

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

**Minutes of the Meeting
January 18, 2017**

TIME: 3:30 p.m.
PLACE: Lecanto Government Building
ADDRESS: 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

Vice Chairman Nicholson called the Withlacoochee Regional Water Supply Authority (WRWSA) Board of Directors meeting to order at 3:37 p.m. and requested a roll call.

2. Roll Call

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

BOARD MEMBERS PRESENT

Nick Nicholson, *Vice Chairman*, Hernando County Commissioner
Scott Carnahan, Citrus County Commissioner
Steve Champion, Hernando County Commissioner
William Kemerer, Brooksville City Councilor
Stephen Printz, Sumter County Commissioner
Michelle Stone, Marion County Commissioner
Dale Swain, Bushnell City Councilor
Ken Brown, Crystal River City Councilor

BOARD MEMBERS ABSENT

Kathy Bryant, Marion County Commissioner
Al Butler, Sumter County Commissioner
Carl Zalak, Marion County Commissioner
Ron Livsey, Belleview City Commissioner
Jeff Kinnard, Citrus County Commissioner

BOARD ALTERNATE PRESENT

Kim Dinkins, Marion County

3. Introductions and Announcements

- *Introductions.* Mr. Owen recognized Authority staff present for this meeting. Audience members introduced themselves for the Board's information.
- *Announcements.* Vice-Chairman Nicholson noted that Mr. Champion was appointed from Hernando County. Mr. Owen noted that Ms. Stone from Marion County and Mr. Printz from Sumter County have been appointed.

WRWSA STAFF PRESENT

Richard Owen, Executive Director
Larry Haag, Attorney
Diane Salz, Governmental Affairs
LuAnne Stout, Administrative Asst.

LOCAL GOVERNMENT STAFF PRESENT

Ron Basso, SWFWMD Chief Hydrogeologist
Alys Brockway, Hernando County Water Resources Manager
Debra Burden, Citrus County Water Conservation Manager
Melissa Gulvin, SWFWMD Gov't Affairs Program Manager
Dr. Gabe Herrick, SWFWMD Senior Environmental Scientist
Gary Loggins, Citrus County Water Resources
Gordon Onderdonk, Hernando County Utilities Director
Richard Radacky, City of Brooksville Public Works

OTHERS PRESENT

Dennis Damato, Former Chair
Jack Sullivan, Former Exec. Dir.
Mark White, Purvis Gray & Co.
Katie Eno, Purvis Gray & Co.
Peter G. Hubbell, WRA
Terri Lowery, Jones Edmunds

4. Approval of Minutes

A copy of the November 16, 2016 minutes was provided in the Board's meeting materials. Following consideration, **Mr. Carnahan moved to approve the minutes for the November 16, 2016 meeting as presented. The motion was seconded by Mr. Brown and carried unanimously.**

5. **Public Comment** – No speaker cards were submitted.

6. Recognition of Former Chair Dennis Damato

Vice Chairman Nicholson recognized Mr. Damato for his years of service to the WRWSA. He read into the record Resolution 2017-01, recognizing Dennis Damato as a member of the Board from January 2005 through November 2016.

Mr. Carnahan moved, seconded by Ms. Stone, to approve Resolution 2017-01, Recognizing Dennis Damato, Board Member of the WRWSA. This resolution is made a part of these minutes as if set forth in full but, for convenience, is filed in the permanent resolution files of the WRWSA. Motion carried unanimously.

Vice-Chairman Nicholson noted the many activities attributed to Mr. Damato during his service and his election as Chairman four times during his appointment. Vice-Chairman Nicholson presented Mr. Damato with a framed resolution and engraved parting gift (crystal ice bucket). Mr. Damato expressed his appreciation for being able to serve this region of Florida.

7. Election of Officers

Mr. Owen briefly reviewed the Board policy regarding elections and rotation of officers.

Mr. Kemerer nominated Mr. Nicholson for Chair, Ms. Stone for Vice-Chair, and Mr. Printz for Treasurer. Mr. Carnahan seconded the nominations. Vice-Chairman Nicholson moved that the nominations be closed. The motion nominating the new 2017 Board Officers carried unanimously.

Mr. Owen noted that the current officers serve through the month and the new officers take their positions one hour prior to the next Board meeting.

8. Crystal River / Kings Bay Minimum Flows and Levels Development

Gabe Herrick, PhD., Senior Environmental Scientist with the Southwest Florida Water Management District (SWFWMD), provided an update on the development and establishment of recommended Minimum Flows and Levels (MFLs) for Crystal River / Kings Bay. Mr. Ron Basso, SWFWMD Chief Hydrogeologist, was also present to answer questions from the Board.

Using a slide presentation, Dr. Herrick reviewed the importance of MFLs and determining the point at which further withdrawals of water would cause significant harm to the water resources or ecology of the area. MFLs are important to the WRWSA and its member governments because they help to define the availability of ground and surface water for consumptive use. Groundwater withdrawals in the region can potentially have an impact on surface water bodies, such as Crystal River / Kings Bay, and the MFLs adopted by the SWFWMD will ultimately limit the amount of groundwater that can be withdrawn in the springshed. As ground water, the least expensive and most widely used source of water in the WRWSA region, becomes more limited, more expensive alternative water supplies, such as surface water or water from the lower Floridan aquifer, will need to be developed.

Discussion ensued regarding benchmarks and reductions of baseline flow, saltwater intrusion in freshwater systems, future population demands updated every five years and refined constantly, increased salinity in Crystal River, nutrient reduction.

Mr. Brown stated he wants to see no reduction in flows for this area and noted he will vote against the recommendation.

Mr. Owen said it is in the best interests of the WRWSA and its member governments to work with the water management districts to ensure the best available information and scientific expertise are used in establishing MFLs. He presented a draft letter of support to express the WRWSA's position on the establishment of the Crystal River / Kings Bay MFLs to be sent to appropriate news media (primarily the *Citrus Chronicle*). The draft exhibit was included in the Board's meeting materials. Mr. Owen noted that staff takes direction from the Board and, as a stakeholder in this issue, it is not often that a public supply entity expresses its position.

Following consideration, **Mr. Carnahan moved, seconded by Mr. Champion, that the Board authorize the Executive Director to sign the proposed letter in support of the SWFWMD's use of the best available information and scientific expertise in establishing MFLs for Crystal River/Kings Bay. The motion carried with Mr. Brown voting against the motion.**

9. Fiscal Year 2015-16 Financial Audit

Mr. Mark White, CPA, Partner with Purvis Gray & Company, LLP, presented the audit report. Also in attendance was Ms. Kathryn Eno, an auditor with Purvis Gray and Company.

Purvis Gray and Company prepared the annual audit of the Authority's financial statements for the Fiscal Year ending September 30, 2016. Mr. White reviewed the Independent Auditors' Report noting that audit was done in accordance with auditing standards general accepted in the USA and applicable to financial audits contained in *Government Auditing Standards*. Ms. Eno reviewed the Authority's operating and project expenses. Exhibits to this item were presented in an overhead presentation and will be mailed to each Board member: (1) December 22, 2016 letter from Purvis Gray and Company, and (2) Financial Statements and Independent Auditors' Report, September 30, 2016.

Following consideration, **Mr. Carnahan moved, seconded by Mr. Champion, to approve the Financial Statements and Independent Auditors' Report for Fiscal Year 2015-16, dated September 30, 2016, as presented at the meeting; and submittal of this report to the Auditor General and to the Florida Department of Financial Services. The motion carried with Mr. Kemerer voting against the motion since he was unable to read the report prior to this meeting.**

10. Citrus County Water School

Mr. Owen noted he sits on the planning committee for the UF/IFAS Extension Service Citrus County which is hosting the Citrus County Water School, scheduled for February 9, 2017. WRWSA Executive Director Richard Owen sits on the planning committee for the event. The event's objective is to provide local decision makers and community leaders with an opportunity to discuss the county's and region's current and future water issues, along with possible solutions. This policy-neutral, fact-based event is offered free of charge. Invitees include local government representatives from throughout the WRWSA's four-county area.

Mr. Owen said it is proposed that the WRWSA sponsor a raffle of five (5) irrigation audits for attendees to help support the event. A proposal for the work from Eco-Land Design, the contractor for the WRWSA's Irrigation Audit Program, is included as an exhibit to this item. At a cost of \$290 for each audit, the Authority would incur a total cost of \$1,450 to sponsor the raffle. In the Fiscal Year 2015-16, Citrus, Hernando and Marion counties each received a WRWSA water conservation grant. However, each county billed the Authority for less than the full grant amount, leaving over \$28,000 to carry forward as revenue to the current fiscal year. These funds are more than adequate to cover the cost of this proposed irrigation audit raffle. If approved by the Board, the funds for the sponsorship would come from the General Services Contracts budget. This line item is budgeted at \$75,000 for the year, with only \$25,000 obligated by a work order to Water Resource Associates, leaving an unobligated amount of \$50,000 available.

In response to Mr. Printz's inquiry, Mr. Owen said the planning committee is using this to garner interest by the attendees to stay for the entire event to be eligible to receive a raffled audit.

Following consideration, **Mr. Brown moved, seconded by Mr. Carnahan, for the Board to authorize the WRWSA to sponsor the raffle of five (5) irrigation audits at the February 9, 2017 Citrus County Water School at a cost of \$1,450 to utilize funds in the General Services Contracts budget for this purpose; and for the Executive Director to sign the agreement with Eco Land Design to perform this work as contained in the exhibit. Motion carried unanimously.**

11. Charles A. Black Wellfield Renewal and Replacement Fund Annual Report

Mr. Owen noted that Citrus County has submitted to the Authority the annual report for the Charles A. Black (CAB) Wellfield Renewal and Replacement (R&R) Fund, documenting deposits and expenditures for the fiscal year ending September 30, 2016. A copy of which was included as an exhibit to this item in the Board's meeting materials.

Mr. Owen said staff has reviewed this report and met with Citrus County staff to go over the report's contents. This review determined that the deposit made into the fund, in the amount of \$182,870.00, are consistent with the contractual schedule for annual deposits. However, based upon this review with County staff, it has been determined expenditure item number 7, in the amount of \$1,361.25, is not associated with the CAB facilities and is to be credited back to the R&R account. This will result in a revised total expenditure amount of \$145,604.47. Although some of the other expenditures are not clearly addressed in the CAB Wellfield R&R fund controlling contracts, they do appear to be associated with the CAB facilities and, based upon this analysis, staff believes all other expenditures are appropriate. The revised ending balance as of September 30, 2016, is \$2,141,668.10. It is anticipated Citrus County will submit a revised Annual Report to the Authority in the near future.

Following consideration, **Mr. Carnahan moved, seconded by Mr. Printz, for the Board to accept Citrus County's annual report for the CAB R&R Fund, documenting expenditures and deposits for the fiscal year ending September 30, 2016, with the revisions described, including deposits in the amount of \$182,870.00, expenditures in the amount of \$145,604.47, and an ending balance of \$2,141,668.10. Motion carried unanimously.**

12. Charles A. Black Wellfield Revenues

Mr. Owen said that, in September 2016, the WRWSA and Citrus County entered a new Water Supply Contract governing the Charles A. Black (CAB) Wellfield. One of the key features of the new contract is the County will base its monthly payments upon actual water withdrawals. Under the previous contract, the County was making payments for (a) a portion of the Authority's administrative costs (\$60,000 per year) and (b) "capital repayments" (most recently in the annual amount of \$163,587). Historically, the Authority has kept these revenues in separate investment accounts with the State. The first amount has been treated as an unrestricted account while the second component has been placed in a separate account, the use of which is restricted for water resource development projects. The separation of these revenues and investments was in response to a provision in the SWFWMD/WRWSA CAB wellfield funding agreement that required the Authority to recoup the SWFWMD funds for future water resource development projects. Although the SWFWMD/WRWSA agreement expired in 1999 and its provisions are no longer binding, the Authority has continued to place the Citrus capital repayment amounts in the restricted fund.

Mr. Owen noted that, under the new contract, there are no provisions regarding administrative and capital repayment amounts. Staff is seeking direction from the Board as to whether the County's payments under the new contract should continue to be divided among the restricted and unrestricted accounts and, if so, in what amounts. Staff believes it is prudent for the Authority to continue to keep the existing investments and appropriate portions of the new CAB wellfield revenues in these separate accounts. Since there no longer exists a contractual "capital repayment schedule," it is recommended the Authority attempt to maximize the funds in the capital account while also balancing the administrative components of the budget without utilization of unrestricted reserves.

Mr. Owen said, in prior years, there were two sources of WRWSA administrative revenues including (1) the per capita payments by each member county and (2) the \$60,000 annual payment by Citrus County under the prior CAB wellfield contract. (It should be noted that Citrus County continues to make per capita payments pursuant to the WRWSA Interlocal Agreement.) Typically, these revenues were inadequate to cover all administrative expenses and the difference was made up by utilization of unrestricted reserves. For example, in the current fiscal year, the total administrative budget is \$212,784, while per capita revenues are \$147,285 and the CAB wellfield administrative payment is \$60,000, for a total administrative revenue of \$207,285, leaving \$5,499 that must come from unrestricted reserves. Under the approach recommended by staff and using the current fiscal year as an example, \$65,499 (\$60,000 + \$5,499) would have been budgeted from the Citrus wellfield payments as administrative revenues. The remaining wellfield revenue, estimated to be approximately \$218,501 (\$224,000 - \$5,499) would be budgeted in the restricted or water resource development account.

Following consideration, **Ms. Stone moved, seconded by Mr. Carnahan, for Board concurrence with the protocol regarding allocation of future Charles A. Black wellfield payments among the unrestricted and restricted accounts of the Authority. Motion carried unanimously.**

Vice-Chairman Nicholson recognized Representative Stan McClain who arrived to attend the Authority's 40th Anniversary Celebration and who is also a former member of the Board.

13. Regional Irrigation Audit Program Cooperative Funding Agreement with Marion County

Mr. Owen said Marion County has participated in each phase of the WRWSA's Regional Irrigation Audit Program, including conceptually agreeing to participate in Phase 4, which began in the current fiscal year. In the past, the County's participation was informal and no Agreement was required for their participation. However, for the Phase 4 Program, the County has requested its participation be documented in a Cooperative Funding Agreement between the Authority and the County.

The proposed Agreement is similar to the agreements entered into with The Villages for its participation in Phase 4 and included as an exhibit in the Board's meeting materials. The WRWSA Board previously approved funding for this project, including the irrigation audits scheduled in Marion County.

Following consideration, **Mr. Brown moved, seconded Mr. Printz, for the Board to approve the Cooperative Funding Agreement between the WRWSA and Marion County for the Regional Irrigation Evaluation Program, as contained in the exhibit. Motion carried unanimously.**

14. Executive Director's Report

- a. **Bills to be Paid** – Mr. Owen noted that copies of January 2017 were provided to Board members at their seats.

Mr. Owen presented the December 2016 bills and requested Board concurrence of payment for administrative invoices in the amount of \$14,712.46 and project invoices in the amount of \$500.00. **Mr. Carnahan moved to ratify payment of the December 2016 bills in the total amount of \$15,212.46. The motion was seconded by Mr. Printz and carried unanimously.**

Mr. Owen presented the January 2017 bills and requested approval of payment for administrative invoices in the amount of \$14,366.02 and project invoices in the amount of \$4,328.98, totaling \$18,695.00. Following consideration, **Mr. Carnahan moved for payment of the January 2017 bills in the amount of 18,695.00, as presented. The motion was seconded by Mr. Brown and carried unanimously.**

b. Bank Signature Cards and Resolution – Mr. Owen said that, due to the election of new officers for the Authority, a new business account signature card is needed to provide the bank with a list of authorized signatures. The Board must also take action on a *Deposit Account Resolution and Authorization*. These documents were included as exhibits in the Board's meeting materials. **Mr. Carnahan moved, seconded Ms. Stone, for the Board to approve and authorize the Chair, Vice-Chair, Treasurer and Ex Officio Secretary to execute the new bank signature card the *Deposit Account Resolution and Authorization* with Sun Trust Bank. Motion carried unanimously.**

c. Correspondence – Items were included in the Board's meeting materials.

d. News Articles – News articles of interest were included in the Board's meeting materials. Mr. Owen directed Board members' attention to last two articles starting on page 83, noting an administrative challenge has been submitted to the St. Johns River Water Management District regarding the Sleepy Creek Lands (formerly called Adena) permit.

e. Other

- Mr. Owen noted that Marion County notified the Authority that Devo Engineering has declined to move forward with contract services regarding Northern District Model (see handout). No Board action was necessary.
- Mr. Owen reported Citrus County is suggesting to combine permits (includes CAB Wellfield) to SWFWMD to meet per capita requirements. He recommended the Authority not support including CAB Wellfield due to maximum quantity numbers. No Board action was necessary.

10. Legislative Report – Ms. Salz provided a brief update on activities occurring now and in the upcoming weeks. She noted that she will provide a more indepth report at the next meeting.

11. Attorney's Report – No report at this time.

12. Other Business – Mr. Owen noted the WRWSA 40th Anniversary Celebration follows adjournment of this meeting and will be held in the Citrus Cooperative Extension Office at 5:00 p.m.

Mr. Brown directed Board members to news articles on pages 77 and 86. He noted that balance is needed for conserving and preserving.

13. Next Meeting Time and Location

- **Vice Chairman Nicholson called the question to cancel the February 15, 2017 monthly meeting. Mr. Carnahan moved, seconded by Mr. Brown, to cancel the December meeting. The motion carried unanimously.**
- The next monthly meeting is scheduled for March 15, 2017 at 3:30 p.m. at the Lecanto Government Building, Room 166.

14. Adjournment

Vice Chairman Nicholson adjourned the meeting at 4:47 p.m.

Nick Nicholson, Vice-Chairman

Richard S. Owen, Executive Director