To the Governing Board
Withlacoochee Regional Water
Supply Authority
Lecanto, Florida

We have audited the financial statements of the Withlacoochee Regional Water Supply Authority (the Authority), as of and for the fiscal year ended September 30, 2012, and have issued our report thereon dated January 31, 2013.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report dated January 31, 2013, if any, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, *Rules of the Auditor General*, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' report:

- Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no significant findings and recommendations made in the preceding annual financial audit report.
- Section 10.554(1)(i)2., *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Authority complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. Please see the accompanying Management Letter Comment Report.
- Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address violations of laws, regulations, contracts and grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the determination of financial statement amounts that is less than material but more than inconsequential. In connection with the audit, we did not have any such findings.

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To the Governing Board
Withlacoochee Regional Water
Supply Authority
Lecanto, Florida

MANAGEMENT LETTER
(Concluded)

- Section 10.554(1)(i)5., *Rules of the Auditor General*, provides that the auditor may, based on professional judgment, report on the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse; and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., *Rules of the Auditor General*, requires that the name or official title and legal authority for the government be disclosed in the management letter, unless disclosed in the notes to the financial statements. The legal authority for the Authority and a discussion of component units can be found in Note 1 of the financial statements.
- Section 10.554(1)(i)7.a., *Rules of the Auditor General*, requires a statement be included as to whether or not the governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Authority did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)7.b., *Rules of the Auditor General*, requires that we determine whether the annual financial report for the Authority for the fiscal year ended September 30, 2012, filed with the Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2012. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the Authority's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

Purvis, Gray and Company, LLP

January 31, 2013
Ocala, Florida

MANAGEMENT LETTER COMMENTS

To the Governing Board
Withlacoochee Regional Water
Supply Authority
Lecanto, Florida

As a part of our audit of the Withlacoochee Regional Water Supply Authority's (the Authority) September 30, 2012 financial statements, we offer the following recommendation to improve financial management, accounting procedures and internal controls:

Citrus County Wellfield Agreements

As a part of our work to assist the Authority to replace the current fixed dollar rate structure associated with the Citrus Wellfield Project with a volumetric rate, we reviewed all operational agreements between the Authority and the County to gain a better understanding of the existing contractual framework and operational parameters contained in the agreements. These agreements date back to the 1980's and have been amended multiple times over the years. During our review, we noted that some agreements appear to have not been closely monitored and fully complied with by both parties and may at this point have antiquated provisions. Accordingly, we recommend that the Authority review all such agreements and begin the process of determining which should be extended, modified, or otherwise revised or replaced to ensure that they are relevant and continue to reflect the understandings of both parties going forward. It is anticipated that this will be done in conjunction with the finalization of the Authority's rate project with the County during the upcoming year.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the Governing Board, management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to take this opportunity to express our appreciation for the courtesies that have been extended to our staff. If you have any questions or comments about the contents of this letter, please do not hesitate to contact us.

Purvis, Gray and Company, LLP

January 31, 2013
Ocala, Florida

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February 4, 2013

Dennis Damato, Chair
Board of Director
Withlacoochee Regional Water Supply Authority
3600 W. Sovereign Path, Suite 228
Lecanto, FL 34461

Re: Management Response to Reportable Conditions in FY2011-12 Audit

Dear Mr. Damato:

This letter is in response to the Management Letter and Management Letter Comments contained in the Fiscal Year 2011-12 Annual Audit conducted by Purvis, Gray & Co.

Management Letter

The Management Letter cited a "significant deficiency" found during the 2011-12 Fiscal Year audit of the WRWSA. This deficiency cited a weakness in the internal control structure because of a lack of segregation of accounting duties.

With regard to the segregation of accounting duties, this comment has been contained in previous audit reports. The Authority's budget for services is extremely limited and therefore, the number of personnel to assign to accounting duties has been restricted. In the past, the only person to which accounting duties could be assigned was the consulting Executive Director. This individual also had access to cash receipts and disbursements and was responsible for reconciling bank statements.

The Authority mitigated this inadequacy in personnel by adhering to a number of controls. One of these is a requirement for a dual signature on all checks, one of which must be an Authority Board officer. In addition to dual signatures, all bills are presented to the Board for approval and financial reports are made to the Board on a quarterly basis. A specific written reference to the amount of total bills approved by the Board of Directors appears in the official minutes of Board meetings. The Authority retains an independent accounting firm to prepare a quarterly financial report. The Authority also provides for an independent audit to be prepared annually. These controls have been continued to-date.

In addition, in FY2011-12, the Authority retained the services of Nancy Smith as an Administrative Assistant, the services of a new contracting Executive Director and the Authority's independent accountants provided advice as to how the accounting duties could be separated between the Administrative Assistant and the new Executive Director. These recommendations include the following:

- (1) Check signer and bank reconciler should be different person. (Administrative Assistant completes the bank reconciliation and Executive Director signs checks.)

- (2) The bank statement should be opened and reviewed by someone other than the person completing the bank reconciliations. (Executive Director receives a second copy or the original copy first.)
- (3) Bank reconciliations should be signed off by preparer and reviewer. (Administrative Assistant signs as preparer and Executive Director reviews/signs the reconciliation after completion.)
- (4) The person recording the day-to-day operations should not be a check signer. (Executive Director should be a check signer and Administrative Assistant should not.)
- (5) Check signer should be the approver of wire transfers between accounts and to external parties. (Administrative Assistant can initiate, but Executive Director should be required to approve.)

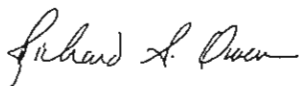
These protocols either have been or are in the process of being implemented by the Authority's contracting Executive Director and Administrative Assistant. The Board, as part of a larger effort to develop an Authority Agency Statement of Organization and Operation, will be asked also incorporate these internal controls into an appropriate Board policy or procedure for approval during the current fiscal year.

Management Letter Comments

Purvis Gray was retained by the Authority to assist in analysis of the existing rate structure with Citrus County for the Charles A. Black wellfield. As a part of that work, Purvis Gray became aware that some agreements appear to have not been closely monitored and fully complied with by both parties. Purvis Gray offered the following recommendation as a part of their 2011-12 annual audit in response to this finding: "we recommend that the Authority review all such agreements and begin the process of determining which should be extended, modified, or otherwise revised or replaced to ensure that they are relevant and continue to reflect the understanding of both parties going forward."

As the Authority Board is aware, this process has already begun. The Authority retained the services of a consulting engineering firm to perform an analysis of the Charles A. Black wellfield facilities as a first step in evaluating the appropriateness of the current rate structure and associated agreements. The Authority staff have initiated meetings with County staff to discuss the potential of revising the various agreements and associated rate structures. This topic will be scheduled for Board discussion and ultimately approval as these deliberations continue in the coming year.

Sincerely,



Richard S. Owen, AICP
Executive Director

cc: Purvis Gray & Company

Item 6.
RWSP Update

**Item #6. Regional Water Supply Plan Update—SWFWMD Cooperative Funding Agreement . . .
Richard Owen, Executive Director**

The Authority Board, at its January 16, 2013 meeting, postponed action on the Cooperative Funding Agreement with the Southwest Florida Water Management District (District) for the Authority's Regional Water Supply Plan Update project due to the fact that the Cooperative Funding Agreement was not available for the Board meeting. Staff worked with the District over the past month to resolve outstanding contractual issues. Included as an exhibit to this item is the proposed Cooperative Funding Agreement. This cooperative project is 50/50 funded at an amount of \$125,000 by both the Authority and District, for a total amount of \$250,000.

Staff Recommendation: Staff recommends the Board authorize the Executive Director to enter into the Cooperative Funding Agreement, included as an exhibit to this item, with the Southwest Florida Water Management District for the purpose of updating the Authority's Regional Water Supply Plan, for a total amount of \$250,000, funded by the Authority and District equally in an amount of \$125,000.

**COOPERATIVE FUNDING AGREEMENT
BETWEEN THE
SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT
AND
WITHLACOOCHEE REGIONAL WATER SUPPLY AUTHORITY
FOR THE
MASTER REGIONAL WATER SUPPLY PLAN UPDATE (N438-3)**

THIS COOPERATIVE FUNDING AGREEMENT is made and entered into by and between the SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT, a public corporation of the State of Florida, whose address is 2379 Broad Street, Brooksville, Florida 34604-6899, hereinafter referred to as the "DISTRICT," and the WITHLACOOCHEE REGIONAL WATER SUPPLY AUTHORITY, a regional governmental agency of the State of Florida, whose address is 3600 West Sovereign Path, Suite 228, Lecanto, Florida 34461, hereinafter referred to as the "WRWSA."

WITNESSETH:

WHEREAS, the WRWSA proposed a project to the DISTRICT for funding consideration under the DISTRICT'S cooperative funding program; and

WHEREAS, the project consists of an update to the WRWSA's Regional Water Supply Plan to identify and quantify the public water supply demands in the WRWSA's region through the year 2035 and the water resources and strategies available to meet the demands, hereinafter referred to as the "PROJECT"; and

WHEREAS, the DISTRICT considers the resource benefits to be achieved by the PROJECT worthwhile and desires to assist the WRWSA in funding the PROJECT.

NOW THEREFORE, the DISTRICT and the WRWSA, in consideration of the mutual terms, covenants and conditions set forth herein, agree as follows:

1. **PROJECT CONTACTS AND NOTICES.** Each party hereby designates the individual set forth below as its prime contact for matters relating to this Agreement. Notices and reports shall be sent to the attention of each party's prime contact as set forth herein by U.S. mail, postage paid, by nationally recognized overnight courier, or personally to the parties' addresses as set forth in the introductory paragraph of this Agreement. Notice is effective upon receipt.

Contract Manager for the DISTRICT: John Ferguson
Project Manager for the WRWSA: Richard Owen

Any changes to the above representatives or addresses must be provided to the other party in writing.

- 1.1 The DISTRICT'S Contract Manager is authorized to approve requests to extend a PROJECT task deadline set forth in this Agreement. Such approval must be in writing, explain the reason for the extension and be signed by the Contract Manager and his or her Bureau Chief, or Director if the Bureau Chief is the Contract Manager, unless the DISTRICT'S Signature Authority provides otherwise. The DISTRICT'S Signature Authority supersedes the approval requirements provided in this provision. The DISTRICT'S Contract Manager is not authorized to approve any time extension which will result in an increased cost to the DISTRICT or which will exceed the expiration date set forth in this Agreement.
 - 1.2 The DISTRICT'S Contract Manager is authorized to adjust a line item amount of the PROJECT budget contained in the Project Plan set forth in Exhibit "A" or, if applicable, the refined budget as set forth in Subparagraph 3.2 below. The authorization must be in writing, explain the reason for the adjustment, and be signed by all appropriate DISTRICT staff in accordance with the DISTRICT'S Signature Authority. The DISTRICT'S Contract Manager is not authorized to make changes to the Scope of Work and is not authorized to approve any increase in the amounts set forth in the funding section of this Agreement.
2. **SCOPE OF WORK.** Upon receipt of written notice to proceed from the DISTRICT, the WRWSA shall perform the services necessary to complete the PROJECT in accordance with the WRWSA'S Project Plan set forth in Exhibit "A." Any changes to this Agreement, except as provided herein, must be mutually agreed to in a formal written amendment approved by the DISTRICT and the WRWSA prior to being performed by the WRWSA. The WRWSA shall be solely responsible for managing and controlling the PROJECT, including the hiring and supervising of any consultants or contractors it engages.
 - 2.1 The parties agree that time is of the essence in the performance of each obligation under this Agreement.
 - 2.2 The parties acknowledge that the PROJECT is a regional water supply planning study. The parties recognize that during the course of study, alternatives may be determined to not be feasible due to cost, water quality, permitability, supply availability, or other pertinent considerations. The WRWSA shall cease work on alternatives determined to not be feasible. The WRWSA may request reallocating funds to another alternative in accordance with Paragraphs 1.2 or 2 of this Agreement. The approval of such request for reallocation of funds shall be in the DISTRICT'S sole discretion.
3. **FUNDING.** The parties anticipate that the total cost of the PROJECT will be Two Hundred Fifty Thousand Dollars (\$250,000). The DISTRICT agrees to fund PROJECT costs up to One Hundred Twenty-Five Thousand Dollars (\$125,000) and shall have no obligation to pay any costs beyond this maximum amount. The WRWSA agrees to provide all remaining funds necessary for the satisfactory completion of the PROJECT.
 - 3.1 The DISTRICT'S performance and payment pursuant to this Agreement are contingent upon the DISTRICT'S Governing Board appropriating funds in its approved budget for the PROJECT in each fiscal year of this Agreement.

- 3.2 The WRWSA shall pay PROJECT costs prior to requesting reimbursement from the DISTRICT. The DISTRICT shall reimburse the WRWSA for the DISTRICT'S share of allowable PROJECT costs in accordance with the PROJECT budget contained in the Project Plan set forth in Exhibit "A." The DISTRICT shall reimburse the WRWSA for fifty percent (50%) of all allowable costs in each DISTRICT approved invoice received from the WRWSA, but at no point in time will the DISTRICT'S expenditure amounts under this Agreement exceed expenditures made by the WRWSA.
- 3.3 Any federal, state, local or grant monies received by the WRWSA for this PROJECT shall be applied to equally reduce each party's share of PROJECT costs. The WRWSA shall provide the DISTRICT with written documentation detailing its allocation of any such funds appropriated for this PROJECT.
- 3.4 The WRWSA may contract with consultant(s), contractor(s) or both to accomplish the PROJECT. The WRWSA must obtain the DISTRICT'S written approval prior to posting solicitations for consultants or contractors and prior to entering into agreements with consultants or contractors to ensure that costs to be reimbursed by the DISTRICT under those agreements are reasonable and allowable under this Agreement. Upon written DISTRICT approval, the budget amounts for the work set forth in such contract(s) shall refine the amounts set forth in the PROJECT budget and be incorporated herein by reference. The DISTRICT shall not reimburse the WRWSA for costs incurred under consultant and contractor agreements until the DISTRICT approvals required under this provision have been obtained.
- 3.5 Payment shall be made to the WRWSA within forty-five (45) days of receipt of an invoice with adequate supporting documentation to satisfy auditing purposes. Invoices shall be submitted to the DISTRICT every two (2) months electronically at invoices@WaterMatters.org, or at the following address:

Accounts Payable Section
Southwest Florida Water Management District
Post Office Box 1166
Brooksville, Florida 34605-1166

In addition to sending an original invoice to the DISTRICT'S Accounts Payable Section as required above, copies of invoices may also be submitted to the DISTRICT'S Contract Manager in order to expedite the review process. Failure of the WRWSA to submit invoices to the DISTRICT in the manner provided herein shall relieve the DISTRICT of its obligation to pay within the aforementioned timeframe.

- 3.6 The parties acknowledge that the PROJECT was approved for funding by the DISTRICT based upon the resource benefits expected to be achieved by the PROJECT. The parties also acknowledge that the WRWSA is solely responsible for implementing the PROJECT in such a manner that the expected resource benefits are achieved. If at any point during the progression of the PROJECT, the

DISTRICT determines that the expected resource benefits as set forth in the Project Plan may not be achieved, the DISTRICT shall withhold payments to the WRWSA until such time as the WRWSA demonstrates that the PROJECT shall achieve the required resource benefits.

3.7 Any travel expenses which may be authorized under this Agreement shall be paid in accordance with Section 112.061, F.S., as may be amended from time to time. The DISTRICT shall not reimburse the WRWSA for any purpose not specifically identified in Paragraph 2, Scope of Work. Surcharges added to third party invoices are not considered an allowable cost under this Agreement. Costs associated with in-kind services provided by the WRWSA are not reimbursable by the DISTRICT and may not be included in the WRWSA'S share of funding contributions under this Agreement.

3.8 Each WRWSA invoice must include the following certification, and the WRWSA hereby delegates authority by virtue of this Agreement to its Project Manager to affirm said certification:

"I hereby certify that the costs requested for reimbursement and the WRWSA'S matching funds, as represented in this invoice, are directly related to the performance under the Master Regional Water Supply Plan Update (N438-3) agreement between the Southwest Florida Water Management District and the Withlacoochee Regional Water Supply Authority (Agreement No. 13C00000062), are allowable, allocable, properly documented, and are in accordance with the approved project budget. The WRWSA has been allocated a total of \$__ in federal, state, local or grant monies for this PROJECT. \$__ has been allocated to this invoice, reducing the DISTRICT'S and WRWSA'S share to \$__."

4. COMPLETION DATES. The WRWSA shall commence the PROJECT by February 28, 2013, shall complete the PROJECT by March 31, 2014, and shall otherwise meet the task deadlines established in this Agreement, as may be extended by the DISTRICT in accordance with Paragraph 1 of this Agreement. In the event of hurricanes, tornados, floods, acts of God, acts of war, or other such catastrophes, or other man-made emergencies such as labor strikes or riots, which are beyond the control of the WRWSA, the WRWSA'S obligations to meet the time frames provided in this Agreement shall be suspended for the period of time the condition continues to exist. During such suspension, this Agreement shall remain in effect. When the WRWSA is able to resume performance of its obligations under this Agreement, in whole or in part, it shall immediately give the DISTRICT written notice to that effect and shall resume performance no later than two (2) working days after the notice is delivered. The suspension of the WRWSA'S obligations provided for in this provision shall be the WRWSA'S sole remedy for the delays set forth herein.

5. REPAYMENT.

5.1 The WRWSA shall repay the DISTRICT all funds the DISTRICT paid to the WRWSA under this Agreement, if: a) the WRWSA fails to complete the PROJECT in accordance with the terms and conditions of this Agreement as it

may be modified in accordance with Paragraph 2.2; b) the DISTRICT determines, in its sole discretion and judgment, that the WRWSA has failed to maintain scheduled progress of the PROJECT thereby endangering the timely performance of this Agreement; c) the WRWSA fails to appropriate sufficient funds to meet the task deadlines, unless extended in accordance with Paragraph 1.1; or d) a provision or provisions of this Agreement setting forth the requirements or expectations of a measurable resource benefit resulting from the PROJECT is held to be invalid, illegal or unenforceable during the term of this Agreement. Should any of the above conditions exist that require the WRWSA to repay the DISTRICT, this Agreement shall terminate in accordance with the procedure set forth in Paragraph 10, Default.

- 5.2 In the event the WRWSA is obligated to repay the DISTRICT under any provision of this Agreement, the WRWSA shall repay the DISTRICT within a reasonable time, as determined by the DISTRICT in its sole discretion.
- 5.3 The WRWSA shall pay attorneys' fees and costs incurred by the DISTRICT, including appeals, as a result of WRWSA'S failure to repay the DISTRICT as required by this Agreement.
6. **CONTRACT PERIOD.** This Agreement shall be effective upon execution by the parties and shall remain in effect through August 15, 2014, or upon satisfactory completion of the PROJECT and subsequent reimbursement to the WRWSA, whichever occurs first, unless amended in writing by the parties. The WRWSA shall not be eligible for reimbursement for any work that is commenced, or costs that are incurred, prior to the effective date of this Agreement.
7. **PROJECT RECORDS AND DOCUMENTS.** Upon request by the DISTRICT, the WRWSA shall permit the DISTRICT to examine or audit all PROJECT related records and documents during or following completion of the PROJECT at no cost to the DISTRICT. Payments made to the WRWSA under this Agreement shall be reduced for amounts found to be not allowable under this Agreement by an audit. If an audit is undertaken by either party, all required records shall be maintained until the audit has been completed and all questions arising from it are resolved. Each party shall maintain all such records and documents for at least three (3) years following completion of the PROJECT. Each party shall allow public access to PROJECT documents and materials made or received by either party in accordance with the Public Records Act, Chapter 119, F.S. Should either party assert any exemption to the requirements of Chapter 119, F.S., the burden of establishing such exemption, by way of injunctive or other relief as provided by law, shall be upon the asserting party.
8. **REPORTS.**
 - 8.1 The WRWSA shall provide the DISTRICT with a monthly report describing the progress of the PROJECT tasks, adherence to the performance schedule and any developments affecting the PROJECT. The WRWSA shall promptly advise the DISTRICT of issues that arise that may impact the successful and timely completion of the PROJECT.

- 8.2 Upon request by the DISTRICT, the WRWSA shall provide the DISTRICT with copies of reports, models, studies, maps or other documents resulting from the PROJECT. Additionally, four (4) sets, electronic and hardcopy, of any final reports must be submitted to the DISTRICT as Record and Library copies.
- 8.3 The WRWSA must ensure that the options identified maximize the resource benefits to the greatest extent practicable. The WRWSA shall provide the DISTRICT with draft and final water supply plans in order for the DISTRICT to verify that the plan meets the requirements of this provision. The DISTRICT shall provide a written response to the WRWSA within ten (10) business days of receipt of the plans either verifying the plans appear to meet the requirements of the Agreement or stating its insufficiencies. The WRWSA shall not finalize the plan until the DISTRICT provides the required verification. The DISTRICT'S verification shall not constitute an approval of a representation or that the DISTRICT has verified the components of the plan are in compliance with DISTRICT rules and regulations or any other applicable rules, regulations or law.
- 8.4 The WRWSA shall provide the reports and documents referenced in this provision at no cost to the DISTRICT.
9. RISK, LIABILITY, AND INDEMNITY.
- 9.1 To the extent permitted by Florida law, the WRWSA assumes all risks relating to the PROJECT and agrees to be solely liable for, and to indemnify, defend and hold the DISTRICT harmless from all claims, loss, damage and other expenses, including attorneys' fees and costs and attorneys' fees and costs on appeal, arising from the implementation of the PROJECT. The acceptance of the DISTRICT'S funding by the WRWSA does not in any way constitute an agency relationship between the DISTRICT and the WRWSA.
- 9.2 The WRWSA agrees to indemnify, defend, and hold the DISTRICT harmless, to the extent allowed under Section 768.28, F.S., from all claims, loss, damage and other expenses, including attorneys' fees and costs and attorneys' fees and costs on appeal, arising from the negligent acts or omissions of the WRWSA'S officers, employees, contractors and agents related to its performance under this Agreement. The DISTRICT shall have the right to approve counsel selected by the WRWSA. This provision shall not be construed as a waiver of the WRWSA'S sovereign immunity or an extension of WRWSA'S liability beyond the limits established in Section 768.28, F.S. Additionally, this provision will not be construed to impose contractual liability on the WRWSA for underlying tort claims as described above beyond the limits specified in Section 768.28, F.S.
- 9.3 Nothing in this Agreement shall be interpreted as a waiver of the DISTRICT'S sovereign immunity or an extension of its liability beyond the limits established in Section 768.28, F.S.
10. DEFAULT. Either party may terminate this Agreement upon the other party's failure to comply with any term or condition of this Agreement, including the failure to meet task deadlines established in this Agreement, as long as the terminating party is not in

default of any term or condition of this Agreement at the time of termination. To effect termination, the terminating party shall provide the defaulting party with a written "Notice of Termination" stating its intent to terminate and describing all terms and conditions with which the defaulting party has failed to comply. If the defaulting party has not remedied its default within thirty (30) days after receiving the Notice of Termination, this Agreement shall automatically terminate. If a default cannot reasonably be cured in thirty (30) days, then the thirty (30) days may be extended at the non-defaulting party's discretion, if the defaulting party is pursuing a cure of the default with reasonable diligence. The rights and remedies in this provision are in addition to any other rights and remedies provided by law or this Agreement.

11. **RELEASE OF INFORMATION.** The parties agree not to initiate any oral or written media interviews or issue press releases on or about the PROJECT without providing notices or copies to the other party no later than three (3) business days prior to the interview or press release. This provision shall not be construed as preventing the parties from complying with the public records disclosure laws set forth in Chapter 119, F.S.
12. **DISTRICT RECOGNITION.** The WRWSA shall recognize DISTRICT funding in any reports, models, studies, maps or other documents resulting from this Agreement, and the form of said recognition shall be subject to DISTRICT approval. If construction is involved, the WRWSA shall provide signage at the PROJECT site that recognizes funding for this PROJECT provided by the DISTRICT. All signage must meet with DISTRICT written approval as to form, content and location, and must be in accordance with local sign ordinances.
13. **LAW COMPLIANCE.** The WRWSA shall comply with all applicable federal, state and local laws, rules, regulations and guidelines, including those of the DISTRICT, related to performance under this Agreement. If the PROJECT involves design services, the WRWSA'S professional designers and the DISTRICT'S regulation and projects staff shall meet regularly during the PROJECT design to discuss ways of ensuring that the final design for the proposed PROJECT technically complies with all applicable DISTRICT rules and regulations. However, the DISTRICT undertakes no duty to ensure compliance with such rules and regulations.
14. **DIVERSITY IN CONTRACTING AND SUBCONTRACTING.** The DISTRICT is committed to supplier diversity in the performance of all contracts associated with DISTRICT cooperative funding projects. The DISTRICT requires the WRWSA to make good faith efforts to encourage the participation of minority owned and woman owned and small business enterprises, both as prime contractors and subcontractors, in the performance of this Agreement, in accordance with applicable laws.
 - 14.1 If requested, the DISTRICT shall assist the WRWSA by sharing information to help the WRWSA in ensuring that minority owned and woman owned and small businesses are afforded an opportunity to participate in the performance of this Agreement.
 - 14.2 The WRWSA agrees to provide the DISTRICT with a report indicating all contractors and subcontractors who performed work in association with the

PROJECT, the amount spent with each contractor or subcontractor, and to the extent such information is known, whether each contractor or subcontractor was a minority owned or woman owned or small business enterprise. If no minority owned or woman owned or small business enterprises were used in the performance of this Agreement, then the report shall so indicate. The Minority/Women Owned and Small Business Utilization Report form is attached as Exhibit "B." The report is required upon final completion of the PROJECT prior to final payment, or within thirty (30) days of the execution of any amendment that increases PROJECT funding, for information up to the date of the amendment and prior to the disbursement of any additional funds by the DISTRICT.

15. ASSIGNMENT. Except as otherwise provided in this Agreement, no party may assign any of its rights or delegate any of its obligations under this Agreement, including any operation or maintenance duties related to the PROJECT, without the prior written consent of the other party. Any attempted assignment in violation of this provision is void.
16. CONTRACTORS. Nothing in this Agreement shall be construed to create, or be implied to create, any relationship between the DISTRICT and any consultant or contractor of the WRWSA.
17. THIRD PARTY BENEFICIARIES. Nothing in this Agreement shall be construed to benefit any person or entity not a party to this Agreement.
18. LOBBYING PROHIBITION. Pursuant to Section 216.347, F.S., the WRWSA is prohibited from using funds provided by this Agreement for the purpose of lobbying the Legislature, the judicial branch or a state agency.
19. PUBLIC ENTITY CRIMES. Pursuant to Subsections 287.133(2) and (3), F.S., a person or affiliate who has been placed on the convicted vendor list following a conviction for a public entity crime may not submit a bid, proposal, or reply on a contract to provide any goods or services to a public entity; may not submit a bid, proposal, or reply on a contract with a public entity for the construction or repair of a public building or public work; may not submit bids, proposals, or replies on leases of real property to a public entity; may not be awarded or perform work as a contractor, supplier, subcontractor, or consultant under a contract with any public entity; and may not transact business with any public entity in excess of the threshold amount provided in Section 287.017, F.S., for Category Two, for a period of 36 months following the date of being placed on the convicted vendor list. The WRWSA agrees to include this provision in all contracts issued as a result of this Agreement.
20. GOVERNING LAW. All aspects of this Agreement are governed by Florida law and venue shall be in Hernando County, Florida.
21. SEVERABILITY. If any provision or provisions of this Agreement shall be held to be invalid, illegal, or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

22. **SURVIVAL.** The provisions of this Agreement that require performance after the expiration or termination of this Agreement shall remain in force notwithstanding the expiration or termination of this Agreement including Subparagraph 3.3, and Paragraphs 5, 7, 9, 15 and 21 and any provisions requiring an offset or other continuing resource benefit.
23. **ENTIRE AGREEMENT.** This Agreement and the attached exhibits listed below constitute the entire agreement between the parties and, unless otherwise provided herein, may be amended only in writing, signed by all parties to this Agreement.
24. **DOCUMENTS.** The following documents are attached and made a part of this Agreement. In the event of a conflict of contract terminology, priority shall first be given to the language in the body of this Agreement, then to Exhibit "A," and then to Exhibit "B."

Exhibit "A" WRWSA'S Project Plan

Exhibit "B" Minority/Women Owned and Small Business Utilization Report Form

The remainder of this page intentionally left blank.

IN WITNESS WHEREOF, the parties hereto, or their lawful representatives, have executed this Agreement on the day and year set forth next to their signatures below.

SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT

By: _____
Robert R. Beltran, P.E. Date
Assistant Executive Director

WITHLACOOCHEE REGIONAL WATER SUPPLY AUTHORITY

By: _____
Richard Owen, Executive Director Date

COOPERATIVE FUNDING AGREEMENT
BETWEEN THE
SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT
AND
WITHLACOOCHEE REGIONAL WATER SUPPLY AUTHORITY
FOR THE
MASTER REGIONAL WATER SUPPLY PLAN UPDATE (N438-3)

DISTRICT APPROVAL	INITIALS	DATE
LEGAL	<u>[Signature]</u>	<u>11/6/13</u>
RISK MGMT	<u>[Signature]</u>	
CONTRACTS	<u>[Signature]</u>	<u>01/16/13</u>
BUREAU CHIEF	<u>[Signature]</u>	<u>1/16/13</u>
DIRECTOR	<u>[Signature]</u>	<u>1/16/13</u>
GOVERNING BOARD	<u>[Signature]</u>	

EXHIBIT "A"
WRWSA'S PROJECT PLAN

NARRATIVE

The WRWSA and DISTRICT have identified a need to update their Regional Water Supply Plans (RWSPs) to incorporate projected public supply water demands through the year 2035 and identify viable water supply strategies based on available resources, predicted growth patterns, and current regulations facing water supplies. The WRWSA is updating its RWSP in 2013, which will assist the DISTRICT in developing the northern planning volume of the DISTRICT'S 2015 RWSP. The WRWSA RWSP Update will identify and quantify the public water supply demands and the water resources available to meet the demands. The objective is to assist public utilities within the WRWSA region by developing implementable water supply options and strategies to meet future demands. The timing and feasibility of supply options may vary among the utilities based on their location, level of need, conservation and reuse potential, economic constraints, or the availability of traditional and alternative water supplies. A comprehensive analysis of options will be completed including permissibility and environmental concerns according to location and potential yield; consideration of utilizing new sources; water quality and treatment requirements; and economic considerations for transmission, pumping, operation and maintenance costs. The PROJECT area includes the four counties of the WRWSA Region, Citrus, Hernando, Marion, and Sumter Counties. The PROJECT may include an evaluation of the water demands of neighboring communities served by the DISTRICT in Lake and Levy counties that are potential customers of future regional water systems developed by the WRWSA.

PROJECT OBJECTIVES

The WRWSA will coordinate meetings with the WRWSA's Technical Review Committee (TRC) comprised of member governments and develop the RWSP Update report. The initial phase of the RWSP Update will determine the current population and water demand estimates for utilities in the WRWSA region based on DISTRICT demographic data and other current studies. The report will document the potential water use offsets from conservation and reuse strategies for each utility and identify how the strategies can reduce estimated demands. The WRWSA will review existing publications on water resources and identify utilities with projected demand deficits in the report. The report will contain the feasible water supply project options including the appropriate technical, economic, regulatory and environmental characteristics. The report will contain a matrix of viable water supply options, criteria for ranking projects, and the ranking of projects by priority utilizing the criteria. The highest ranked alternatives will be further defined in terms of project participants, implementation strategy, action items and a proposed schedule. The report shall also define governance, cost-sharing and participant structure for those projects that involve multiple entities. In performing the PROJECT, the WRWSA will ensure compliance with any Sunshine Law requirements.

PROJECT TASKS

The WRWSA will conduct a series of meetings throughout the PROJECT duration with the TRC to coordinate and communicate with study team members on PROJECT activities. The TRC includes staff from Citrus, Hernando, Marion, and Sumter Counties, Water Management Districts; and local municipalities within the PROJECT area. The WRWSA will also conduct monthly project coordination meetings.

The RWSP Update report will include the following sections:

- 1) An update of the potable water demands in 5-year increments through or beyond 2035 for each public and private water supply utility in the WRWSA region, as well as the self-supplied population within each county.
- 2) A technical evaluation to identify and quantify viable conservation projects, reuse offset potential, and additional public water supply sources as needed to meet the future potable and non-potable water needs of public utility systems with a 20-year timeframe.
- 3) An evaluation of the ability of surface water and groundwater resources to meet the projected demands based on a review of published groundwater and surface water assessments and current regulatory restrictions including minimum flows and levels (MFLs). The PROJECT may include additional regional modeling efforts if warranted by significant changes in existing permitted quantities and withdrawals, demand projections, new regulations, or new hydrologic information.
- 4) Project feasibility and planning-level cost estimates of viable water supply project options. Cost estimates will include the Capital Cost based on current McGraw Hill construction cost indexes or similar reputable source; the annual Operation and Maintenance (O&M) cost; and the Total Cost per 1,000 Gallons based on O&M, dept service of Capital Cost at current available interest rates, and annual average production capacity. Capital costs will also be estimated for associated regional and/or sub-regional water transmission infrastructure.
- 5) A proposal of terms of ownership, governance, funding sources, cost-sharing, and participant structure for regionally developed projects.
- 6) Conclusions and recommendations containing a matrix with timing and prioritization of potential project options and strategies, with further definitions of the high ranked priorities in terms of project participants, implementation strategy, action items and a proposed schedule.

The WRWSA will prepare and submit technical memorandums of PROJECT components and the draft RWSP Update for review and comment by the TRC.

MEASURABLE BENEFIT

The PROJECT will provide a regional water supply plan that will identify existing supplies, potential water supply deficits, and new water supply strategies and projects for the WRWSA region. The PROJECT will encourage a regional and equitable approach to utilizing existing surface and groundwater resources; and provide direction to implement future water supply projects that are permissible, economically and technically viable, and environmentally safe.

DELIVERABLES

- Monthly PROJECT Coordination Meeting Minutes and Status Reports
- Technical Memorandums
- Draft RWSP Update Report (electronic and 2 hard copies)
- Final RWSP Update Report (electronic and 4 hard copies)
- Presentations to WRWSA and DISTRICT Boards
- Minority/Women Owned and Small Business Utilization Report

PROJECT BUDGET

The total PROJECT cost will not exceed the following:

DESCRIPTION	DISTRICT	WRWSA	TOTAL
Water Supply Plan	\$125,000	\$125,000	\$250,000

PROJECT SCHEDULE

Commence Meetings with WRWSA TRC	February 28, 2013
Delivery of Draft RWSP Update Report	December 31, 2013
Final PROJECT Completion and Report Publication	March 31, 2014

Additional milestones contained in the performance schedules of any consultant contracts will be incorporated herein by reference.

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Item 7.
Phase II
Irrigation Audit

Item #7. Phase II Irrigation Audit Program—SWFWMD Cooperative Funding Agreement . . .
Nancy H. Smith, Project Manager

The Authority applied to SWFWMD for cooperative funding for a second phase of the Regional Irrigation System Evaluation Program to begin in 2012-2013 fiscal year. The Agreement between the SWFWMD and WRWSA is complete and is included as an exhibit to this item. This cooperative project is 50/50 funded at an amount of \$96,100 by both the Authority and District, for a total amount of \$192,200. This project will begin in 2013 and end in December 2015.

Citrus, Hernando and Marion county utilities participate in this program and contribute to the Authority's matching funds for the project, as well as The Villages in Sumter County.

Staff Recommendation: Staff recommends the Board authorize the Executive Director to enter into the Cooperative Funding Agreement, included as an exhibit to this item, with the Southwest Florida Water Management District to conduct Phase II of the Regional Irrigation Evaluation Program, for a total amount of \$192,200, funded by the Authority and District equally in an amount of \$96,100.

COOPERATIVE FUNDING AGREEMENT
BETWEEN THE
SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT
AND
WITHLACOOCHEE REGIONAL WATER SUPPLY AUTHORITY
FOR
WITHLACOOCHEE REGIONAL WATER SUPPLY AUTHORITY REGIONAL IRRIGATION
EVALUATION PROGRAM PHASE 2 (N491-1)

THIS COOPERATIVE FUNDING AGREEMENT is made and entered into by and between the SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT, a public corporation of the State of Florida, whose address is 2379 Broad Street, Brooksville, Florida 34604-6899, hereinafter referred to as the "DISTRICT," and the WITHLACOOCHEE REGIONAL WATER SUPPLY AUTHORITY, a political subdivision of the State of Florida, whose address is 3600 West Sovereign Path, Suite 228, Lecanto, Florida 34461, hereinafter referred to as the "AUTHORITY."

WITNESSETH:

WHEREAS, the AUTHORITY proposed a project to the DISTRICT for funding consideration under the DISTRICT'S cooperative funding program; and

WHEREAS, the project consists of approximately 384 site-specific single family residential irrigation system evaluations and recommendations for optimizing the use of water outdoors through Florida-Friendly Landscaping™ practices and by other efficient irrigation best management practices, hereinafter referred to as the "PROJECT"; and

WHEREAS, the DISTRICT considers the resource benefits to be achieved by the PROJECT worthwhile and desires to assist the AUTHORITY in funding the PROJECT.

NOW THEREFORE, the DISTRICT and the AUTHORITY, in consideration of the mutual terms, covenants and conditions set forth herein, agree as follows:

1. PROJECT CONTACTS AND NOTICES. Each party hereby designates the individual set forth below as its prime contact for matters relating to this Agreement. Notices and reports shall be sent to the attention of each party's prime contact as set forth herein by U.S. mail, postage paid, by nationally recognized overnight courier, or personally to the parties' addresses as set forth in the introductory paragraph of this Agreement. Notice is effective upon receipt.

Contract Manager for the DISTRICT: Jay Hoecker

Project Manager for the AUTHORITY: Nancy Smith

Any changes to the above representatives or addresses must be provided to the other party in writing.

- 1.1 The DISTRICT'S Contract Manager is authorized to approve requests to extend a PROJECT task deadline set forth in this Agreement. Such approval must be in writing, explain the reason for the extension and be signed by the Contract Manager and his or her Bureau Chief, or Director if the Bureau Chief is the Contract Manager, unless the DISTRICT'S Signature Authority provides otherwise. The DISTRICT'S Signature Authority supersedes the approval requirements provided in this provision. The DISTRICT'S Contract Manager is not authorized to approve any time extension which will result in an increased cost to the DISTRICT or which will exceed the expiration date set forth in this Agreement.
 - 1.2 The DISTRICT'S Contract Manager is authorized to adjust a line item amount of the PROJECT budget contained in the Project Plan set forth in Exhibit "A" or, if applicable, the refined budget as set forth in Subparagraph 3.2 below. The authorization must be in writing, explain the reason for the adjustment, and be signed by all appropriate DISTRICT staff in accordance with the DISTRICT'S Signature Authority. The DISTRICT'S Contract Manager is not authorized to make changes to the Scope of Work and is not authorized to approve any increase in the amounts set forth in the funding section of this Agreement.
 2. SCOPE OF WORK. Upon receipt of written notice to proceed from the DISTRICT, the AUTHORITY shall perform the services necessary to complete the PROJECT in accordance with the AUTHORITY'S Project Plan set forth in Exhibit "A." Any changes to this Agreement, except as provided herein, must be mutually agreed to in a formal written amendment approved by the DISTRICT and the AUTHORITY prior to being performed by the AUTHORITY. The AUTHORITY shall be solely responsible for managing and controlling the PROJECT, including the hiring and supervising of any consultants or contractors it engages.
- The parties agree that time is of the essence in the performance of each obligation under this Agreement.
3. FUNDING. The parties anticipate that the total cost of the PROJECT will be One Hundred Ninety-Two Thousand Two Hundred Dollars (\$192,200). The DISTRICT agrees to fund PROJECT costs up to Ninety-Six Thousand One Hundred Dollars (\$96,100) and shall have no obligation to pay any costs beyond this maximum amount. The AUTHORITY agrees to provide all remaining funds necessary for the satisfactory completion of the PROJECT. The AUTHORITY shall pay PROJECT costs prior to requesting reimbursement from the DISTRICT.
 - 3.1 Any federal, state, local or grant monies received by the AUTHORITY for this PROJECT shall be applied to equally reduce each party's share of PROJECT costs. The AUTHORITY shall provide the DISTRICT with written documentation detailing its allocation of any such funds appropriated for this PROJECT.
 - 3.2 The DISTRICT shall reimburse the AUTHORITY for the DISTRICT'S share of the allowable PROJECT costs in accordance with the PROJECT budget contained in the Project Plan set forth in Exhibit "A." The AUTHORITY may contract with

consultant(s), contractor(s) or both to accomplish the PROJECT. Upon written DISTRICT approval, the budget amounts for the work set forth in such contract(s) shall refine the amounts set forth in the PROJECT budget and be incorporated herein by reference. The DISTRICT shall not reimburse the AUTHORITY for costs incurred under consultant and contractor agreements until the DISTRICT approvals required under this provision have been obtained. The DISTRICT shall reimburse the AUTHORITY for fifty (50%) percent of all allowable costs in each DISTRICT approved invoice received from the AUTHORITY, but at no point in time will the DISTRICT'S expenditure amount under this Agreement exceed expenditures made by the AUTHORITY. Payment shall be made to the AUTHORITY within forty-five (45) days of receipt of an invoice with adequate supporting documentation to satisfy auditing purposes. Invoices shall be submitted to the DISTRICT every two (2) months electronically at invoices@WaterMatters.org, or at the following address:

Accounts Payable Section
Southwest Florida Water Management District
Post Office Box 1166
Brooksville, Florida 34605-1166

In addition to sending an original invoice to the DISTRICT'S Accounts Payable Section as required above, copies of invoices may also be submitted to the DISTRICT'S Contract Manager in order to expedite the review process. Failure of the AUTHORITY to submit invoices to the DISTRICT in the manner provided herein shall relieve the DISTRICT of its obligation to pay within the aforementioned timeframe.

- 3.3 The parties acknowledge that the PROJECT was approved for funding by the DISTRICT based upon the resource benefits expected to be achieved by the PROJECT. The parties also acknowledge that the AUTHORITY is solely responsible for implementing the PROJECT in such a manner that the expected resource benefits are achieved. If at any point during the progression of the PROJECT, the DISTRICT determines that the expected resource benefits as set forth in the Project Plan may not be achieved the DISTRICT shall withhold payments to the AUTHORITY until such time as the AUTHORITY demonstrates that the PROJECT shall achieve the required resource benefits.
- 3.4 Any travel expenses which may be authorized under this Agreement shall be paid in accordance with Section 112.061, F.S., as may be amended from time to time.
- 3.5 The DISTRICT shall not reimburse the AUTHORITY for any purpose not specifically identified in Paragraph 2, Scope of Work.
- 3.6 Surcharges added to third party invoices are not considered an allowable cost under this Agreement.
- 3.7 Each AUTHORITY invoice must include the following certification, and the AUTHORITY hereby delegates authority by virtue of this Agreement to its Project Manager to affirm said certification:

"I hereby certify that the costs requested for reimbursement and the AUTHORITY'S matching funds, as represented in this invoice, are directly related to the performance under the Withlacoochee Regional Water Supply Authority Regional Irrigation Evaluation Program Phase 2 (N491-1) agreement between the Southwest Florida Water Management District and the Withlacoochee Regional Water Supply Authority (Agreement No. 13C00000031), are allowable, allocable, properly documented, and are in accordance with the approved project budget. The AUTHORITY has been allocated a total of \$__ in federal, state, local or grant monies for this PROJECT. \$__ has been allocated to this invoice, reducing the DISTRICT'S and AUTHORITY'S share to \$__."

3.8 The DISTRICT'S performance and payment pursuant to this Agreement are contingent upon the DISTRICT'S Governing Board appropriating funds in its approved budget for the PROJECT in each Fiscal Year of this Agreement.

4. COMPLETION DATES. The AUTHORITY shall commence the PROJECT by April 30, 2013, shall complete the PROJECT by August 1, 2015, and shall otherwise meet the task deadlines established in this Agreement, as may be extended by the DISTRICT in accordance with Paragraph 1 of this Agreement. In the event of hurricanes, tornados, floods, acts of God, acts of war, or other such catastrophes, or other man-made emergencies such as labor strikes or riots, which are beyond the control of the AUTHORITY, the AUTHORITY'S obligations to meet the time frames provided in this Agreement shall be suspended for the period of time the condition continues to exist. During such suspension, this Agreement shall remain in effect. When the AUTHORITY is able to resume performance of its obligations under this Agreement, in whole or in part, it shall immediately give the DISTRICT written notice to that effect and shall resume performance no later than two (2) working days after the notice is delivered. The suspension of the AUTHORITY'S obligations provided for in this provision shall be the AUTHORITY'S sole remedy for the delays set forth herein.

5. REPAYMENT.

- 5.1 The AUTHORITY shall repay the DISTRICT all funds the DISTRICT paid to the AUTHORITY under this Agreement, if: a) the AUTHORITY fails to complete the PROJECT in accordance with the terms and conditions of this Agreement; b) the DISTRICT determines, in its sole discretion and judgment, that the AUTHORITY has failed to maintain scheduled progress of the PROJECT thereby endangering the timely performance of this Agreement; c) the AUTHORITY fails to appropriate sufficient funds to meet the task deadlines unless extended in accordance with Paragraph 1.1; or d) a provision or provisions of this Agreement setting forth the requirements or expectations of a measurable resource benefit resulting from the PROJECT is held to be invalid, illegal or unenforceable during the term of this Agreement. Should any of the above conditions exist that require the AUTHORITY to repay the DISTRICT, this Agreement shall terminate in accordance with the procedure set forth in Paragraph 10, Default.

- 5.2 In the event the AUTHORITY is obligated to repay the DISTRICT under any provision of this Agreement, the AUTHORITY shall repay the DISTRICT within a reasonable time, as determined by the DISTRICT in its sole discretion.
- 5.3 The AUTHORITY shall pay attorneys' fees and costs incurred by the DISTRICT, including appeals, as a result of the AUTHORITY'S failure to repay the DISTRICT as required by this Agreement.
6. CONTRACT PERIOD. This Agreement shall be effective upon execution by the parties and shall remain in effect through December 31, 2015, or upon satisfactory completion of the PROJECT and subsequent reimbursement to the AUTHORITY, whichever occurs first, unless amended in writing by the parties. The AUTHORITY shall not be eligible for reimbursement for any work that is commenced, or costs that are incurred, prior to the effective date of this Agreement.
7. PROJECT RECORDS AND DOCUMENTS. Upon request by the DISTRICT, the AUTHORITY shall permit the DISTRICT to examine or audit all PROJECT related records and documents during or following completion of the PROJECT at no cost to the DISTRICT. Payments made to the AUTHORITY under this Agreement shall be reduced for amounts found to be not allowable under this Agreement by an audit. If an audit is undertaken by either party, all required records shall be maintained until the audit has been completed and all questions arising from it are resolved. Each party shall maintain all such records and documents for at least three (3) years following completion of the PROJECT. Each party shall allow public access to PROJECT documents and materials made or received by either party in accordance with the Public Records Act, Chapter 119, F.S. Should either party assert any exemption to the requirements of Chapter 119, F.S., the burden of establishing such exemption, by way of injunctive or other relief as provided by law, shall be upon the asserting party.
8. REPORTS.
- 8.1 The AUTHORITY shall provide the DISTRICT with a quarterly report describing the progress of the PROJECT tasks, adherence to the performance schedule and any developments affecting the PROJECT. The AUTHORITY shall promptly advise the DISTRICT of issues that arise that may impact the successful and timely completion of the PROJECT.
- 8.2 Upon request by the DISTRICT, the AUTHORITY shall provide the DISTRICT with copies of reports, models, studies, maps or other documents resulting from the PROJECT. Additionally, two (2) sets, electronic and hardcopy, of any final reports must be submitted to the DISTRICT as Record and Library copies.
- 8.3 The AUTHORITY shall provide the reports and documents referenced in this provision at no cost to the DISTRICT.
9. RISK, LIABILITY, AND INDEMNITY.
- 9.1 To the extent permitted by Florida law, the AUTHORITY assumes all risks relating to the PROJECT and agrees to be solely liable for, and to indemnify,

defend and hold the DISTRICT harmless from all claims, loss, damage and other expenses, including attorneys' fees and costs and attorneys' fees and costs on appeal, arising from the implementation of the PROJECT. The acceptance of the DISTRICT'S funding by the AUTHORITY does not in any way constitute an agency relationship between the DISTRICT and the AUTHORITY.

- 9.2 The AUTHORITY agrees to indemnify, defend, and hold the DISTRICT harmless, to the extent allowed under Section 768.28, F.S., from all claims, loss, damage and other expenses, including attorneys' fees and costs and attorneys' fees and costs on appeal, arising from the negligent acts or omissions of the AUTHORITY'S officers, employees, contractors and agents related to its performance under this Agreement. The DISTRICT shall have the right to approve counsel selected by the AUTHORITY. This provision shall not be construed as a waiver of the AUTHORITY'S sovereign immunity or an extension of AUTHORITY'S liability beyond the limits established in Section 768.28, F.S. Additionally, this provision will not be construed to impose contractual liability on the AUTHORITY for underlying tort claims as described above beyond the limits specified in Section 768.28, F.S.
- 9.3 Nothing in this Agreement shall be interpreted as a waiver of the DISTRICT'S sovereign immunity or an extension of its liability beyond the limits established in Section 768.28, F.S.
10. **DEFAULT.** Either party may terminate this Agreement upon the other party's failure to comply with any term or condition of this Agreement, including the failure to meet task deadlines established in this Agreement, as long as the terminating party is not in default of any term or condition of this Agreement at the time of termination. To effect termination, the terminating party shall provide the defaulting party with a written "Notice of Termination" stating its intent to terminate and describing all terms and conditions with which the defaulting party has failed to comply. If the defaulting party has not remedied its default within thirty (30) days after receiving the Notice of Termination, this Agreement shall automatically terminate. If a default cannot reasonably be cured in thirty (30) days, then the thirty (30) days may be extended at the non-defaulting party's discretion, if the defaulting party is pursuing a cure of the default with reasonable diligence. The rights and remedies in this provision are in addition to any other rights and remedies provided by law or this Agreement.
11. **RELEASE OF INFORMATION.** The parties agree not to initiate any oral or written media interviews or issue press releases on or about the PROJECT without providing notices or copies to the other party no later than three (3) business days prior to the interview or press release. This provision shall not be construed as preventing the parties from complying with the public records disclosure laws set forth in Chapter 119, F.S.
12. **DISTRICT RECOGNITION.** The AUTHORITY shall recognize DISTRICT funding in any reports, models, studies, maps or other documents resulting from this Agreement, and the form of said recognition shall be subject to DISTRICT approval.

13. **LAW COMPLIANCE.** The AUTHORITY shall comply with all applicable federal, state and local laws, rules, regulations and guidelines, including those of the DISTRICT, related to performance under this Agreement.
14. **DIVERSITY IN CONTRACTING AND SUBCONTRACTING.** The DISTRICT is committed to supplier diversity in the performance of all contracts associated with DISTRICT cooperative funding projects. The DISTRICT requires the AUTHORITY to make good faith efforts to encourage the participation of minority owned and woman owned and small business enterprises, both as prime contractors and subcontractors, in the performance of this Agreement, in accordance with applicable laws.

If requested, the DISTRICT shall assist the AUTHORITY by sharing information to help the AUTHORITY in ensuring that minority owned and woman owned and small businesses are afforded an opportunity to participate in the performance of this Agreement.

15. **ASSIGNMENT.** Except as otherwise provided in this Agreement, no party may assign any of its rights or delegate any of its obligations under this Agreement, including any operation or maintenance duties related to the PROJECT, without the prior written consent of the other party. Any attempted assignment in violation of this provision is void.
16. **CONTRACTORS.** Nothing in this Agreement shall be construed to create, or be implied to create, any relationship between the DISTRICT and any consultant or contractor of the AUTHORITY.
17. **THIRD PARTY BENEFICIARIES.** Nothing in this Agreement shall be construed to benefit any person or entity not a party to this Agreement.
18. **LOBBYING PROHIBITION.** Pursuant to Section 216.347, F.S., the AUTHORITY is prohibited from using funds provided by this Agreement for the purpose of lobbying the Legislature, the judicial branch or a state agency.
19. **PUBLIC ENTITY CRIMES.** Pursuant to Subsections 287.133(2) and (3), F.S., a person or affiliate who has been placed on the convicted vendor list following a conviction for a public entity crime may not submit a bid, proposal, or reply on a contract to provide any goods or services to a public entity; may not submit a bid, proposal, or reply on a contract with a public entity for the construction or repair of a public building or public work; may not submit bids, proposals, or replies on leases of real property to a public entity; may not be awarded or perform work as a contractor, supplier, subcontractor, or consultant under a contract with any public entity; and may not transact business with any public entity in excess of the threshold amount provided in Section 287.017, F.S., for Category Two, for a period of 36 months following the date of being placed on the convicted vendor list. The AUTHORITY agrees to include this provision in all subcontracts issued as a result of this Agreement.
20. **GOVERNING LAW.** All aspects of this Agreement are governed by Florida law and venue shall be in Hernando County, Florida.

21. **SEVERABILITY.** If any provision or provisions of this Agreement shall be held to be invalid, illegal, or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.
22. **SURVIVAL.** The provisions of this Agreement that require performance after the expiration or termination of this Agreement shall remain in force notwithstanding the expiration or termination of this Agreement including Subparagraph 3.1, and Paragraphs 5, 7, 9, 15 and 21 and any provisions requiring an offset or other continuing resource benefit.
23. **ENTIRE AGREEMENT.** This Agreement and the attached exhibits listed below constitute the entire agreement between the parties and, unless otherwise provided herein, may be amended only in writing, signed by all parties to this Agreement.
24. **DOCUMENTS.** The following documents are attached and made a part of this Agreement. In the event of a conflict of contract terminology, priority shall first be given to the language in the body of this Agreement, then to Exhibit "A".

Exhibit "A" AUTHORITY'S Project Plan

IN WITNESS WHEREOF, the parties hereto, or their lawful representatives, have executed this Agreement on the day and year set forth next to their signatures below.

SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT

By: _____
Date

WITHLACOOCHEE REGIONAL WATER SUPPLY AUTHORITY

By: _____
Richard Owen, Executive Director Date

COOPERATIVE FUNDING AGREEMENT
BETWEEN THE
SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT
AND
WITHLACOOCHEE REGIONAL WATER SUPPLY AUTHORITY
FOR
WITHLACOOCHEE REGIONAL WATER SUPPLY AUTHORITY
REGIONAL IRRIGATION EVALUATION PROGRAM PHASE 2 (N491-1)

DISTRICT APPROVAL	INITIALS	DATE
LEGAL	<u>NIA</u>	<u>4/7/13</u>
RISK MGMT	<u>NIA</u>	
CONTRACTS	<u>Jmc</u>	<u>11/9/13</u>
BUREAU CHIEF	<u>NIA</u>	<u>11/10/13</u>
DIRECTOR	<u>NIA</u>	<u>11/10/13</u>
GOVERNING BOARD		<u>NIA Jmc</u>

EXHIBIT "A"
AUTHORITY'S PROJECT PLAN

PROJECT DESCRIPTION:

The PROJECT is an outdoor water conservation program that will include the AUTHORITY hiring a qualified irrigation contractor to perform approximately 384 evaluations with up to 25% (96) follow-up evaluations at no cost to the customer. Customers will receive site-specific recommendations, rain sensor installation if an operable sensor is not present, and Florida-Friendly Landscaping™ educational materials.

MEASURABLE BENEFITS:

The PROJECT is expected to provide approximately 384 irrigation evaluations, resulting in a reduction of residential outdoor water use. Water savings as a result of increased efficiency in outdoor water use is expected to provide a positive effect on the AUTHORITY'S regional water supplies.

DELIVERABLES:

The AUTHORITY will provide quarterly status reports, and a final report. The final report will contain the following information: number and location of evaluations performed and the number and location of follow-up evaluations performed; program background, implementation, and methodology used to promote the PROJECT; and participant satisfaction data, distribution data and water savings based on one full year of pre water use data and one full year of post water use data.

PROJECT BUDGET:

	AUTHORITY	DISTRICT		TOTAL
ITEM		General Fund	Withlacoochee River Basin	
Approximately 384 irrigation evaluations @ \$360 each* to include: • Labor for evaluation • Program Administration	\$69,120	\$34,560	\$34,560	\$138,240
Approximately 384 Rain Sensors including installation @ \$100 each*	\$19,200	\$9,600	\$9,600	\$38,400
Approximately 96 follow-up evaluations (based on 25% of 384 total evaluations) @ \$100 each*	\$4,800	\$2,400	\$2,400	\$9,600
Education Materials, Program Promotion, Surveys. Includes: printing, assembly, postage.	\$2,980	\$1,490	\$1,490	\$5,960
Total PROJECT costs	\$96,100	\$48,050	\$48,050	\$192,200

*Note: The above costs and quantities are estimated pending vendor contract costs.

COMPLETION SCHEDULE:

TASK	START DATE	END DATE
Irrigation Evaluations	April 30, 2013	April 30, 2014
Savings Analysis	May 1, 2014	May 1, 2015
Final Report		August 1, 2015

IMPLEMENTATION:

The AUTHORITY plans to hire a qualified contractor to perform the irrigation system functions of implementing the PROJECT. The AUTHORITY will ensure its contractor's responsibilities include, but are not limited to:

- Scheduling appointments with customers
- Managing and performing rain sensor installations
- Communication with the AUTHORITY
- Providing PROJECT participants with Florida-friendly landscaping educational materials
- Promotion of the PROJECT through interaction with the irrigation and landscaping industries
- Performing on-site irrigation system evaluations and follow-up evaluations
- Preparing a report of the on-site irrigation system evaluations and providing the finished report to the customer and to the AUTHORITY

The AUTHORITY will be responsible for:

- Establishing PROJECT policy
- Program promotion and marketing
- Overseeing PROJECT operations
- Assembling educational information and providing such to the contractor
- Communication with the DISTRICT'S Contract Manager
- Managing the day-to-day operations of the PROJECT
- Tracking all program activity in an electronic database
- Working with customers to guide them through the program
- Collecting customer survey data and performing subsequent data analysis in electronic form

Item 8.
Meeting Survey Results

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Item #8. Board Member Meeting Preferences – Survey Results

Staff distributed to the Board a survey to solicit Board member meeting preferences. As of the preparation of the Board's meeting notebook, nine of the Board members had responded to the survey, the results of which are summarized in the exhibit. Staff will be seeking direction from the Board as to the schedule for and location of future Board meetings.

Staff Recommendation: Staff is seeking Board direction as to the schedule for and location of future Board meetings.

Exhibit: Item 8
Summary of Meeting Preferences
WRWSA Board Members

1. Select your preferred day of the month (Board meetings currently are scheduled for the 3rd Wednesday of each month):

	Monday	Tuesday	Wednesday	Thursday	Friday
1 st	1				
2 nd					
3 rd			7		
4 th					

1 respondent agreeable to any day *except* Monday

2. Select your preferred meeting start time (Board meetings currently start at 4:30 p.m.):

#	<i>Preference</i>	<i>Start Time</i>
	between 9:00 a.m. and noon, indicate preferred start time:	
2	between 1:00 p.m. and 3:00 p.m., indicate preferred start time:	3:00 p.m.
7	between 3:30 p.m. and 6:30 p.m., indicate preferred start time:	4:30 p.m.

3. Select your preferred meeting location (Board meetings are currently held in Lecanto):

#	<i>Preferred meeting location</i>
7	Hold all meetings in Lecanto
2	Rotate meetings between Brooksville, Bushnell, Lecanto and Ocala

4. Select your preferred frequency of Board meetings (Board meetings are currently scheduled for every month; it has been customary for the Board to cancel its August and December meetings):

#	<i>Preferred meeting frequency</i>
3	Once a month
5	Every other month (January, March, May, July, September and November)
1	Suggested every month with the exception of April, August & December

Item 9.
Authority Organization
And Operations

**Item #9. Authority Agency Statement of Organization and Operations . . . Richard Owen,
Executive Director**

At the October 17, 2012 Board meeting, staff was given direction to further investigate the Authority rescinding its rules and adopting an "Agency Statement of Organization and Operations." The purpose of this agenda item is to obtain Board authorization to initiate actions to repeal the Authority's rules and to provide direction for the content of the Agency Statement.

The Authority has administrative rules that are found in Chapter 49C-1, *Florida Administrative Code* (F.A.C.). These rules were adopted in 1962 pursuant to a statutory requirement that provided agencies adopt rules that describe their organization and operating procedures. Currently, the Authority's rules include provisions such as the Authority's membership, Board officers and staff. A copy of the Authority's current rules is included as Exhibit A to this item.

Section 120.53, *Florida Statutes* (F.S.), was subsequently revised in 1996 and the rulemaking requirement was deleted. Rather, agencies are now required to adopt a written statement of organization pursuant to section 120.53(4), F.S. The Authority did not go through rulemaking to repeal its rules at the time of the statutory revision. Upon performing a statutorily required review of the Authority's rules this past year, it was determined that the rules were no longer necessary and that they should be replaced by a "Statement of Agency Organization and Operation," as now provided for in Chapter 120.53, F.S. The Peace River Manasota Regional Water Supply Authority underwent a similar rule repeal process and development of its Agency Statement in 2010. By rescinding its rules, the Authority will avoid any costs associated with future, statutorily required rule reviews and reporting.

Chapter 28-101.001, Statement of Agency Organization and Operation, F.A.C., contains the requirements for Agency Statements. A copy of this rule is included as Exhibit B. A draft of the Authority's Statement of Agency Organization and Operation will be prepared by staff consistent with these rule requirements and presented at a future Board meeting for approval. To assist in preparing the Statement, staff is seeking Board input and direction on the following topics for possible inclusion in the Statement:

1. The Authority's mission statement
2. Possible changes to the Authority's Membership and Representation
 - a. County representation
 - b. Municipal representation
 - i. Large city/small city
3. Term and compensation of Board Members
4. Describe role of Board officers (Chair, Vice-Chair and Treasurer)
5. Meetings
 - a. Frequency
 - b. Location
 - c. Time of day, day of month
 - d. Quorum requirements
6. Board Committees
7. Amendments to Statement of Organization and Operation
8. Incorporate reference to all Authority "policies", concurrently updating policies as needed
 - a. Investment
 - b. Expenditure of Authority funds
 - c. Direct Deposit of Funds
 - d. Accounting Policies and Procedures

- e. Local Government Water Supply Funding Assistance Program
- f. Travel
- g. Copying

Staff Recommendation: Staff recommends the Board authorize staff to initiate actions to repeal Chapter 49C-1, F.A.C.

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Exhibit A

Chapter 49C-1, Florida Administrative Code

[Existing – to be repealed]

CHAPTER 49C-1 ORGANIZATION

49C-1.001	Name
49C-1.002	Purpose
49C-1.003	Definitions
49C-1.004	Authority
49C-1.005	Organization
49C-1.006	Membership and Representation
49C-1.007	Term and Compensation of Governing Board Members
49C-1.008	Powers
49C-1.009	Officers
49C-1.010	Staff
49C-1.011	Meetings
49C-1.012	Committees
49C-1.013	Budget and Finance
49C-1.014	Amendments

49C-1.001 Name.

The name of this organization shall be the Withlacoochee Regional Water Supply Authority, established as of February 23, 1977, under Chapter 163 and Section 373.1962, Florida Statutes.

Specific Authority 163.01, 373.1962 FS. Law Implemented 163.01, 373.1962 FS. History--New 6-11-78, Formerly 16O-1.01, 16O-1.001.

49C-1.002 Purpose.

The Authority shall function for the purpose of planning, designing, constructing, operating, and maintaining facilities in the locations and at times necessary to insure that an adequate water supply will be available to all citizens within the Authority area while attending to the following:

(1) Giving priority to reducing adverse environmental effects of excessive or improper withdrawals of water from concentrated areas.

(2) Not depriving, directly or indirectly, any county wherein water is withdrawn by the Authority, of the prior right to the reasonable and beneficial use of water which is required adequately to supply the reasonable and beneficial needs of the county or any of the inhabitants or property owners therein.

(3) Insuring that each party to the Interlocal Agreement shall have preferential right to purchase water from the regional water supply authority for use by said party to the reasonable and beneficial needs of all citizens therein.

Specific Authority 163.01, 373.1962 FS. Law Implemented 163.01, 373.1962 FS. History--New 6-11-78, Amended 8-21-85, Formerly 16O-1.02, 16O-1.002.

49C-1.003 Definitions.

As used in these Rules:

(1) "Authority" means the Withlacoochee Regional Water Supply Authority composed of the general voting membership.

(2) "Interlocal Agreement" means the Interlocal Agreement made and entered into February 23, 1977, by and between the political subdivisions of the State of Florida of Citrus, Hernando, Levy, Marion, and Sumter Counties, and as subsequently amended on September 18, 1984 to include only the political subdivisions of the State of Florida of Citrus, Hernando, Marion and Sumter counties, for the purpose of creating the Withlacoochee Regional Water Supply Authority. All references to the Interlocal Agreement shall include subsequent amendments thereto.

(3) "Resolution" shall mean the resolution of any county or municipality duly adopted seeking to be included in the Authority.

(4) "Large cities" means cities within the geographic area of the Authority that have 25,000 or more population.

(5) "Small cities" means cities within the geographic area of the Authority that have less than 25,000 population.

Specific Authority 163.01, 373.1962 FS. Law Implemented 163.01, 373.1962 FS. History—New 6-11-78, Amended 8-21-85, Formerly 16O-1.03, Amended 6-7-93, Formerly 16O-1.003.

49C-1.004 Authority.

The Withlacoochee Regional Water Supply Authority, as provided for in the Interlocal Agreement, is hereby established pursuant to the provisions of Chapter 163.01 and Section 373.1962, Florida Statutes.

Specific Authority 163.01, 373.1962 FS. Law Implemented 163.01, 373.1962 FS. History—New 6-11-78, Formerly 16O-1.04, 16O-1.004.

49C-1.005 Organization.

The Withlacoochee Regional Water Supply Authority, as provided for in the Interlocal Agreement, shall be organized in accordance with the provisions of Chapter 163.01 and Section 373.1962, Florida Statutes.

Specific Authority 163.01, 373.1962 FS. Law Implemented 163.01, 373.1962 FS. History—New 6-11-78, Formerly 16O-1.05, 16O-1.005.

49C-1.006 Membership and Representation.

The Authority shall be governed by a Board comprised of representatives of the parties to the Interlocal Agreement. Initially, the governing Board shall consist of no more than eleven (11) members, which may be increased, each having one vote. There are hereby established two (2) classifications of Governing Board representation:

(1) County Representation – Each county represented as a party to the Interlocal Agreement shall appoint one (1) County Commissioner for the first 50,000 population and one (1) additional County Commissioner for each additional 50,000 population, or increment thereof. The population of large cities which are members of the Authority will be deducted for representation and assessment purposes from their respective county population.

(2) Municipal Representation – Authority membership, and Governing Board representation, is hereby extended to all municipalities as follows:

(a) Any municipality, upon adoption of a resolution indicating a desire to become an Authority member, shall be included as a member of the Authority upon such terms and conditions as set forth herein.

(b) Large cities shall appoint one (1) representative for the first 50,000 in population; and one (1) representative for each additional 50,000 in population or increment thereof. Small cities within each member county will have one (1) joint representative who shall be selected by all member small cities within their respective county by selecting the said representative who will thereafter represent all member small cities within the respective county.

(c) All municipal memberships heretofore selected to serve shall remain as the representative to the Withlacoochee Regional Water Supply Authority with any new member to be appointed pursuant to the provisions of Fla. Admin. Code paragraph 49C-1.006(2)(b), with the term of said municipal member to be provided for in the same manner as prescribed in Section V (2)(b) of the Interlocal Agreement, as the situation may dictate.

(d) Total representation, including municipal and county membership, from a single county may not exceed six (6) representatives to the Authority Board of Directors. Representation from the jurisdictions within the County shall be as follows:

1. The representative from small cities shall be and remain at one (1) per county.

2. County representation shall be in accordance with the formula provided in these rules, up to five (5) members. If a member large city is contained within a county, the representation between the county and municipality must be shared. These rules assume no more than one municipality within a county will exceed 25,000 population. When more than one municipality within a single county exceeds 25,000 population, based on official population estimates of the Department of Administration as published by the University of Florida, Bureau of Business and Economic Research, the Authority Board of Directors shall initiate rule-making to revise the representational formula for representation on the Board of Directors.

3. Large cities shall be represented in accordance with the formula provided in these rules. Representation for such cities shall be shared with a member county.

4. Both the member county and the member large city may continue to add representatives until the cap of five (5) members is

reached. Each year, based on the most recent Department of Administration population estimates as published by the University of Florida, Bureau of Business and Economic Research, an allocation of representatives for the city and county shall be made. If both units of government have sufficient population for three members, the third representative will be awarded to the unit of government with the greatest population. For purposes of this allocation, the County's population will be calculated based on the population in the unincorporated area.

Specific Authority 163.01, 373.1962 FS. Law Implemented 163.01, 373.1962 FS. History--New 6-11-78, Amended 8-21-85, Formerly 16O-1.06, Amended 10-6-92, 2-15-93, 6-7-93, Formerly 16O-1.006.

49C-1.007 Term and Compensation of Governing Board Members.

(1) Representatives to the Governing Board shall serve for two (2) year staggered terms.

(2) The method of staggering said terms shall be determined by the Governing Board.

(3) The balance of the term of any Governing Board member who resigns or is unable to continue to serve shall be filled in the same manner as prescribed in Section V(1) or Section V(2) (b) and (c) of the Interlocal Agreement, as the situation may dictate.

(4) Members of the Governing Board shall serve without compensation but shall be reimbursed for travel expenses as provided in Section 112.016, Florida Statutes.

Specific Authority 163.01, 373.1962 FS. Law Implemented 163.01, 373.1962 FS. History--New 6-11-78, Amended 8-21-85, Formerly 16O-1.07, 16O-1.007.

49C-1.008 Powers.

The Withlacoochee Regional Water Supply Authority may exercise any and all powers and all authority as may now or hereafter be vested in said authority by law including but not limited to its powers and authority as provided for in Sections 163.01 and 373.1962, Florida Statutes.

Specific Authority 163.01, 373.1962 FS. Law Implemented 163.01, 373.1962 FS. History--New 6-11-78, Formerly 16O-1.08, 16O-1.008.

49C-1.009 Officers.

The officers of the Authority shall be as follows:

(1) A Chairman, who shall preside at meetings of the Authority; sign as authorized by the Authority, any contracts or other instruments which are deemed to be in the best interest of the Authority; and perform such other duties incident to the office as may be prescribed by the Authority.

(2) The Vice-Chairman, who shall act in the Chairman's absence. The Vice-Chairman shall perform such other functions as the Authority may from time to time assign.

(3) A Treasurer, who shall be entrusted with the receipt, care, and disbursement of Authority funds in accordance with fiscal policies and regulations adopted by said Authority.

Specific Authority 163.01, 373.1962 FS. Law Implemented 163.01, 373.1962 FS. History--New 6-11-78, Formerly 16O-1.09, 16O-1.009.

49C-1.010 Staff.

The Authority may appoint an Executive Director and hire other staff as may be necessary. The Authority shall prescribe the duties and compensation for the Executive Director. Among other duties, the Executive Director shall:

(1) Be responsible to the officers and the Authority for supervising and administering the work program of said Authority;

(2) Act as Secretary to the Authority and shall prepare minutes of each meeting and be responsible for distributing copies to members of the Authority.

Specific Authority 163.01, 373.1962 FS. Law Implemented 163.01, 373.1962 FS. History--New 6-11-78, Amended 8-21-85, Formerly 16O-1.10, 16O-1.010.

49C-1.011 Meetings.

Meetings of the Authority shall be conducted in accordance with Chapter 120, Florida Statutes, and shall be held at intervals to be determined by the Governing Board.

(1) Regular meetings of the Governing Board shall, when feasible and convenient, be rotated among the counties representing parties to the Interlocal Agreement.

(2) Special meetings of the Governing Board may be called by the Chairman or a majority of the members at any time and place upon five (5) days written notice to the parties to the Interlocal Agreement.

(3) A quorum at any meeting shall be declared when a majority of the county membership is present or represented, excluding delinquent members. County Commission members and municipal members shall represent their respective county for purposes of establishing the county membership quorum. A member large city or member county that has been declared delinquent in payment of its assessments pursuant to these rules, including its small cities, shall not be included in the calculation toward establishing a quorum. When a member county or large city has been reinstated and paid its delinquent dues, the large city or county and any of its small cities may then be counted toward establishing a quorum for meetings.

Specific Authority 163.01, 373.1962 FS. Law Implemented 163.01, 373.1962 FS. History—New 6-11-78, Amended 8-21-85, Formerly 16O-1.11, Amended 8-16-92, 6-7-93, Formerly 16O-1.011.

49C-1.012 Committees.

The Chairman of the Governing Board with the advice and consent of the Board of directors shall appoint such committees as is necessary to carry out the work of the Authority. Committee membership is not restricted to members of the Governing Board.

Specific Authority 163.01, 373.1962 FS. Law Implemented 163.01, 373.1962 FS. History—New 6-11-78, Amended 8-21-85, Formerly 16O-1.12, 16O-1.012.

49C-1.013 Budget and Finance.

Each of the counties represented as parties to the Interlocal Agreement shall appropriate funds on a county-wide per capita basis as may be necessary or desirable for the purpose of carrying out the provisions of Section 373.1962, F.S., 1976, and the powers and duties of the Authority or its Governing Board. Large cities who have adopted resolutions of membership shall appropriate funds on a per capita basis pursuant to the requirements herein. Counties with member large cities shall deduct the large city population from their per capita assessment.

(1) The per capita appropriation shall be based upon the most current annual population estimates by the Department of Administration pursuant to the provisions of Section 186.901, F.S.

(2) No per capita appropriation shall become effective until it has been adopted by three-fifths (3/5) vote of the full voting membership of the Governing Board and approved by the official action of a majority of the contributing local governments representing the members of the Authority.

(3) Said per capita appropriation may be reduced or eliminated for any stated or unstated period should other sources of revenue make it unnecessary to require per capita appropriation.

(4) The Authority shall prepare a tentative annual budget for the fiscal year October 1 to September 30 and forward copies of same to the governmental bodies who are members of the Authority at least four (4) weeks prior to the adopting of a final budget in order that said local governments shall have an opportunity to take considered action in approving or disapproving the proposed budget and to provide for necessary per capita appropriation, if any.

(5) The budget and such other changes, amendments, or supplements as may be necessary to conduct the fiscal affairs of the Authority may be amended from time to time by action of the Governing Board to include any funds accumulated from time to time from sources other than per capita appropriations. The budget may not be amended to increase the annual per capita appropriation by the local governments as members in the Authority without the same majority as was necessary for original adoption.

(6) Should a large city or county fail to pay the approved annual per capita appropriation to the Authority or its billed prorated portion of the annual appropriation within (6) six months of October 1 or the date of the billing, whichever is later, the delinquent

large city or county and its small cities within the county shall relinquish their voting status as members of the Board of Directors of the Authority. In addition, the following actions shall be implemented at the option of the Authority Board of Directors:

(a) The Board may direct the Executive Director to send a letter to the governmental body of the county or large city whose appropriation remains unpaid with copies to appropriate member cities within the delinquent county. The letter shall state that the non-payment of the appropriation represents a violation of the terms of the rules herein established for the Authority and the delinquent member's voting privileges as well as the voting privileges of small cities and a large city, if appropriate, within the delinquent county, have been suspended and request that all billed payments be brought up-to-date immediately.

(b) The Board may also direct the Executive Director to notify the delinquent member government and its member cities, if appropriate, that all other privileges of membership to the Authority have been suspended, including but not limited to, Authority participation in water supply studies, hydrologic investigations and capital construction of facilities.

(7) Should the delinquent member government(s) desire to reinstate voting privileges on the Board of Directors, all delinquent dues and all dues levied by the Authority and duly approved by the member governments during the period of non-participation by the large city or county, shall be paid in full before the delinquent member government is allowed to be reinstated as a voting member of the Board of Directors and all other privileges are reinstated. In lieu of paying the delinquent dues as set forth above, the Board of Directors may waive the payment of delinquent dues, but require instead that the delinquent member government pay the costs of bringing its portion of the Authority's Master Plan up to date as it relates to the delinquent member's geographic area and such other expenses necessary for said member to be a functional member of the Authority; provided, however, such expenses shall not exceed what the delinquent member would have otherwise paid in dues should the member have never become delinquent.

Specific Authority 163.01, 373.1962 FS. Law Implemented 163.01, 373.1962 FS. History—New 6-11-78, Amended 8-21-85, Formerly 16O-1.13, Amended 7-21-92, 6-7-93, Formerly 16O-1.013, Amended 9-8-08.

49C-1.014 Amendments.

These Rules may be amended by the Authority by at least two-thirds (2/3) vote of the Governing Board voting at any regular or special meeting of the full voting membership of the Governing Board called for such purpose after written notice to all member governments.

Specific Authority 163.01, 373.1962 FS. Law Implemented 163.01, 373.1962 FS. History—New 6-11-78, Amended 8-21-85, Formerly 16O-1.14, Amended 6-7-93, Formerly 16O-1.014.

Exhibit B

Rule 28-101.001, Statement of Agency Organization and Operation, F.A.C.

CHAPTER 28-101 ORGANIZATION

28-101.001 Statement of Agency Organization and Operation

28-101.001 Statement of Agency Organization and Operation.

(1) The agency head shall maintain a current Statement of Agency Organization and Operation. The statement shall describe the organization of the agency and outline the general course of the agency's operations. The purpose of the statement is:

(a) To inform the public, in a complete and concise manner, of the nature of the agency's business, operations, delegation of authority, internal organization and other related matters;

(b) To provide assistance to the public when dealing with the agency; and

(c) To expedite the processing of agency matters on behalf of the public.

(2) The Statement of Agency Organization and Operation shall:

(a) Describe the agency head and his or her duties, as well as state the method of selection or appointment of the agency head, and the length of his or her term.

(b) Describe the organizational units and sub-units within the agency, including their assigned functions, duties, responsibilities, statutory authority, and statutes and rules they are charged with implementing. The designation of units and sub-units shall be consistent with Section 20.04, F.S., or as otherwise provided by law.

(c) Describe the manner by which publications, documents, forms, applications for licenses, permits and other similar certifications or rights granted by the agency, or other information, may be obtained.

(d) Identify the agency clerk by name, position, address, and telephone number; and set out his or her duties and responsibilities.

(e) State whether documents can be filed by electronic mail or facsimile transmission, including applicable telephone numbers and electronic mail addresses where filings may be submitted, and set forth the acceptable nature and scope of such filings, including the following:

1. That a party who files a document by electronic mail or facsimile transmission represents that the original physically signed document will be retained by that party for the duration of the proceeding and of any subsequent appeal or subsequent proceeding in that cause, and that the party shall produce it upon the request of other parties.

2. That a party who elects to file a document by electronic mail or facsimile transmission shall be responsible for any delay, disruption, or interruption of the electronic signals and accepts the full risk that the document may not be properly filed with the agency as a result.

3. That the filing date for a document transmitted by electronic mail or by facsimile shall be the date the agency receives the complete document. Any document received by the office of the agency clerk after 5:00 p.m. shall be filed as of 8:00 a.m. on the next regular business day.

(f) Identify the name and address of the appropriate contact person for obtaining information about variances from or waivers of agency rules, and indicate how to file a petition for variance or waiver.

(g) Set forth the agency's hours of operation during which filings will be accepted.

(3) The agency head shall provide a copy of its Statement of Agency Organization and Operation to any person upon request.

Rulemaking Authority 14.202, 120.54(5) FS. Law Implemented 120.54(5) FS. History—New 4-1-97, Amended 1-15-07, 12-24-07.

Item 10 b.
Correspondence



January 18, 2013

Southwest Florida Water Management District
Attn: Cooperative Funding Initiative Program Administrator
2379 Broad Street
Brooksville, FL 34604

Subject: Withdrawal of Fiscal Year 2013-14 Cooperative Funding Application

Dear CFI Administrator:

At its January 16, 2013 meeting, the Withlacoochee Regional Water Supply Authority Board approved withdrawal of the Authority's FY 2013-14 cooperative funding application to the Southwest Florida Water Management District for the project entitled *Sub-Regional Planning for Beneficial Reclaimed Water*. This withdrawal is based upon discussions with Authority member government staff subsequent to submittal of the application that indicated the project was not essential at this point in time.

Please feel free to contact me should you have any questions.

Sincerely,

Richard S. Owen, AICP
Executive Director

Cc: WRWSA Board
Larry Haag, WRWSA Attorney
Jay Hoecker, SWFWMD Water Conservation Analyst

NOTICE OF PROPOSED RULE: The Southwest Florida Water Management District is proposing to amend the following rule(s): 40D-8.624, F.A.C.

The purpose of this rulemaking is to amend Rule 40D-8.624, F.A.C., to add guidance and minimum levels for Tooke Lake and Whitchurst Pond in Hernando County.

The Notice of Proposed Rulemaking appeared in the Florida Administrative Register, Vol. 38, No. 98, on December 27, 2012. A copy of the proposed rule can be viewed on the District's website at <http://www.swfwmd.state.fl.us/rules/proposed/>.

Pursuant to the provisions of the Americans with Disabilities Act, any person requiring special accommodations to provide comments on this rulemaking is asked to contact SWFWMD Human Resources Director, (352) 796-7211, ext. 4702; 1-800-423-1476 (FL only), ext. 4702; or ADACoordinator@swfwmd.state.fl.us. If you are hearing or speech impaired, please contact the agency using the Florida Relay Service, 1(800)955-8771 (TDD) or 1(800)955-8770 (Voice).

THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULES AND TO OBTAIN A COPY IS:
Sonya White, 7601 Highway 301 North, Tampa, FL 33637-6759, (813) 985-7461 (ext. 4660), e-mail: sonya.white@swfwmd.state.fl.us. (Ref OGC # 2012028)

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NOTICE OF PROPOSED RULE: The Southwest Florida Water Management District is proposing to amend the following rule(s): 40D-8.624, F.A.C.

The purpose of this rulemaking is to amend Rule 40D-8.624 F.A.C., to delete the previously adopted guidance levels, and add new guidance and minimum levels for Lakes Bonable, Tiger, and Little Bonable in Marion County.

The Notice of Proposed Rulemaking appeared in the Florida Administrative Register, Vol. 38, No. 94, on December 19, 2012. A copy of the proposed rule can be viewed on the District's website at <http://www.swfwmd.state.fl.us/rules/proposed/>.

Pursuant to the provisions of the Americans with Disabilities Act, any person requiring special accommodations to provide comments on this rulemaking is asked to contact SWFWMD Human Resources Director, (352) 796-7211, ext. 4702; 1-800-423-1476 (FL only), ext. 4702; or ADACoordinator@swfwmd.state.fl.us. If you are hearing or speech impaired, please contact the agency using the Florida Relay Service, 1(800)955-8771 (TDD) or 1(800)955-8770 (Voice).

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Sonya White, 7601 Highway 301 North, Tampa, FL 33637-6759, (813) 985-7461 (ext. 4660), e-mail: sonya.white@swfwmd.state.fl.us. (Ref OGC # 2012026)

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Item 10 c.
News Articles

GOVERNOR SCOTT'S BUDGET RECOMMENDS \$1.2 BILLION TO PROTECT AND RESTORE FLORIDA'S ENVIRONMENT

~Funding for Everglades, springs and land conservation~

TALLAHASSEE – Today, Florida Department of Environmental Protection Secretary Herschel T. Vinyard, Jr. applauds Governor Rick Scott's environmental priorities within his Florida Families First FY2013/2014 budget. The \$1.2 billion budget will include support for restoration projects in the Everglades, springs water quality improvements and the purchase of conservation land. The budget places a priority on projects that protect and renew our waterbodies in line with the Department's emphasis on getting the water right.

"By requesting more than a billion dollars to continue our pursuit of robust environmental protection, Governor Scott clearly understands that the future of Florida depends on its natural resources," said Secretary Vinyard. "This funding will restore water quality in the Everglades, rejuvenate our springs and provide a clean environment for all Floridians."

Proposed budget items include:

- \$60 million to fund the Governor's Everglades Water Quality Plan and continuing funding for the Comprehensive Everglades Restoration Plan. Governor Scott has doubled the amount of money spent on Everglades Restoration in FY2012/2013. Scott's leadership turned this historic undertaking into a reality. The plan builds upon a \$1.8 billion investment in Everglades water quality improvements. The budget includes design, engineering and construction of flood control projects to enhance water quality and ensure a reliable water supply for southern Floridians and the numerous species that thrive in the area.
- \$269.5 million for restoring waterways and water supply. This will ensure the future supply by improving on the water quality regulations for springs, lakes, rivers and estuaries. The FY2013/2014 budget commits an increase of \$6.5 million for springs restoration. Additionally, the budget will support the practical application of the water quality criteria by endorsing wastewater treatment facility construction, drinking water facility construction, and water quality planning. Under Governor Scott's leadership, the department doubled the amount of money spent in the previous three fiscal years on the state's springs and developed more water quality criteria last year than in any year in the last decade.
- \$75 million for Florida Forever. The budget recommends \$50 million in budget authority from the proceeds of the sale of surplus state lands. Governor Scott identified an additional \$25 million from General Revenue for the purchase of conservation lands needed for springs protection, military buffering or water resource protection. This investment helps ensure Floridians can enjoy our natural treasures.

- \$25 million for beach erosion control. This new commitment will help restore and maintain Florida's sandy beaches that provide a warm welcome to millions of visitors each year. The local governments responsible for the state's most valuable and recognizable natural resource will benefit from state assistance for beach and dune restoration, beach nourishment, inlet sand bypassing and regional sediment management.
- \$19 million for state park improvements. This money will provide an opportunity to enhance the amenities throughout Florida's vast state park system. Governor Scott proposed an increase of \$6 million to the FY2012/2013 budget to continue Florida's tradition of the nation's best park systems.

For additional details on the Governor's recommended Florida Families First FY2013/2014 budget, visit www.floridafamiliesfirst.com.
Florida Department of Environmental Protection

The Florida Department of Environmental Protection is the state's principal environmental agency, created to protect, conserve and manage Florida's environment and natural resources. The Department enforces federal and state environmental laws, protects Florida's air and water quality, cleans up pollution, regulates solid waste management, promotes pollution prevention and acquires environmentally-sensitive lands for preservation. The agency also maintains a statewide system of parks, trails and aquatic preserves. To view the Department's website log on to www.dep.state.fl.us.

<http://content.govdelivery.com/bulletins/gd/FLDEP-69e307>

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A Times Editorial

Flawed model puts aquifer at risk

In Print: Tuesday, January 29, 2013

The first step in protecting the state's environment is getting the science right. Yet Florida uses a flawed model for assessing how groundwater pumping affects the surrounding landscape. It's irresponsible, and state water managers need to correct it.

Tampa Bay Times staff writer Craig Pittman reported Monday that state water officials base all their permitting decisions on computer models that rely on a false assumption. The models assume the underground area known as the aquifer flows at a steady rate through layers of sand and gravel. In reality, the land beneath is composed of karst, a more porous limestone that is full of holes, both big and small. The difference means that water can travel at a much faster rate than the computer models imply, according to current and former state water officials. The net effect is that pollution can be carried much more quickly into the drinking water supply, and state officials have an inaccurate picture of what pumping may do to regions across the state.

An experiment by a team of scientists in 2010 illustrates the depth of the problem. The team dropped fluorescent dye into wells and sinkholes at Silver Springs. Under the state's model, the dye would move toward the springs in cycles ranging from two to 100 years. But the dye dropped by the team rocketed through the aquifer, crossing half the 100-year distance in only six months. The models are so off-base, said David Still, the former director of the Suwannee River Water Management District, that "they shouldn't be used to make decisions."

Yet the regional water management districts rely on the models in deciding how much pumping to allow and assessing the impact on nearby springs, lakes and wetlands. The state also uses the models as part of its effort to track nitrate pollution that comes from septic tanks and upland runoff. Officials say they can "tweak" the models to take into account any obvious signs of environmental degradation. But that is no substitute for a model that accurately measures the flow rates in Florida's distinct water basins.

The water districts should work with Florida's Department of Environmental Protection to update the Florida models. The process may involve some time and expense, and any final model may be imperfect to some degree given the nature of measuring hollow areas in the ground. But these models must be more precise to provide better protection of both the aquifer and surface water.

[Last modified: Jan 28, 2013 05:08 PM]

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Got a story lead?

Got an idea for a story? Like to submit a column for editorial? Fire away. And don't forget to fill us in on organization's new people and programs, projects technologies—anything of interest to environmental professionals in the state. Send to P.O. Box 2175, Goldenrod, FL 32733. Call us at (407) 671-7777; fax us at (407) 7757, or email us at info@enviro-net.com.

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WATER RESOURCES ASSOC
PRINCIPAL
MARK TARELL PE
165768

Adena Springs Ranch officials await word on downsized water permit application

By MELORA GRATIAN

A decision will likely be made in the next few months regarding the fate of a consumptive use permit for a cattle ranch in Marion County that has rustled up opposition from folks worried about environmental impacts due to overpumping and nutrient loading in the watershed.

In the midst of strong public sentiment against its original request for up to 13.2 million gallons a day of groundwater with an 87-center-pivot irrigation system for crops, officials with Adena Springs Ranch submitted a scaled back plan to water managers last month.

The new plan calls for an annual average of 5.3 mgd and a 34-center-pivot system.

The amended application met an extended deadline from the St. Johns River Water Management District to answer questions and requests for more information that included results of aquifer performance tests and a computer analysis of the potential impact of the permit on groundwater levels.

District staff will decide if the permit application is complete by Jan. 13. If deemed so, the application will be forwarded to their governing board for consideration by March 12.

If the application is found to be still lacking, the ranch will have to submit more information by Jan. 13, according to the district's fact sheet on-line.

"We are confident that the district will declare it complete and move for-

ward with processing it and recommend approval to the board," said Honey Rand, spokesperson for Adena Springs Ranch.

"The initial permit request was not going to have a negative impact at the old rate (of water withdrawal), so at the reduced rate, there are no measurable impacts," she said.

Rand added that the project—the brainchild of ranch owner Frank Sironache—will create jobs.

Plus, she said that all the environmental issues are addressed in the permit application, including a comprehen-

sive nutrient management plan.

At the request of the water district, Adena conducted a test to evaluate the potential impact of the proposed water use given the potential for connection between the surficial and Upper Floridan aquifers due to potential karst features by using the district's North-Central Florida Regional Groundwater Model.

The results of the test predict an estimated maximum impact to pumping

ADENA

Continued on Page 14

DEP: Shake-up within Water Resource Division will result in increased efficiencies

By PRAKASH GANDHI

State environmental officials are defending a shake-up in a major division within the Florida Department of Environmental Protection, saying the reorganization will lead to greater efficiency.

The changes at the department's Division of Water Resource Management eliminated the Bureau of Beaches and Coastal Systems and shifted its programs—along with former mining and environmental resource permitting bureaus—to the deputy division director level.

The bureau previously administered coastal development rules along with more than \$582 million in beach reour-

ishment and restoration projects.

The reorganization was criticized by some environmental groups, including the Florida Shore & Beach Preservation Association, whose members include coastal cities and counties.

Officials with the association, which works with local, state and federal agencies to promote effective beach management, could not be reached for comment.

But in a statement, the association described the reorganization as "regrettable," especially when the statewide program to support healthy beaches and their relationship to tourism is critical

SHAKE-UP

Continued on Page 16

ADENA

From Page 1

capacity of the hypothetical surficial aquifer well of 0.44 percent, and a maximum predicted impact to pumping capacity of the hypothetical Upper Floridan Aquifer well of 0.81 percent.

"This conservative, maximum predicted impact to pumping capacity will result in negligible impact to legal uses of water in existence at the time Adena's application was submitted, and is well below the 10 percent or greater threshold," according to the permit application submitted by Andreyev Engineering Inc.

One of the main concerns from opponents of the permit is the impact of additional groundwater pumping to the flow levels in the region's watershed, especially Silver Springs, which some experts say is already at critically low levels.

"The flow in Silver Springs is down over 30 percent over the last decade and 50 percent in the last two years compared to previous levels," said Robert L. Knight, PhD, director of the Howard T. Odum

Florida Springs Institute in Gainesville. "The 5.3 mgd probably won't be every day, but the flows are already down beyond a tolerable level."

The SJRWMD recently announced a Springs Protection Initiative to help boost protection of these resources with tools such as minimum flows and levels and projects to reduce nutrient loading.

With respect to Silver Springs, the district attributed its low flows to rainfall shortages, submerged vegetation slowing flow into the Silver River and factors such as attached algae growth. It also said the spring needed significant reductions in nitrate loading.

"There is science and there is opinion. What the district is doing (with the springs initiative) is based on science," Rand said. "If the predictions are wrong, the district has the authority to make changes."

The Adena permit application attributed the spring's reduced flows to increased amounts of submerged vegetation, as well as the rerouting of the spring vent system, which changed hydraulic conductivity.

It concluded that the proposed with-

drawal would have a "de minimis impact on Silver Springs discharge," and an "immeasurable effect" on the level and plant life in Silver River.

Knight disagrees with these permit numbers and predictions.

"I told the district that I disagree that the reductions are due to natural causes such as rainfall and vegetation," he said. "It is clearly due to pumping and activity outside the watershed beyond levels that rainfall can restore."

"We have analyzed it given rainfall amounts and—correcting it for that—are still getting significant reductions in flows," he said. "I think the district needs to admit they are over-pumping to begin with."

There is a drawdown issue from pumping in the entire northern region, Knight said, citing geologic data for the state that the Jacksonville area is 60 feet down and Orlando is between 30 and 40 feet down.

Knight also said that some of the nitrogen from the cattle operation will make its way into the groundwater regardless of the best nutrient management plans and practices, creating additional harm that will exacerbate existing nutrient issues and problems with flow.

"There needs to be a great reduction of nutrients in the springshed," he said. "The nutrients and flows are synergistic and explain a lot of problems in the springs."

The grazing system is designed for 17,250 finishing cattle with about 8,400 grazed under the 34-center-pivot irrigation systems. The pivots are irrigated and rotationally grazed to maximize cattle weight gain.

About 8,400 additional finishing cattle will be grazed on about 7,550 acres of unirrigated pasture and 850 acres of wooded pastures that provide heat relief.

All pastures will maintain a balance between the manure nutrients and the plants' nutrient uptake capacity. Application rates of manure are based on those uptake levels and will be below amounts established as impairing groundwater or surface resources, according to the Nutrient Management Plan summary.

The plan was prepared by Del Bottcher, PhD, PE, with Soil and Water Engineering Technology Inc. in Gainesville and Royal Consulting Services Inc. in Longwood.

NOTES

From Page 1

Some of the general practices planned for waste storage, collection and transfer facilities include limiting confined livestock areas to reduce the accumulation of waste. The only CLAs requiring a waste management system will be the cattle unloading/corral facilities and a staging corral that is close to the processing plant. These facilities include features such as berms and retention ponds, and the management of some biosolids.

The amount of nitrogen and phosphorus making its way to surface and groundwater resources is minimized with practices such as utilizing a diet with the lowest possible phosphorus content, said the plan. This NMP is part of the Conservation Plan and used with elements such as crop rotation, residue management, pest management and conservation buffer practices.

The amended application also examined possible alternatives to using groundwater that were raised after the initial application. Most of these alternatives were deemed not feasible for either economic or environmental reasons.

For instance, the possibility of using reclaimed water from Ocala would cost an estimated \$26.2 million versus \$1.7 million for the construction of a 14-mile reuse main, a storage pond, pump station, distribution line and backup wells.

The application also discarded infrastructure to withdraw water from the Ocklawaha River due to a price tag of \$43.3 million and the disposal of wastewater from a treatment facility and impact to wetlands.

A plan to combine withdrawing water from the river and the Upper Floridan Aquifer was also rejected.

Knight expects the district to approve the permit, but he said staff should at least establish a safety yield for aquifer withdrawals to establish what can be removed before triggering the MFLs so that water can't keep being pulled from the springs.

"The public has spoken loud and clear—with thousands of comments—that it isn't in their best interest," Knight said. "It is time the district learned to say no. Groundwater is not essential for farming. We are going to be buying back this water from the farmers and the taxpayers will be faced with the bill."

involved in the spill and secure the acid tanks

Environmental Services

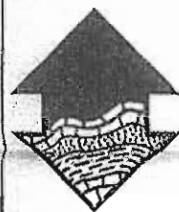


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Diane Salz <salz.govconsultant@gmail.com>

Polk could lose seat on SWFWMD board

January 8, 2013 10:21 AM

Polk Could Lose Seat on Swiftmud Board

Legislator proposes cutting water management board size from 13 to 9.

By [Tom Palmer](#)

THE LEDGER

Published: Friday, January 4, 2013 at 11:46 p.m.

BARTOW | A Sarasota legislator has proposed eliminating one of Polk County's two seats on the Southwest Florida Water Management District governing board.

State Rep. Ray Pilon, R-Sarasota, has circulated draft language — no bill has been filed — that proposes to reduce the board's size to nine members, the same as the state's other four water management districts.

"It's pretty simple," Pilon said Friday, explaining it's hard to argue that the Swiftmud board's makeup should be any different from those of the other districts.

Polk legislators had secured passage of a bill seven years ago that expanded Swiftmud's board from 11 to 13 members and included a provision that Polk's representation on the board would increase from one member to two.

Pilon said the size of the board is a relic of the "water wars" in the Tampa Bay area decades ago, adding that the larger the board, the harder it is for the governor to fill vacancies.

"Times have changed," he said

Under Pilon's draft bill, Polk County wouldn't be the only loser.

Hillsborough and Pinellas counties would lose one of their two guaranteed seats as well as a third seat that Hillsborough has held for many years, even though it's supposed to be shared between Hillsborough and Pinellas counties.

The bill also would change the makeup of the appointments among the other 13 counties in the Brooksville-based district.

Pilon said those changes make more sense, too, because they group counties with similar interests.

County Commission Chairman Melony Bell brought up the issue during Friday's agenda study

session, saying she's concerned about Polk's loss of influence.

But State Rep. Neil Combee, R-Lakeland, a former county commissioner and Swiftmud board member, said the legislation didn't concern him, adding it wasn't a surprise.

"Ray had mentioned this a year ago," Combee said. "Nine would be fine with me as long as Polk remains on the level with Hillsborough, Pinellas and Pasco counties."

Paul Senft, a Haines City businessman who chairs Swiftmud's governing board, was appointed to the board after the second Polk seat was added.

George Mann of Polk City is the other Polk representative on the board.

Senft said he had heard about Pilon's proposal, but said the real question is how the politics of the issue will play out.

He predicted Hillsborough officials likely would lobby to maintain the status quo, adding he doesn't know yet what position Gov. Rick Scott's office will take on the issue.

Since taking office, Scott has been involved in shaking up the water management districts.

Those shakeups have ranged from mandating tax cuts, which resulted in less funding for local water projects and staff layoffs, to attempts to standardize water permitting statewide.

Polk's effort to gain a second seat on the Swiftmud board, which took years to achieve, was an attempt to give this large inland county an equal footing with coastal counties in deciding water policy.

Polk officials argued that Polk merited equal representation because it contains the headwaters of the Peace, Alafia and Withlacocchee rivers, all of which flow to coastal areas within the 16-county water management district. Millions of gallons of water from the Peace and Alafia rivers are diverted to reservoirs to supply water to coastal utilities.

FOR IMMEDIATE RELEASE: Jan. 23, 2012

CONTACT: DEP Press Office, 850.245.2112, DEPNews@dep.state.fl.us

SILVER SPRINGS TO BECOME STATE PARK FOLLOWING FLORIDA CABINET APPROVAL

~Palace Entertainment lease terminated; property will become a state park Oct. 1~

Making Silver Springs Attraction a state park allows the Florida Department of Environmental Protection to continue its water quality work in the springs basin.

TALLAHASSEE – The Florida Cabinet, sitting as the Board of Trustees of the Internal Improvement Trust Fund, today approved the modification of a lease agreement between Palace Entertainment and the state of Florida, allowing the property to become part of Florida's state park system on Oct. 1.

Palace Entertainment's lease to manage the Silver Springs Attraction ran until Dec. 31, 2029. Through negotiations with the Florida Department of Environmental Protection, the state has secured \$4 million in work by Palace Entertainment in order to restore the property to its natural condition, as originally intended by the Board of Trustees. Palace Entertainment will continue to manage the property until Sept. 30 and during that time the Silver Springs Attraction will be open.

"We are pleased that the Governor and Cabinet have decided to approve this agreement so that the Department can return the property closer to its natural state, involve the community in recreation opportunity decisions and continue our efforts of improving water quality in Silver Springs, one of Florida's most iconic treasures," said DEP Secretary Herschel T. Vinyard, Jr.

The Department will begin implementing the Interim Facilities and Operations Plan that was presented to the public Jan. 14 by the Florida Park Service. The long term unit management plan, which is required by Florida Statutes, is anticipated to be completed by September 2014.

"Florida's 171 state parks, trails and historic sites are pleased to welcome the Silver Springs property into our family of resource-based recreation areas and historic and cultural sites," said Donald Forgione, DEP's Florida Park Service Director. "We look forward to working with Palace Entertainment during the transition and to opening the gates on Oct. 1 as a state park."

Turning the property into a state park is another step the Department has taken to restore Silver Springs. Also Wednesday, the Department's Division of Environmental Assessment and Restoration held the first meeting to finalize a basin management action plan for Silver Springs -- the first such restoration plan to reduce nitrates affecting the springs. Department research and monitoring led to designating Silver Springs and the

Upper Silver River as impaired for nitrate, a form of nitrogen that causes excessive algae growth in the spring system.

Last November, the Department finalized the total maximum daily load or, in this case, the maximum acceptable concentration of nitrate, at 0.35 milligrams per liter. This is the same restoration target that the U.S. Environmental Protection Agency has adopted for springs — based on the Department's data — and that has been upheld in both state and federal courts. Meeting the restoration target will protect aquatic life and bring the system back into balance.

The Florida Department of Environmental Protection expanded its efforts to restore Silver Springs last July, committing more than \$1 million to water quality improvement projects.

The Department, Marion County and the St. Johns River Water Management District have identified the first project to benefit from this funding, committing \$300,000, \$300,000 and \$100,000, respectively, toward the project. The project will eliminate a wastewater discharge from the Silver Springs Regional Wastewater Treatment Plant, which is within 1.5 miles of the main boil of Silver Springs. It will redirect wastewater to the Silver Springs Shores Wastewater Treatment Plant, which provides higher level treatment and is 10 miles from the head spring.

In a subsequent phase of the project, a series of small "package" wastewater treatment plants also will be connected to the central facility, which will provide better treatment and reduce pollution. Implementation of these actions collectively will eliminate more than two tons of nitrogen currently going into the Silver Springs system every year.

About the Florida Department of Environmental Protection

The Florida Department of Environmental Protection is the state's principal environmental agency, created to protect, conserve and manage Florida's environment and natural resources. The Department enforces federal and state environmental laws, protects Florida's air and water quality, cleans up pollution, regulates solid waste management, promotes pollution prevention and acquires environmentally-sensitive lands for preservation. The agency also maintains a statewide system of parks, trails and aquatic preserves. To view the Department's website log on to www.dep.state.fl.us.

<http://content.govdelivery.com/bulletins/gd/FLDEP-686207>

Diane Salz <salz.govconsultant@gmail.com>

Fwd: Scott's views on water and energy...

January 7, 2013 8:52 PM

----- Forwarded message -----

From: **Diane Salz** <salz.govconsultant@gmail.com>

Date: Mon, Jan 7, 2013 at 8:51 PM

Subject: Scott's views on water and energy...

To: Diane Salz <salz.govconsultant@gmail.com>

Gov. Rick Scott says he is asking DEP to look at Florida's springs and he said he wants to ensure that the flow of natural gas to the state is not interrupted.

Scott met with *The Florida Current* staff on Friday and was asked to lay out his legislative agenda on a variety of issues.

Asked about his goals and programs for leaving waterways for future generations, Scott talked about his **Everglades** restoration plan that won federal approval in 2012.

"It's going to focus on improving the flow of water and quality of water going to the Everglades," he said.

He also said, "What I have asked, what DEP (the **Florida Department of Environmental Protection**) is doing, is why do we have some of our springs that are way down?"

"I have asked, I want to make sure our water management districts are very focused on their jobs, their core missions -- not doing a mission other than that," he said.

Victoria Tschinkel, a former **Department of Environmental Regulation** secretary in the 1980s and founding member of the **Florida Conservation Coalition**, said Scott's comments reflect a "general understanding and anecdotal examples of problems."

"However, these problems are prevalent all over the state," she said. "We need a single, focused, well-financed program that connects the responsibilities of state agencies -- from DEP to agriculture to transportation -- working with local governments and water management districts if these problems are to be solved."

On energy issues, the **Department of Economic Opportunity** last week issued a report on the state's business climate that included a call for a statewide energy strategy "to ensure reliable and cost-effective sources of energy to sustain economic development while helping protect the environment."

Asked whether he agrees that an energy strategy is needed, Scott replied that the state is benefiting now from local natural gas prices.

"I think what we have to do from an energy policy standpoint is keep the flow of natural gas into the state from being disrupted. That is very important," he said.

Scott also said he was "very cautious" about offshore oil drilling after the 2010 Gulf oil spill.

Kevin Doyle, executive director of the **Consumer Energy Alliance-Florida**, said Florida should be concerned about federal regulations that could possibly restrict natural gas extraction by hydraulic fracturing, or "fracking." The **U.S. Environmental Protection Agency** is studying the effects of fracking on drinking water.

"If any one of those agencies (studying fracking) start to impose regulations that are over-excessive, that can disrupt the supply chain," Doyle said. His group supports affordable and reliable energy including increased oil production.

Susan Glickman, an advisor to the **Southern Alliance for Clean Energy**, said the state needs to develop energy supply diversity with renewable energy, conservation and increased efficiency.

"We are in this kind of transition stage that quite frankly requires leadership," she said. "Because of the influence of political (campaign) contributions at all levels, we just haven't seen much leadership in recent years."

Scott also said he will request funding for the **Florida Forever** land acquisition program in his 2013-14 state budget request but he did not say how much he will seek.

Diane Salz <salz.govconsultant@gmail.com>
Adena Springs...
January 18, 2013 10:34 AM

Water district has more questions for Adena Springs Ranch

By [Fred Hiers](#)

Staff writer

Published: Tuesday, January 15, 2013 at 5:26 p.m.

OCALA - Florida water regulators want more information from Adena Springs Ranch as they continue to review the farm's request to draw an annual average of 5.3 million gallons of water per day in the Fort McCoy area.

One Adena official describes the regulators' aggressive data gathering as "unprecedented," and said the tactic should cause other agriculture businesses to be concerned.

The St. Johns River Water Management District's request for additional information about the 25,000-acre plus project is only the latest in a back-and-forth volley that began in December 2011.

Environmentalists have opposed the project, expressing concern about the effect such a large water withdrawal would have on the aquifer and nearby Silver Springs.

Lawyer John Thomas, who represents some project opponents, said the latest request from the water district stems from Adena officials dragging their feet in giving regulators the information they wanted.

Thomas said the applicants play "a cat-and-mouse game" whose goal is "to submit as little information as possible."

The ranch is being developed by former Canadian-based car parts billionaire Frank Stronach. He owns about 30,000 acres in Marion County and more than 30,000 acres in Levy County. His goal is to build the cattle ranch in addition to a meat processing plant on some of that land in northeast Marion.

St. Johns' latest request focuses on specifics of potential water withdrawal and how the farm would dispose of animal waste from about 17,000 cows. The ranch has until May 11 to respond.

The ranch's average water use is proposed at 5.3 million gallons per day (mgd). But St. Johns wants to know more about potential daily peak usage, citing the ranch's application for a potential maximum daily irrigation use of 21.57 mgd.

The water district wants to know if the ranch plans to use all of its proposed 34 irrigation areas at the same time and, if so, what the impact would be on the groundwater, area springs and neighbors.

In its 16-page request for more information, the water district also focused on how the ranch would treat the waste from so many cattle.

Among several waste nutrient questions, the water agency said the ranch's "Nutrient Management Plan" didn't demonstrate that the ranch's water use wouldn't contribute to water pollution. It wants an explanation of how area springs would be protected.

The water agency also wants to know how much cattle waste would be generated in the ranch's irrigated areas and how it would be disposed of. It also seeks assurances that the waste would not seep into groundwater from those irrigated areas.

The water agency further asks how much unwanted nitrogen and phosphorus would be generated from the waste. Those two pollutant nutrients can make their way into groundwater and pollute springs.

The issue of unwanted nutrients from waste is apparently a potential concern among Adena Springs officials themselves, according to internal emails.

One email, obtained by the Star-Banner through Florida's public records laws, involved consultant Daniel Colvin.

Colvin is an Adena consultant and also director of research programs at University of Florida's Plant Science Research and Education Unit.

He wrote to Adena spokeswoman Honey Rand that he had concerns about reducing the irrigation areas from 87 to 34 and how it would impact pasture/forest ratios and nutrient impact.

Adena lawyer Edward de la Parte emailed in response that although the Florida Department of Environmental Protection was planning to set nutrient standards for Silver Springs, those standards would not apply to Adena as long as the ranch followed Florida's agricultural "Best Management Practices."

He advised that Adena officials during an Aug. 22 public meeting discuss the lower number of irrigation areas, but not discuss details about nutrient plans.

Thomas said the internal emails reflected an attitude by Adena officials presenting Adena in the best possible light and how Florida farms were immune to many state water and pollution standards.

Thomas obtained the emails because UF is a public entity. The Star-Banner subsequently sought and received the same emails.

Rand said St. Johns' requests are extensive. "There has never been this level of scrutiny. This level ... has been unprecedented."

"We're very disappointed that the (water) district did not find our application complete," she said.

"The next step is a face-to-face meeting to make sure everyone is on the same page," she said. "This level of surprise (for more information) warrants a face-to-face meeting."

"If this is an indication of what is to come from the water management district, anybody with an agricultural permit (application) out there should pay attention and be very concerned," Rand said.

Contact Fred Hiers at 867-4157 or fred.hiers@starbanner.com.

Diane Salz <salz.govconsultant@gmail.com>

Senate Committee hears about Kings Bay cleanup while...

January 18, 2013 8:15 AM

Senate Committee hears about Kings Bay cleanup while environmentalists protest in Tampa
Bruce Ritchie, 01/17/2013 - 05:26 PM

A Senate committee on Thursday heard about a volunteer effort to remove algae from Kings Bay while some environmental groups used a federal hearing in Tampa to criticize the state on water quality.

Meanwhile, three water management districts have submitted proposed springs restoration projects totaling more than \$43 million. A **Florida Department of Environmental Protection** spokeswoman said a list of possible projects is being developed should funding become available.

Springs across Florida have become choked with weeds and algae, fueled by nitrogen in groundwater. Nitrogen sources include sewage treatment plants, septic tanks, fertilizer, livestock operations and dirty stormwater runoff.

The **Senate Committee on Environmental Preservation and Conservation** on Thursday watched a seven-minute video on the "One Rake at a Time Program" led by the **Kings Bay Rotary Club**.

As part of the program, volunteers have raked up lymbya algae from the bay and replanted native plants on the sandy bottom.

A *Tampa Bay Times* [article](#) in December quoted sources saying that the raking effort was treating the Bay's symptoms and not the cause: nitrogen pollution. But **Rotary Club President-elect Art Jones** told the committee that algae is growing back slower and people are becoming aware of the need to reduce fertilizer use and protect the springs.

"The white sand is all (still) there," Jones said. "It's beautiful to bring it back."

Citrus County Commission Chairman Joe Meek said the county had removed 500 septic tanks from near Kings Bay with an 85-percent grant from DEP. He said the county is studying possible restrictions on fertilizer use.

Crystal River Mayor Jim Farley said the city had enacted an ordinance prohibiting fast-release fertilizers.

Lawn service professionals and business groups have supported legislation in recent years to prohibit local fertilizer ordinances, but Farley told the committee that local governments need "flexibility" to deal with water quality issues.

"I think people in Citrus County particularly in Crystal River have a greater awareness about the environmental issues involving fertilizer and would be more willing voluntarily to go along with that," Farley said.

Asked outside the meeting whether legislation or new regulations are needed, Jones said the Rotary Club is not political and asks people to take voluntary steps to protect the bay.

"I don't know if they need to pass a law," Jones said. "Sometimes when they pass a law, people get hostile."

Outside a federal hearing in Tampa, environmental groups that support federal water quality rules criticized proposed state rules that they have sought in court to block.

"The DEP rules are ineffective, convoluted and never result in enforcement," **Florida Wildlife Federation President Manley Fuller** said. "Meanwhile, pollution of Florida's waterways continues to worsen."

DEP Press Secretary Patrick Gillespie responded that the **U.S. Environmental Protection Agency** approved Florida's proposed rules because the federal agency recognizes the state as a national leader in cleaning up waterways.

The new list of springs restoration projects includes \$30.3 million in the **St. Johns River Water Management District**, \$10.5 million in the **Suwannee River Water Management District** and nearly \$2.3 million in the **Northwest Florida Water Management District**.

"We do not know how much funding will be available at this time," department spokeswoman **Dee Ann Miller** said. "Funding allocation will be determined through the normal legislative budget process."

DEP Secretary Herschel T. Vinyard Jr. told environmental groups last summer in a letter that the department had more than doubled funding for springs restoration, a statement that was met with skepticism from environmental groups.

No projects on the new list were in the **Southwest Florida Water Management District**. The Kings Bay video said \$5 million in donations was being sought to remove algae and restore the bay.

Item 11.
Legislative Update

Item #11. 2013 Legislative/Regulatory Issues. . . Diane Salz, Governmental Affairs Consultant

The Legislative/Regulatory Issues matrix, included as an exhibit to this item, identifies issues that will likely be considered by the Legislature in the upcoming session. These are issues and concerns that may be significant to the interests of the Withlacoochee Regional Water Supply Authority and its members. As the legislative session progresses, it is important that the Board provides a clear statement of its concerns and that the positions presented be agreed upon by the Board.

Staff Recommendation: Staff recommends that the Board adopt the 2013 legislative priorities.

EXHIBIT: Legislative Issues Matrix

Withlacoochee Regional Water Supply Authority Legislative/Regulatory Issues 2012-2013 February 1, 2013

Issue	Type of Change
Support equitable representation on SWFWMD Governing Board. <ul style="list-style-type: none"> Consistent with other water management districts; Allows current terms of office to expire; Regionally fair and impartial. 	Legislative HB 147 & SB 412 (sections 373.0693 and 373.0695, Florida Statutes [F.S.])
Support regional partnerships & state funding through State matching grants.	Legislative (section 373.707, F.S.)
Support Senate confirmations of SWFWMD Governing Board Members & Executive Director: Wendy Griffin (Hillsborough County); Michael A. Babb (Hillsborough County); Doug Tharp (Citrus, Lake, Levy and Sumter Counties); H. Paul Senft, Jr. (Polk County); Albert Joerger (Charlotte and Sarasota Counties); George Mann (Polk County); Randall Maggard (Pasco County); and Blake Guillory (Executive Director).	Legislative (section 373.073 and 373.079, FS)
Support Senate confirmations of SJRWMD Governing Board Members & Executive Director: Doug Bournique (Northern Coastal/Indian River Lagoon); Lad Daniels (At Large); Chuck Drake (St. Johns River Basin above the Ocklawaha River hydrologic unit); George Robbins (Lower St. Johns River Basin); Fred Roberts (Ocklawaha River/Florida Ridge Basin); and Hans Tanzler (Executive Director).	
Monitor proposal for multi-source water use permits: <ul style="list-style-type: none"> Applicable to all users; Includes total demand; Prioritizes use of alternative supplies; Allows "conjunctive use" of multiple sources to meet demand. 	Legislative (section 373.236, F.S.) and Regulatory
Monitor proposal to strengthen the agricultural sector's role in regional water supply planning.	Legislative (section 373.709, F.S.)
Support a codified collaborative approach to water management when there are cross-district impacts for: <ul style="list-style-type: none"> Water supply planning; Setting Minimum Flows and Levels (MFLs), Reservations; Resource recovery or impact prevention strategies. 	Legislative HB 0007 & SB 244 (sections 373.042, and 373.046, F.S.)
Support "local sources first" water use permitting considerations in state and regional statute and rules.	Legislative (section 373.223, F.S.) and SWFWMD Rules 40D-2.3
Engage in effort to facilitate consistency in Consumptive Use Permitting: <ul style="list-style-type: none"> Incentivize water resource protection; Streamline process; Reasonable protection of the environment; Consistent water conservation rules & evaluation. 	Regulatory (DEP Rule 62-40, SWFWMD Rules 40D-2, SJRWMD Rule 40C-2) and Legislative
Engage in effort to facilitate statewide Environmental Resource Permitting: <ul style="list-style-type: none"> Reconcile procedural differences; Standardize & streamline application process; Consistent environmental protection. 	Regulatory (DEP Rules 62-330, 62-40, SWFWMD Rule 40D-4, 40D-400) and SJRWMD Rule 40C-4, 40C-400)
Monitor proposals regarding the regulation of private, investor-owned water utilities in the state.	Legislative