

**MINUTES – WITHLACOOCHEE REGIONAL WATER SUPPLY AUTHORITY
BOARD OF DIRECTORS MEETING, FEBRUARY 20, 2008**

DATE: February 20, 2008
TIME: 4:30 p.m.
PLACE: Hernando County Government Center
County Commission Chambers, Room 142
20 N. Main Street, Brooksville, FL 34601

MEMBERS PRESENT

Joyce Valentino, Citrus County Commissioner
Dennis Damato, Citrus County Commissioner
Gary Bartell, Citrus County Commissioner
Rose Rocco, Hernando County Commissioner
David Russell, Hernando County Commissioner
Diane Rowden, Hernando County Commissioner
Joe Bernardini, Brooksville City Councilman
Randy Mask, Sumter County Commissioner
Dale Swain, Bushnell City Councilman

MEMBERS ABSENT

Richard Hoffman, Sumter County Commissioner
Phillip Price, Crystal River City Councilman
Kent Guinn, Ocala City Councilman
Daniel Owen, Ocala City Councilman
Christopher Kingsley, Hernando County Commissioner

OTHERS PRESENT

Jack Sullivan, Executive Director
Larry Haag, WRWSA Attorney
Barbara Sullivan, Recording Secretary
Joseph Stapf, Hernando County Utilities Director
Alys Brockway, Hernando County Water Conservation Coordinator
Jessie Goodwin, Hernando County Utilities Department
Robert Knight, Citrus County Utilities Director
Lynn Spivey, Malcolm Pirnie
Alex McPherson, Coastal Engineering
Dave Tarbox, HSA
Dale Jenkins, Black and Veatch
Bob Moresi, Black and Veatch
Peter Rocco, Hernando County
Brian Armstrong, SWFWMD
Bruce Wirth, SWFWMD
Jimmy Brooks, SWFWMD

Agenda Item #1 Call to Order

Chairwoman Rose Rocco called the meeting to order at 4:33 p.m. and asked for a moment of silence and then led in the pledge of allegiance to the flag. She then asked for a roll call.

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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 Chairwoman Rocco welcomed them to the meeting.

Agenda Item #4 Approval of Minutes of January 16, 2008 Meeting

A MOTION WAS MADE BY GARY BARTELL TO APPROVE THE MINUTES OF THE JANUARY 16, 2008 MEETING. THE MOTION WAS SECONDED BY DENNIS DAMATO AND CARRIED UNANIMOUSLY.

**Agenda Item #5 Discussion of Transition of WRWSA to Permanent Staff/Location ...
Jack Sullivan, Executive Director**

Mr. Sullivan stated that he had provided the Board with a memorandum outlining the history of the Authority's administration and funding. He said he felt that it was important that everyone understand where we have been for the last 30 years.

Mr. Sullivan pointed out, that in the Authority's 30-year history, it has had one full-time Executive Director for approximately 5 years and one that resigned after only one month. Mr. Sullivan said that he has been the Authority's part-time Director for the past 25 years.

Mr. Sullivan said he provided administrative support from his consulting firm in Ocala and later from his staff while a member of the Carlton Fields Law Firm. However, he said that with his retirement from Carlton Fields, he no longer has a staff to assist and that in fact, he was running the Authority's business out of one of his spare bedrooms.

In view of this, Mr. Sullivan felt that this year is a turning point for the Authority for several reasons:

First, there is the fact that he can no longer provide the level of support that he has in the past. He feels that the Authority needs to build an agency that has a face to the public here in the region.

Second, the picture for future water supply in the entire State is changing rapidly and competition for water supply is getting more intense. The Authority needs to collectively look at our long-term needs and how we are going to provide for them.

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Third, the Southwest Florida Water Management District is looking at this region to step up and begin developing a multi-jurisdictional utility to provide for long-term water supply needs. The Authority needs to begin the process that the WMD has supported in other areas of the District for the past 35 years. Because of these things, Mr. Sullivan said he felt that the Board needed to consider where we want to go before the next budget cycle comes up in June.

Mr. Sullivan outlined in his memo what he thought the options the Authority has for the type of organization that we want here in this region. He said he believes that the Authority needs to change from the part-time organization that we have now. However, he did not believe this region has the over-riding need for a complex single provider water supply utility that exists in the Tampa Bay area.

He stated that he felt the Board needed to start with building a competent staff and a permanent office location. As the Authority continues with its planning program and begins to develop projects, the Authority will have to decide how large a role it should assume. Based on the state of the region at this time and the needs in at least the near future Mr. Sullivan suggested the following roles for the Authority:

1. The Authority should be the agency to prepare, in cooperation with the District the long-range studies for water supply development within the region.
2. The Authority should be the focus for building partnerships to provide for long-range needs within the region. This would include:
 - The Authority would handle inter-jurisdictional issues (e.g. The Villages and Wildwood's future needs)
 - The Authority would participate as a partner, where appropriate and/or the lead agency to design and build a water supply project.
3. The Authority would provide coordination with State and regional agencies in water supply issues.

Mr. Sullivan said that based on his memo, it is obvious that he believed the Board needs to make a dramatic change in the administrative make-up of the Authority. He said he has discussed this with staff at the SWFWMD and they are encouraging us to move forward.

Mr. Sullivan said he also proposed to SWFWMD staff that it may take us some time and significant money to make a transition to a full-time staff and office and would the Water Management District be willing to help the Authority with money and expertise to make the transition. The staff's reaction to that was positive. However, they are staff and any real decision would have to come through the Governing Board of the District and perhaps through the Basin Boards. But he said that at least, the Authority should to put the issue on the table to discuss.

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Mr. Sullivan said that he had prepared several exhibits to provide an idea of what it will take to get the Authority into its own offices with a permanent staff and the necessary equipment to carry out its duties. Mr. Sullivan then summarized his proposal for establishing a permanent staff and office as follows:

1. Request Start-Up Funding From SWFWMD.

Mr. Sullivan's first proposal was to request that the SWFWMD provide approximately \$400,000 per year to the Authority for a five-year period to assist the Authority in making this transition. Mr. Sullivan said that the money was needed to make the transition successful. The request to SWFWMD would be done with the understanding that after five years, the Authority would be responsible for ensuring that continuation funding for the Authority's operation is available from either its own sources or in combination with local government funds.

2. Renegotiate use of wellfield funds with SWFWMD.

Mr. Sullivan then stated that the Authority's current contract with SWFWMD regarding the payback from Citrus County for the Charles A. Black wellfield requires that the money not be used for administration, but only for water supply projects. To provide the Authority with the maximum amount of flexibility, especially after the initial 5 years funding from SWFWMD is over, Mr. Sullivan proposed that the Authority request that this limitation on the use of the funds be removed so the Authority can use the money for administration, if necessary. The annual amount of this payback sum is \$163,587.

3. Increase the per capita assessment.

Mr. Sullivan stated that the Authority would initially continue with its current funding level of 20¢ per capita. However, he proposed that the Board consider raising the per capita rate back to its historic level of 25¢ per capita over the next 5 years to provide more money for administration of the Authority. The increase would not be that substantial, but in combination with the monies from the Citrus wellfield, would make a significant difference in the Authority's ability to fund its own administration.

Mr. Sullivan also mentioned that he had received a call from Marion County Commissioner Stan McClain regarding Marion County's desire to come back into the Authority. Mr. Sullivan said that he had provided Mr. McClain with the memorandum that he had previously gone over with Pat Howard, County Administrator and Troy Kuphal, Water Resources Director. Mr. McClain said he had taken the issue before his Commission and they wanted to pursue re-entering the Authority.

4. The Authority Should Become Self-Supporting.

Mr. Sullivan said he felt it is important that the Authority must eventually become mostly self-supporting. To advance the ability of the Authority to become self-supporting, the Board should consider a number of alternatives for providing a revenue stream for its continued operation. Some of the options to consider might be:

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- Re-evaluating the terms of the Charles A. Black (CAB) Wellfield agreement between the WRWSA and Citrus County to allow the Authority to serve other local governments from that wellfield, and/or;
- Help Citrus County expand its customer base and allow the Authority to transition into receiving funding from sale of water to Citrus and other local governments from the CAB facility, and;
- Pursue development of additional groundwater resources within the region. Probably the wellfields that will be needed first will be to serve the needs of Sumter County in Wildwood and/or The Villages and also possibly a wellfield to serve western Hernando County.

5. Local Government Conservation Programs Funded by SWFWMD.

After the first year of operation or 2008-09, Mr. Sullivan proposed that the local governments that have water conservation programs cooperatively funded by the Authority move their funding requests to the SWFWMD Cooperative Funding Initiative to free up more of the Authority's funds for regional water supply projects. He said that the Authority should obtain some assurance from SWFWMD that these programs would be given priority in funding as a regional program of the Authority.

6. Locate Permanent Offices of Authority in Citrus County.

Mr. Sullivan proposed that the permanent office of the Authority be located within the region. He said that Citrus County appears to be the most central location. He said that he had talked with Frank DiGiovanni, City Manager of Inverness, to see what the possibilities were of locating in the new City Hall. Mr. DiGiovanni provided Mr. Sullivan with cost and layout information, which he included in the Board Package.

7. The transition should occur by October 1, 2008.

Mr. Sullivan's final recommendation was that the transition should occur by October 1, 2008. After Mr. Sullivan's presentation, Chairwoman Rocco asked if there were any questions or comments from the Board.

<<David Russell left the meeting at 4:55 p.m.>>

Mr. Damato asked why Mr. Sullivan did not recommend that the Authority immediately request that the per capita assessment go back to 25¢ in order to provide money immediately rather than do it in a stepwise fashion. Mr. Sullivan said that the raising of the per capita assessment was an issue that the Board would have to decide.

Mr. Mask asked if perhaps it might not be a good idea to ask some of the member governments if they had space that they would donate to the Authority, thereby saving about \$22,000 per year in

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costs. Mr. Sullivan said he had looked at the situation in Citrus, Hernando and Sumter Counties and found them all having space problems themselves. But if the Board wanted, he could review this option.

Gary Bartell said that he knew that in the case of Tampa Bay Water and the Peace River Regional Authorities that SWFWMD had provided significant dollars to them to get on their feet. He felt that we should hear from SWFWMD, since they were here at the meeting. He asked Bruce Wirth, Deputy Director of SWFWMD to respond to Mr. Sullivan's proposals. Bruce Wirth said that it is true that the District had provided assistance to the other Regional Water Supply Authorities in the District and that the staff was very supportive of the proposals made by Mr. Sullivan. He indicated that the staff was currently researching its agreements with the Authority and would respond to the requests made by Mr. Sullivan. Mr. Wirth said he and David Moore, Executive Director had briefed the current Chair of the Governing Board and at the April Board meetings of the Withlacoochee and Coastal Rivers Basin Boards, each would be asked to fund \$100,000 for the Authority and that the Governing Board would be asked to match that with \$200,000 to make the \$400,000 being requested of the Authority. All of the issues would be evaluated by the SWFWMD staff and could be further discussed and decided at the joint meeting between the SWFWMD and the Authority on March 24.

At this time, Chairwoman Rocco asked if there were comments from the public regarding this agenda item.

Alys Brockway, Water Conservation Coordinator for Hernando County said she was concerned about the proposal to move the water conservation grants from funding by the Authority to SWFWMD. She felt that the District was inconsistent in its approval of local government projects such as this. She believed that water conservation was a key component for regional water supply in the future and these programs should be maintained with the Authority.

Robert Knight, Utilities Director for Citrus County, stated that the Authority needed continuity and up to this point, the only person to provide that continuity was Jack Sullivan. By creating a permanent staff, continuity would be enhanced. Mr. Knight also reiterated Ms. Brockway's concern that transferring funding for water conservation to the SWFWMD might result in cessation of those programs and he felt they needed to be continued through the Authority. He suggested that perhaps the Authority ought to request monies from SWFWMD specifically for the conservation programs. Mr. Knight also suggested that one avenue for providing revenue to the Authority would be to have each local utility have a surcharge on each bill for regional water supply planning.

Diane Rowden commented with reference to the wellfield to serve Hernando County mentioned by Mr. Sullivan. She was concerned over control of the impacts of that wellfield on groundwater resources in Hernando County.

Dale Swain mentioned the huge area annexed by the City of Wildwood and the water supply obligations of those annexations. He said that with the annexations that Wildwood would be among the top 20 cities in the State in terms of size.

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Joyce Valentino stated that she was concerned that once development is approved that water supply has been committed to that development. She did not want to give a green light to development.

Gary Bartell said that in the future cities and counties might have a lesser role in water supply development. He felt to cope with this, the local governments in this region need to approach water supply development regionally. Further, he felt that local governments needed to look more closely at the linkage between water supply and land use decisions.

Mr. Sullivan asked the Board for direction on the next step in moving forward with this proposal. Larry Haag, Authority Attorney, said that the Board probably needed to make a decision on whether they accepted the proposals made by Mr. Sullivan or not. After further discussion, the Board decided to take the proposal back to their respective Boards and agenda this item for the next meeting and make a decision at that time. The Board also asked Mr. Sullivan to send a letter to Marion County Commission requesting that someone attend the March 19 meeting and discuss the terms and timing for coming back into the Authority.

A MOTION WAS MADE BY JOYCE VALENTINO FOR MR. SULLIVAN TO SEND A LETTER TO MARION COUNTY ASKING THEM TO SEND SOMEONE TO OUR MARCH 19, 2008 BOARD MEETING TO DISCUSS WHETHER MARION COUNTY WAS GOING TO REJOIN THE AUTHORITY AND WHEN THAT WOULD OCCUR. THE MOTION WAS SECONDED BY DENNIS DAMATO AND CARRIED UNANIMOUSLY.

Agenda Item #6 Executive Director's Report ... Jack Sullivan, WRWSA

a. Bills to be Paid

Mr. Sullivan presented the February 20, 2008 bills to be paid in the amount of \$23,454.78. He requested that these bills be approved for payment.

A MOTION WAS MADE BY DIANE ROWDEN AND SECONDED BY JOYCE VALENTINO TO APPROVE THE FEBRUARY 20, 2008 BILLS IN THE AMOUNT OF \$23,454.78. THE MOTION CARRIED UNANIMOUSLY.

b. Report on Water Resources Development Fund and Status of Local Government Investment Pool

Mr. Sullivan said he had included a letter in the Board Package from Alex Sink, the Chief Financial Officer for the State, to the Senate and House asking that the Auditor General conduct an independent review of the SBA's governance and management practices. Mr. Sullivan also provided some news articles on recent issues dealing with the Local Government Investment Pool.

Mr. Sullivan pointed out that he had recently received statements of the actual transferred amounts from both Authority accounts into the Pool B funds. This amounted to \$57,049.23 from

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the Administration account and \$145,947.87 from the Water Supply Development Fund account. Both of these were reported in the Authority's audit last month.

However, Mr. Sullivan said that as these bad investments mature, they are paying money back and funds are being restored to our Pool A accounts. He pointed out that for January, \$3,631.53 was restored to our Water Supply Development Fund account and \$1,419.52 was restored to the Administration account.

He handed out another e-mail received on February 8 that indicated that the amounts for January were the result of \$50 million dollars being made available from maturities and sales. The State Board of Administration has indicated that another \$518 million would become available on February 11.

c. Discussion of joint meeting with SWFWMD Governing Board

Mr. Sullivan said that he has coordinated with SWFWMD staff on the joint meeting between the Authority and the SWFWMD Governing Board. The meeting will be held on March 24 at the Ocala Hilton beginning at 2:00 p.m. The meeting is projected to be about 2 – 2.5 hours long. Mr. Sullivan said Pete Hubbell would present the latest information on our Water Supply Plan and projects. Mr. Sullivan will be making a presentation on the transition of the Authority and our request to the Governing Board for assistance. Mr. Sullivan said he received a Florida Administrative Weekly advertisement from SWFWMD for the meeting to review. He sent a copy to Larry Haag and Mr. Haag believes it sufficiently covers public advertising for the Authority.

Mr. Sullivan said that Lou Kavouras, Deputy Director of SWFWMD, provided the Authority with a more definitive agenda for the meeting, which Mr. Sullivan provided in a separate handout.

d. 1st Quarter Financial Report

Mr. Sullivan presented the Financial Report for the 1st Quarter of the 2007-08 Fiscal Year. Mr. Sullivan presented the Balance Sheet and declared that the ratios of assets to liabilities for both current and restricted assets were sufficient to ensure solvency of the Authority. He indicated that the Total Net Assets of the Authority as of December 31, 2007 were \$3,894,106.38. Mr. Sullivan then covered revenues and expenses for the quarter. He stated that all projected revenues had been received. He indicated that revenues exceeded expenditures for the quarter leaving a \$27,627.45 excess in operating income. In addition, the Authority earned \$12,232.26 in interest for the quarter, leaving a net income of \$33,859.71.

There were no questions from the Board and Mr. Sullivan asked the Board for approval of the quarterly report.

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JOYCE VALENTINO MADE A MOTION TO APPROVE THE 1ST QUARTER FINANCIAL REPORT. THE MOTION WAS SECONDED BY RANDY MASK AND CARRIED UNANIMOUSLY.

Mr. Sullivan then pointed out that he had passed out a copy of the Local Government Annual Financial Report that the Authority has to file each year. Mr. Sullivan said the report is a compilation of the figures from the Authority's 2006-07 year-end audit. Purvis Gray has prepared the report and it needs to be approved for transmittal to the State.

JOYCE VALENTINO MADE A MOTION TO APPROVE THE LOCAL GOVERNMENT FINANCIAL REPORT FOR TRANSMITTAL TO THE STATE. THE MOTION WAS SECONDED BY RANDY MASK AND CARRIED UNANIMOUSLY.

e. Hydrologic Report

Mr. Sullivan said he had provided the Board with January Monthly Water Resource Update from the SWFWMD web page. The report shows that aquifer levels are continuing to get better, but still slightly below normal. It also shows that rainfall for January was above the historic average, but that lake levels are still below normal and have continued to go down. Stream flows in the Withlacoochee River are still well below the normal range.

f. Correspondence

Mr. Sullivan said that he had several pieces of correspondence that he has included in the Board Package. The first is a letter from John Peterlin, President of the Friends of the Chassahowitzka National Wildlife Refuge Complex, Inc. who asked about the transfer of water from the Withlacoochee. Mr. Sullivan said he had not had an opportunity to answer the letter yet. The second letter is from Ron Allen, Water Director for Wildwood. Mr. Allen provided us with an update on the progress of construction on the City's repump station, which the Authority funded in our local government grants program.

Last is a letter handed out separately in which we were copied. The letter was from Bruce Wirth, SWFWMD Deputy Director, to the Mayor of Yankeetown regarding use of the Cross Florida Barge Canal as a potential water supply source. He had asked for the Authority's input and Mr. Sullivan said he indicated to him that we would look at that option when we analyze the use of the Withlacoochee River in the future.

g. News Articles

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

Agenda Item #9 Attorney's Report ... Larry Haag, WRWSA Attorney

Mr. Haag stated that he had nothing to report.

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Agenda Item #10 Legislative Consultant's Report

Mr. Sullivan stated that Ms. Salz could not be at the meeting because of other obligations. However, Mr. Sullivan said she had prepared a report on current activities that he had provided to the Board in a separate handout.

<<Gary Bartell left the meeting at 5:55 p.m.>>

Agenda Item #11 Other Business

Joyce Valentino said she would like to revisit previous agenda item #5 regarding the transition issues. She said that she wanted to go on record that she felt that the increase in per capita assessments be more conservative and move up slowly rather than all at once. She also stated that she felt that the suggestion of asking member local governments for space was not feasible since all of them seemed to be having space problems themselves. She felt that Inverness was a good location for the Authority's permanent offices and the price was reasonable. She asked that the Authority move forward to secure the office space in the Inverness City Hall.

JOYCE VALENTINO MADE A MOTION TO HAVE MR. SULLIVAN MEET WITH FRANK DIGIOVANNI, INVERNESS CITY MANAGER, AND SECURE THE OFFICE SPACE AS SOON AS POSSIBLE FOR THE AUTHORITY'S PERMANENT OFFICES. THE MOTION WAS SECONDED BY DENNIS DAMATO AND CARRIED UNANIMOUSLY.

Agenda Item #12 Public Comments

Chairwoman Rocco asked for any additional public comment. There were no further public comments.

Agenda Item #13 Next Meeting Time and Location

Chairwoman Rocco stated that the next meeting would take place on March 19, 2008, 4:30 p.m., Citrus County Courthouse, Commission Chamber, First Floor, 110 N. Apopka Ave., Inverness, FL 34450

Agenda Item #14 Adjournment

With no further business to come before the board, Chairwoman Rocco declared the meeting adjourned at 6:20 p.m.

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Rose Rocco, Chairwoman

Jackson E. Sullivan, Executive Director