

**MINUTES – WITHLACOOCHEE REGIONAL WATER SUPPLY AUTHORITY
BOARD OF DIRECTORS MEETING, OCTOBER 17, 2007**

DATE: October 17, 2007
TIME: 4:30 p.m.
PLACE: Citrus County Courthouse
Commission Chamber, First Floor
110 N. Apopka Avenue
Inverness, FL 34450

MEMBERS PRESENT

Joyce Valentino, Citrus County Commissioner
Gary Bartell, Citrus County Commissioner
Dennis Damato, Citrus County Commissioner
Rose Rocco, Hernando County Commissioner
Richard Hoffman, Sumter County Commissioner
Randy Mask, Sumter County Commissioner
Dale Swain, Bushnell City Councilman
Phillip Price, Crystal River City Councilman
Kent Guinn, Ocala City Councilman

MEMBERS ABSENT

Daniel Owen, Ocala City Councilman
David Russell, Hernando County Commissioner
Diane Rowden, Hernando County Commissioner
Christopher Kingsley, Hernando County Commissioner
Joe Bernardini, Brooksville City Councilman

OTHERS PRESENT

Jack Sullivan, Executive Director
Larry Haag, WRWSA Attorney
Barbara Sullivan, Recording Secretary
Dale Ravencraft, Hernando County Utilities
Diane Salz, WRWSA Legislative Liaison
Peter Rocco, Hernando County
Robert Knight, Citrus County Utilities
Jimmy Brooks, SWFWMD
Brian Armstrong, SWFWMD
Al Grubman, TOO FAR, Citrus County
Dale Jenkins, Black and Veatch
Bob Moresi, Black and Veatch
Norman Hopkins, Kings Bay Association
Helene Hopkins, Kings Bay Association
Jim Bitter, Homosassa River Alliance
Priscilla Watkins, Homosassa River Alliance
Bill Watkins, Homosassa River Alliance
Mike Wright, Citrus County Chronicle
Ed Kietarek, Citrus County
Jackie Kulp, Airboat Association

**MINUTES – WITHLACOOCHEE REGIONAL WATER SUPPLY AUTHORITY
BOARD OF DIRECTORS MEETING, OCTOBER 17, 2007**

Agenda Item #1 Call to Order

Chair Joyce Valentino called the meeting to order at 4:40 p.m.

Agenda Item #2 Roll Call

Jack Sullivan, Executive Director, called the roll and a quorum was declared present.

Agenda Item #3 Introductions and Announcements

Mr. Sullivan introduced the public members in attendance and Chair Valentino welcomed them to the meeting.

Agenda Item #4 Approval of Minutes of September 19, 2007 Meeting

Chair Valentino mentioned that Priscilla and Bill Watkins had been left off the attendance list for the last meeting and Gus Krayer's name had been misspelled. Those corrections will be noted and corrections made.

A MOTION WAS MADE BY GARY BARTELL TO APPROVE THE MINUTES OF THE SEPTEMBER 19, 2007 MEETING WITH THE NOTED CORRECTIONS. THE MOTION WAS SECONDED BY RICHARD HOFFMAN AND CARRIED UNANIMOUSLY.

Agenda Item #5 After-Action Reports on Utilization of the Withlacoochee River as an Alternative Water Supply

a. Follow-up actions ... Jack Sullivan, Executive Director

Mr. Sullivan stated that he had included a number of letters in the Board Package that have been written since the last Board meeting. He referred to the following items:

1. A letter and press release from Senator Charlie Dean. Mr. Sullivan referred to a September 20, 2007 letter from Senator Dean to Kirby Green, E.D. of SJRWMD stating the Senator's displeasure with having to find out about a proposed water transfer from the Withlacoochee River through the media. Senator Dean also had a meeting with Mr. Green on October 4 and his office issued a press release following that meeting.

2. Mr. Sullivan's October 1, 2007 letter to Kirby Green informing him of the decision by the Board to not host a meeting of utilities interested in using the Withlacoochee River for an alternative water supply.

3. An October 2, 2007 letter from Kirby Green to Mr. Sullivan in response to his October 1 letter. Mr. Green felt that the Authority was not accepting a leadership role in looking at the Withlacoochee River as an alternative water supply for The Villages.

4. An October 5 letter from Mr. Sullivan to Kirby Green in response to his October 2 letter. Mr. Sullivan reiterated the Authority's position on hosting a meeting of utilities interested in the Withlacoochee River. He also stated that the Authority has in fact taken a leadership position in looking at not only the Withlacoochee River, but a wide variety of other

**MINUTES – WITHLACOOCHEE REGIONAL WATER SUPPLY AUTHORITY
BOARD OF DIRECTORS MEETING, OCTOBER 17, 2007**

water supply options as well for all parts of the region. However, all of those options contemplate providing water supply only within the region, not outside the region.

5. Mr. Sullivan mentioned that another letter had been received after the Board Package had been sent from Mr. Bartell to Jeff Lyash of Progress Energy Florida, Inc. Mr. Sullivan handed out this letter at the Board meeting and asked Mr. Bartell to elaborate. Mr. Bartell explained that he had spoken with others in the past regarding a possible desalination facility co-located with the power plant. He pointed out to Mr. Lyash that the Authority was in the midst of its detailed long-range water supply planning and thought it might be a good idea for the Authority and Progress Energy to sit down and at least discuss whether there was interest in the possibility of a desalination facility at this location. At this time, Mr. Bartell had not heard anything from Mr. Lyash in response.

6. Mr. Sullivan stated that he had also received a memorandum from Dr. Martin Kelly of SWFWMD requesting our input on updating the schedule for setting MFLs within our region. Mr. Sullivan said that because of the concern with the Withlacoochee River, he prepared a letter in response asking SWFWMD to consider moving the Lower Withlacoochee River (Lake Rousseau) from a 2011 date to a 2009 date to coincide with setting MFLs on the other segments of the river. He also asked that the Homosassa Spring and River be moved up from 2009 to 2008. Mr. Sullivan said that he had discussed the letter with the Chairwoman and they decided to hold this issue for discussion at the Board meeting. Mr. Sullivan said that comments are due to the District by October 19th.

7. In closing, Mr. Sullivan said that he had provided everyone with an array of news articles dealing with the transfer issue discussed at the last Board meeting.

After Mr. Sullivan's presentation, the Board discussed the issue of water transfer and the need for the Authority to remain vigilant against transfers and to continue to prepare research on our future water needs and projects necessary to provide for those needs. In addition, the Board agreed with Mr. Sullivan's recommendation to send a letter to SWFWMD asking that the Lower Withlacoochee River and the Homosassa Spring and River system be moved up in priority for setting MFLs.

A MOTION WAS MADE BY GARY BARTELL AND SECONDED BY PHILLIP PRICE TO SEND A LETTER TO SWFWMD REQUESTING THAT THE LOWER WITHLACOOCHEE RIVER BE MOVED UP IN PRIORITY FROM 2011 TO 2009 AND THAT THE HOMOSASSA SPRING AND RIVER SYSTEM BE MOVED FROM 2009 TO 2008 IN THE DISTRICT'S PRIORITY SCHEDULING FOR SETTING MINIMUM FLOWS AND LEVELS. THE MOTION CARRIED UNANIMOUSLY.

b. Legal research re: applicability of local sources first and inter-district transfers to utilization of Withlacoochee River ... Larry Haag, Attorney

At this time, Chair Valentino asked Mr. Haag to present his legal research on local sources first and inter-district transfer. Mr. Haag stated that he had met with Bill Bilenky and Karen Lloyd, attorneys with SWFWMD, to discuss with them the legal issues surrounding inter-district transfers of water and local sources first. Mr. Haag prepared a legal memorandum that he read portions of into the record and elaborated on to the Board. Mr. Haag stated that as the statutes currently stand, there are inconsistencies within the statutes. Further, he stated that currently s. 373.2295, F.S. dealing with inter-district transfers of water do in fact only mention groundwater, not surface water. A copy of this legal memorandum is attached to these minutes.

**MINUTES – WITHLACOOCHEE REGIONAL WATER SUPPLY AUTHORITY
BOARD OF DIRECTORS MEETING, OCTOBER 17, 2007**

c. Possible legislative implications ... Diane Salz, Legislative Consultant

Ms. Salz stated that Mr. Haag was correct that there are inconsistencies in the law. She stated that there is a bill that has been filed that would open up all of Chapter 373 to legislative review. She stated that with so many different agendas from various agencies that you do not know what is going to happen when the legislation is being revised. Her recommendation was that the Authority needs to be very vigilant during this legislative session and monitor any proposed changes to Chapter 373 very closely to prevent any weakening of local sources first and the inter-district transfer statutes.

Phillip Price asked if it would not be a good idea to propose that surface water be added to the inter-district transfer statute. Ms; Salz said that it would, but we need to be very careful if we open this door that others might make changes we don't think are in our best interests. Gary Bartell reiterated that we need to be very careful with the wording of anything we or others try to place in a revised Chapter 373. Mr. Bartell also mentioned that he felt that the Authority needed to continue to investigate a wide variety of possible water sources including use of the Withlacoochee River. He mentioned the fact that not so long in the past, the Withlacoochee River was in flood stage. He felt that if there were reservoirs to drain off this excess water for future use it would serve a dual purpose of lessening flooding as well as providing for future water needs. Mr. Bartell also felt that the Authority needed to be a catalyst in moving local governments toward inverted rate structures, water conservation and reclaimed water use.

Mr. Damato asked Mr. Sullivan to explain what the Authority was doing to study use of the Withlacoochee River and other water supply projects. Mr. Sullivan responded that the Withlacoochee River was being analyzed at several locations for possible use in water supply projects. He also mentioned that the overall philosophy inherent in these long-range studies was the idea to prolong the use of groundwater within our region as long as possible before having to go to alternative water supplies. This would entail trying to pull together local governments within the region to become much more conservation minded and to get behind water reuse projects throughout the region. As an aside, Mr. Sullivan also mentioned that the Tampa Bay Water desal plant was almost at the point of going into full production. It had passed its production tests and should go into full production in November.

At this time, Chair Valentino asked that the Board depart from the agenda and allow public comment on this agenda item. The Board agreed by consensus to hear public comment at this time. The following members of the public made comments:

Jim Bitter, Homosassa River Alliance stated that desalination makes sense, but wondered why Progress Energy doesn't supply its own water. He said that water supply is not just a regional, State or national problem, it is a world problem. He felt that water would probably be the cause of most wars by 2015. He stated that the Withlacoochee River will probably terminate in a marsh in the next 40 years. He stated that Hillsborough County is enforcing its watering restrictions, while Citrus County is not. In terms of financing of water, he cited the State of Maine takes \$.06 for each gallon of water from a water bottling operation.

Al Grubman, TOO FAR stated that conservation of water is important, but did not think one should conserve water to give to someone else. He felt that the County should have a water plan. He stated that the Withlacoochee River should be used to keep the water levels in Tsala Apopka up.

Norman Hopkins, Kings Bay Association said that the level of salinity in King's Bay/Crystal River has increased because of drought and by upwelling of saltwater.

**MINUTES – WITHLACOOCHEE REGIONAL WATER SUPPLY AUTHORITY
BOARD OF DIRECTORS MEETING, OCTOBER 17, 2007**

Priscilla Watkins, Homosassa River Alliance said that Citrus County should not fund the building of desalination plants and that the users of the water and the State should pay for the cost. She stated that desalination plants should be located on the Atlantic Ocean because the water is cooler. She also stated that conservation rate structures should be higher.

Agenda Item #7 Executive Director's Report ... Jack Sullivan, WRWSA

a. Bills to be Paid

Mr. Sullivan stated that the bills for September had been handed out separately. They total \$96,561.60. Mr. Sullivan mentioned that he had purchased a laptop computer, projector and all the software needed for less than the \$3,000 budgeted.

A MOTION WAS MADE BY GARY BARTELL AND SECONDED BY RANDY MASK TO APPROVE THE OCTOBER 17, 2007 BILLS IN THE AMOUNT OF \$96,561.60. THE MOTION CARRIED UNANIMOUSLY.

b. Report on Water Resources Development Fund Account

Mr. Sullivan reported he had provided statements of the WRDF for September in the Board package. The account earned \$5,286.57 in September. The account balance as of September 30, 2007 was \$1,098,200.45.

c. Extension of Bushnell 2006 Local Government Grant Completion Date.

Mr. Sullivan said he had received a letter from Vince Ruano, City Manager of Bushnell asking to extend the City's Local Government grant from September 30, 2007 to July 31, 2008. Mr. Sullivan recommended approval of this extension.

A MOTION WAS MADE BY GARY BARTELL AND SECONDED BY DENNIS DAMATO TO EXTEND THE CITY OF BUSHNELL 2006-07 LOCAL GOVERNMENT GRANT FROM SEPTEMBER 30, 2007 TO JULY 31, 2008. THE MOTION CARRIED UNANIMOUSLY.

d. 3rd Quarter Financial Report

Mr. Sullivan presented the 3rd quarter financial report. He stated that the audit for the year had been moved up and had taken place the week of October 15. Consequently, the audit report would be available soon. Therefore, the auditors felt that there was no need for a fourth quarter financial report thereby saving the Authority approximately \$500 in preparation costs.

Mr. Sullivan presented the Balance Sheet for the third quarter. The ratio of current assets to liabilities was 30 to 1 indicating that the Authority was very solvent. A comparison of restricted assets to restricted liabilities reflected a ratio of 2:1, also indicating a very solvent position. Mr. Sullivan said that a combination of current and restricted assets along with the fixed assets of the Authority equaled \$4,164,423.29. Mr. Sullivan reviewed the Statement of Revenue and Expenses for the quarter which showed a net income for the period of \$68,818.29. A review of the Statement of Revenues and Expenses comparing actual budget revenues and expenses to budgeted amounts showed that revenues and expenses were in line with budgeted amounts and reflected an

**MINUTES – WITHLACOOCHEE REGIONAL WATER SUPPLY AUTHORITY
BOARD OF DIRECTORS MEETING, OCTOBER 17, 2007**

overall net income for the year of \$41,009.01. Mr. Sullivan recommended approval of the 3rd quarter financial report.

A MOTION WAS MADE BY GARY BARTELL AND SECONDED BY ROSE ROCCO TO APPROVE THE 3RD QUARTER FINANCIAL REPORT. THE MOTION CARRIED UNANIMOUSLY.

e. Audit date for FYE 2007

Mr. Sullivan said he had scheduled the annual audit to begin on October 15. The auditors have been in the office this week, and had finished their field work.

f. Hydrologic Report

Mr. Sullivan stated that he had downloaded the Hydrologic Report from the SWFWMD web page. The lakes, river and aquifer are still below normal throughout the region. We still are about 8 inches below historic rainfall amounts through September.

g. Correspondence

Mr. Sullivan said that all of his correspondence related to the water transfer issue and setting MFLs in the region and those letters had been presented earlier.

h. News Articles

Mr. Sullivan said he had provided some news articles for the Board to read at its leisure.

Agenda Item #7 Attorney's Report ... Larry Haag, WRWSA Attorney

Mr. Haag stated that he had no other business to report

Agenda Item #8 Legislative Consultant's Report

Ms. Salz reported on special session "C" that began the previous week and was scheduled to last through October 29. She reported that in legislative negotiations to cut the budget by another \$1.1 billion, the current proposal is to cut alternative water supply funding by an additional \$8 million, TMDLs by \$2 million and the SWIM program by \$10 million. Because so much had been cut from the water programs, Senators Paula Dockery and Charlie Dean along with nine other Senators requested that the Governor veto the bill and line items containing these cuts to water programs. Ms. Salz stated that more budget cuts may occur in January 2008.

Ms. Salz mentioned that during the upcoming legislative session in 2008, some of the issues will be a sunset review of water management districts, Senate confirmation of water management district executive directors, and a complete review of Chapter 373. In addition, Ms. Salz brought to the Board's attention that Paula Dockery has asked the Senate Environmental preservation

**MINUTES – WITHLACOOCHEE REGIONAL WATER SUPPLY AUTHORITY
BOARD OF DIRECTORS MEETING, OCTOBER 17, 2007**

Committee to investigate the proposed water transfer proposals from the Withlacoochee and Ocklawaha Rivers and that Kirby Green of the St. Johns River Water Management District will be called to testify.

Agenda Item #9 Other Business

There was no other business to be brought up by Board members.

Agenda Item #10 Public Comments

Chair Valentino asked for any additional public comment. Bob Knight, Citrus County Utilities, stated that SWFWMD had presented a report on their projections of drought conditions in the region, Florida and the southeast. Mr. Knight stated that the outlook was pretty grim. He said he would send the report to Mr. Sullivan to distribute to the Board for review.

Agenda Item #12 Next Meeting Time and Location

Chair Valentino stated that the next meeting would take place on November 28, 2007, 4:30 p.m., City Commission Chambers, City Hall, 151 SE Osceola Ave., 2nd Floor, Ocala, Florida 34471.

Agenda Item #13 Adjournment

WITH NO FURTHER BUSINESS TO COME BEFORE THE BOARD, A MOTION WAS MADE BY ROSE ROCCO AND SECONDED BY PHILLIP PRICE TO ADJOURN THE MEETING AT 6:32 P.M.

Joyce Valentino, Chair

Jackson E. Sullivan, Executive Director

Attachment: Legal Memorandum by Larry Haag re: Inter-District Transfers and Local Sources First