

APPROVED

WITHLACOOCHEE REGIONAL WATER SUPPLY AUTHORITY BOARD OF DIRECTORS

Minutes of the Meeting April 17, 2019

TIME: 3:37 p.m.
PLACE: Lecanto Government Building
ADDRESS: 3600 W. Sovereign Path, Room 280, Lecanto, Florida 34461

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

1. Call to Order

Chair Stone called the Withlacoochee Regional Water Supply Authority (WRWSA) Board of Directors meeting to order at 3:31 p.m. and requested a roll call.

2. Roll Call

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

BOARD MEMBERS PRESIDING

Michelle Stone, Chair, Marion County Commissioner
Stephen Printz, *Vice-Chair*, Sumter County Commissioner
Ken Brown, Crystal River City Councilor
Kathy Bryant, Marion County Commissioner
Al Butler, Sumter County Commissioner
Scott Carnahan, Citrus County Commissioner
Steve Champion, Hernando Co Commissioner
Gary Ernst, Belleview City Commissioner
Jeff Holcomb, Hernando Co Commissioner
William Kemerer, Brooksville City Councilor
Jeff Kinnard, Citrus County Commissioner
Dale Swain, Bushnell City Councilor
Carl Zalak, Marion County Commissioner

BOARD MEMBERS ABSENT

None

ALTERNATE(S) PRESIDING

None

3. Introductions and Announcements

WRWSA STAFF PRESENT

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

OTHERS PRESENT

Brian Armstrong, SWFWMD Executive Director
Ron Basso, SWFWMD Chief Hydrogeologist
Alys Brockway, Hernando County Water Res Mgr
Debra Burden, Citrus Co Water Conservation
Kim Dinkins, Marion County Water Resources

OTHERS PRESENT *(continued)*

Michon Fabio, Marion County Water Res Liaison
Gabe Herrick, PhD., SWFWMD Sr Env Scientist
Ken Hinkle, City of Inverness Council
Gregg Jones, Brown and Caldwell
Jody Kirkman, Marion Co Environmental Services
Terri Lowery, Jones Edmunds
Denise Lyn, Citrus County Attorney
Gordon Onderdonk, Hernando County Utilities Dir
Joe Quinn, SWFWMD Water Supply Project Mgr
Richard Radacky, City of Brooksville Public Works
Jennifer Rey, Sumter County Attorney
Mark White, Purvis Gray & Company

4. **Pledge of Allegiance** – Chair Stone led those present in reciting the Pledge of Allegiance.

5. **Public Comment** – Chair Stone opened public comment. No audience members requested to address the Board.

6. Consent Agenda

- a. **Approval of Minutes** – The January 16, 2019 and February 20, 2019 were provided in the Board’s meeting materials and recommended for approval.
- b. **Bills to be Paid** – Staff recommended ratification of January 2019 (\$57,886.00), February 2019 (\$31,268.50) and March 2019 (\$64,249.85) bills and approval of payment of April 2019 bills (\$29,944.53).
- c. **Purvis Gray & Company Compilation Engagement Letter** – Staff recommended to approve and authorize the Chair to sign the Compilation Engagement Letter with Purvis Gray & Company, LLC.
- d. **FY 2018-19 First Quarter Financial Report** – Staff recommended acceptance of the FY 2018-19 First Quarter Financial Report.
- e. **Water Conservation Month Resolution** – Staff recommended to approve and authorize the Chair to sign Resolution No. 2019-02 declaring April 2019 as “Water Conservation Month.”
- f. **Springs Protection Awareness Month Resolution** – Staff recommended to approve and authorize the Chair to sign Resolution 2019-03 declaring April 2019 as “Springs Protection Awareness Month.”

Mr. Carnahan moved, seconded by Mr. Zalak, to approve Consent Agenda Items 6.a., 6.b., 6.c., 6.d., 6.e., and 6.f. The motion carried unanimously.

7. Election of Board Officers

Mr. Owen explained that, at the January 2019 meeting, the Board elected officers and Hernando County Commissioner Wayne Dukes was elected Treasurer. The Hernando County Board of County Commissioners recently made new appointments. Commissioner Dukes was replaced by Commissioner Holcomb, with Commissioner Champion continuing to serve as a Hernando County representative on the WRWSA Board.

With Commissioner Dukes leaving the Board, it is necessary for the Board to elect a new Treasurer. The office of Treasurer is customarily filled by a Board member from the county without a representative as an officer in the previous slate of officers and Hernando County did not have an officer position on the previous slate. This practice is informal, and circumstances may warrant nominations and elections to deviate from this practice.

Mr. Zalak moved, seconded by Mr. Printz, to elect Mr. Jeff Holcomb, Hernando County Commission, to serve as the Board’s Treasurer. Motion carried unanimously.

8. Special Counsel Report

- a. **Amendment of Agreement for Special Counsel Services** – Mr. Owen noted that, at the Board’s February meeting, with representatives of both Inverness and Crystal River in attendance, there was significant Board discussion during the roll call regarding who is the appropriate municipal representative from Citrus County. In an effort to bring closure to this issue and recognizing that the WRWSA’s General Counsel, Mr. Larry Haag, had declared a conflict in that he represents the City of Inverness as well as the WRWSA, staff requested Special Counsel provide an opinion on this matter and to do so prior to the next Board meeting. These services were not specifically included in the original Agreement for Professional Legal Services with Special Counsel.

Mr. Carnahan requested that the phrase “or Executive Director” be deleted since the Board should give direction to the Special Counsel. The Board was in agreement.

Mr. Zalak moved, seconded by Ms. Bryant, to approve the First Amendment to the Agreement for Professional Legal Services with Gilligan, Gooding, Franjola and Batsel, P.A., as revised to delete “or Executive Director” under 2. Scope of Additional Services. Motion carried unanimously.

- b. **Citrus County Municipal Representation on the WRWSA Board** – Mr. Owen said that included in the Board’s meeting materials is the opinion letter from Special Counsel regarding Joint Municipal Representative from Citrus County. The letter advised that, pursuant to the Interlocal Agreement, the City of Crystal River remains authorized to serve as the joint representative from Citrus County unless and until the member cities select an alternative representative or mutually acceptable arrangement, the Interlocal Agreement is amended by the signatories, or alternative action is taken to effectuate the removal of members or representatives through other means.

Ms. Bryant moved, seconded by Mr. Printz, to accept the Special Counsel opinion letter regarding municipal representation from Citrus County. Motion carried unanimously.

- c. **Sumter County’s Request for Declaratory Judgement** – Mr. Batsel provided the Board with an update on the Petition for Declaratory Judgment filed on March 12, 2019. A motion was filed to extend the date to April 29, 2019. The Citrus County Board of County Commissioners took action by passing Resolution 2019-21, pursuant to Chapter 164, Florida Statutes, and the letter is intended to initiate the governmental dispute process as set forth therein. A copy of the letter and resolution, as well as Chapter 164, was provided to the Board members.

In response to Chair Stone’s question, Mr. Batsel said it is an open meeting for all parties to attend. He said the meeting will be calendared within 30 days of the notice received from Citrus County. Each entity involved should designate a representative.

Mr. Carnahan noted that the budget will be voted on today so that should resolve the issue. Mr. Batsel said that is correct and makes the issue moot.

This was an information item and no action was required at this time.

9. Reevaluation of the Minimum Flows for the Chassahowitzka and Homosassa River Systems

Gabe Herrick, PhD., Senior Environmental Scientist, and Ron Basso, Chief Hydrogeologist, both with the Southwest Florida Water Management District (SWFWMD), provided an update on the reevaluation of the Minimum Flows (MFLs) for the Chassahowitzka and Homosassa River Systems.

Dr. Herrick said MFLs for the Chassahowitzka and Homosassa River Systems were first adopted by the SWFWMD in 2013. The SWFWMD committed to reevaluate the Minimum Flows for these two river systems within six years of the initial adoption. The reevaluations are scheduled for completion in 2019. The upcoming schedule for reevaluation of MFLs is as follows: March-May 2019: peer review, March-June 2019: stakeholder outreach, June 2019: Public workshop to be determined, Fall 2019: District Governing Board meeting – approve recommendation and initiate rulemaking, and December 2019: rulemaking to adopt minimum flow.

Mr. Basso reviewed the groundwater impacts to Chassahowitzka and Homosassa Spring Groups. His summary noted that geology and relatively low groundwater use have led to small flow changes of 1 to 2 percent; Upper Floridan aquifer water levels are stable over the last three decades; and current groundwater use trend is flat the last 8-10 years due to conservation, increased use of reclaimed water, and slower population growth. The MFL allows an 8 percent reduction due to withdrawals for the Chassahowitzka and a 5 percent reduction at Homosassa. Current spring flow decline of 1 to 2 percent due to withdrawals and this is projected to increase to 2 to 3 percent in 2035. No recovery or prevention strategy is needed at this time.

Ms. Bryant suggested that, when possible, to receive presentations being made to the Board prior to the meeting.

In response to Chair Stone’s question, Mr. Basso said all information and the draft report are posted to the SWFWMD’s website along with notice of upcoming meetings such as the public workshop in

June. Vice Chair Printz said it is always reassuring to hear about the work being done and the public needs to be aware of the facts since this bodes well for the future. In response to Mr. Butler's question, Mr. Basso said the reassessment is typically for a 10-year period.

Mr. Owen noted that the SWFWMD Governing Board is subject to public pressure which is why the Chassahowitzka was set at 3 percent in 2013 and not at the staff recommendation of 9 percent. He said the Board should be cognizant of this action and the Authority's continued involvement regarding the public water supply sector. In response to Mr. Holcomb's query, Mr. Owen provided background information on the SWFWMD Governing Board's action in 2013.

Board consensus was to provide a press release noticing the public of important open forums for comment in the near future.

This was an information item and the presentation will be made available on the Authority's website.

10. FY 2017-18 Annual Audit Report

Mr. Mark White, Partner with Purvis Gray & Company, LLP, was present to present the annual audit Purvis Gray and Company prepared of the Authority's financial statements for the Fiscal Year ending September 30, 2018. Included in the Board's meeting materials was the Authority's financial position provided by Purvis Gray & Company and a letter from Purvis Gray and Company; and the Financial Statements and Independent Auditors' Report for Fiscal Year (FY) 2017-18.

In response to Vice Chair Printz's question, Mr. White said the only item to comment on is governance since a quorum was not obtained for the FY 2018-19 budget.

Following consideration, **Mr. Printz moved, seconded by Ms. Bryant, to approve the Financial Statements and Independent Auditors' Report for Fiscal Year 2017-18, dated March 5, 2019, as presented at the meeting and submittal of this report to the Auditor General and to the Florida Department of Financial Services. Motion carried unanimously.**

11. FY 2018-19 Budget Ratification

Mr. Owen noted that the Revised and Restated Interlocal Agreement creating the WRWSA requires at least one county commissioner member from each of the Authority's four counties be present to constitute a quorum for purposes of approving the budget. This budget approval quorum requirement has not been met at multiple Board meetings where the Fiscal Year (FY) 2018-19 budget was placed on the agenda for approval, including the May and September 2018 regularly scheduled Board meetings and the October 2018 special Board meeting convened for the specific purpose of budget approval. At each of these meetings, which otherwise met the quorum requirements for having a Board meeting, a majority of the members present voted to approve the budget. This item was placed on the agenda in anticipation that at least one county commissioner member from each of the Authority's four counties will be present to constitute a quorum for purposes of approving the FY 2018-19 budget. Included in the Board's meeting materials were associated exhibits for the FY 2018-19 Budget which are the same as was provided for the May, September and October 2018 Board meetings. Also included was the amendment of the FY 2018-19 budget presented at the February 20, 2019 for Professional Legal Services.

Ms. Bryant moved, seconded by Mr. Butler, to ratify action taken by the Board at its October 17, 2018 meeting approving the FY 2018-19 budget by adoption of Resolution 2018-04, shown as in the Exhibit, said budget including budgeted expenditures in the amount of \$835,255, budgeted reserves in the amount of \$1,330,756, and a combined total amount of \$2,166,010, as presented in Exhibit A; and amendment of the FY 2018-19 budget on February 20, 2019 for Professional Legal Services.

Mr. Kinnard said he will not support Items 11 and 12 since he is concerned with making tough decisions that involve taxpayer funds. This Authority has existed for decades and has one customer which will continue into the foreseeable future. He said a lot of money is being spent to manage the wellfield for one customer. Mr. Kinnard said the Regional Water Supply Plan (RWSP) Update presented discussed two possible future water supply sources were a desalination plant and withdrawing water from the Withlacoochee River. He reiterated his concern for the Authority's budget amount.

Mr. Carnahan voiced his agreement with Mr. Kinnard's comments. He said he is concerned about the Authority utilizing a legislative consultant when the commissioners sitting here have access through the Florida Association of Counties (FAC) which has recently formed a water board. He said he would not support Item 11.

Mr. Holcomb said he agreed with Mr. Carnahan about access to the Legislature. He said he would also not support Item 11.

Mr. Brown noted for the record that the City of Crystal River does not support Item 11.

Mr. Zalak questioned whether the Authority would continue in a planning function if it did not have a customer. Mr. Kinnard said the Board should continue to exist and plan for water resources regionally but believes it can be done for less. He noted that Citrus County employees operate and maintain the wellfield.

Ms. Bryant said, for clarification, the RWSP January presentation noted that the desalination plant was not viable and therefore not an option. Mr. Kinnard said the RWSP is a \$300,000 project to show whether or not options are viable. He said he is criticizing the Authority's budget amount.

Mr. Champion raised the question of a county leaving the Authority which Hernando County has discussed but not taken action. Mr. Haag said an amendment to the Interlocal Agreement would be required. Mr. Champion said he agrees with not spending taxpayer dollars especially if duplicating SWFWMD efforts. He said he did not like the way Citrus County was treated regarding the wellfield and water situation. He suggested selling the wellfield to Citrus County who is the only customer.

Mr. Carnahan stated this Authority is not statutory but created through interlocal agreement.

Mr. Owen clarified that the expenditure budget is spent on administration and projects. He noted that in the current year, the expenditure budget is approximately \$835,000, as well as budgeted reserves of \$1,330,756. Of the expenditure budget, projects represent approximately \$627,000 and administration is about \$207,000. Next year the amount for projects drops significantly to approximately \$292,000 due to a change in projects. The administrative budget remains relatively stable.

Vice Chair Printz said the budget process provides an opportunity to question any line item in the budget and raise concerns. He said it will be disruptive as it is now April to comment on the FY 2018-19 budget. He said it will be appropriate have this conversation for the next budget.

In response to Mr. Kemerer's question, Mr. Owen said the cities do vote on the budget. That is not to be confused with the Interlocal Agreement requirement to have at least one county commissioner from each county for purposes of a quorum for budget purposes.

Chair Stone called the question and Mr. Owen reiterated the staff recommendation.

Motion passed with Messrs. Brown, Carnahan, Champion, Holcomb and Kinnard dissenting.

12. **FY 2019-20 Budget Approval**

Mr. Owen said that included in the Board meeting materials is the proposed FY 2018-19 budget for the Board's review and approval. The budget has been prepared in a conservative manner in an effort to reduce costs and enhance efficiencies for member governments.

Ms. Bryant said this may be the appropriate time to hold discussions regarding this Board moving forward and county participation. She requested information about the Authority's history and purpose, the of creation the Authority and suggested postponing this item for future discussion. Ms. Bryant said the Board needs to discuss continuing the Authority; and then also discuss if that is not the desire of the counties involved and Citrus County is interested in purchasing the wellfield, the Board needs to discuss a fair value payback to the counties which have invested through the years.

In response to Mr. Zalak's question, Mr. Owen said the Authority's budget must be provided to the counties by June 1 for the purpose of inclusion in their budgets. The Board's next meeting is May 15.

In response to Mr. Butler's question, Mr. Batsel said the existing fiscal year budget issue is now moot and the current litigation ends.

Mr. Carnahan said he agrees with Ms. Bryant and now is the time for these discussions. He voiced his concerns about the action taken by the Board regarding the cities of Crystal River and Inverness. Mr. Bryant apologized for the confusion that occurred.

Vice Chair Printz said it would be helpful if the counties come back in May with their concerns for future participation and state their position to assist with determining future funding. He said this will set the tone for ongoing dialogue.

Mr. Brown noted that he has been a member of this Board since 2012 and plans to resign at the end of this year.

Following discussion, **Ms. Bryant moved and Mr. Champion seconded, for the Board to table this item for consideration at its next meeting. Motion carried unanimously.**

Discussion ensued regarding topics for the May meeting to include the Authority mission and necessity based on each member's perspective, the budget, and consideration to hire a consultant to determine the value of the wellfield and proposing a scope of work.

Chair Stone requested staff provide Board members with the Authority's history and background information in preparing for the next meeting.

13. **Executive Director's Report**

- a. **Correspondence** – Board members received a copy of the Citrus County Board of County Commissioners letter dated April 16, 2019, relaying that the Board took action by passing Resolution 2019-21, pursuant to Chapter 164, Florida Statutes, and the letter is intended to initiate the governmental dispute process as set forth therein.
- b. **News Articles** – Mr. Owen noted the article regarding the milestone for the Peace River Manasota Regional Water Supply Authority in receiving a 50-year water use permit.
- c. **Other** –Mr. Owen noted that, at its September 19, 2018 meeting, the Board authorized the submittal of an application to the Southwest Florida Water Management District's (SWFWMD) Fiscal Year (FY) 2019-20 Cooperative Funding Initiative. The application was for Phase 6 of the Authority's Irrigation System Audit Program. At the time of preparing the application, it was anticipated the irrigation system audits being conducted in the ongoing Phase 5 of the Program would be completed during the 2019 calendar year, well before the project timeline requirements. This was based on the knowledge that the mailing of invitations was to be completed in late 2018 and early 2019, as well as the fact that the Authority's contractor had increased its staff resources

for this phase of the program. The Phase 5 Cooperative Funding Agreement timeline authorizes audits to be conducted from December 1, 2018 through May 31, 2020. Audits have not progressed as quickly as intended, primarily due to lower than expected response rates and difficulties identifying participants.

Mr. Printz moved, seconded by Ms. Bryant, to approve withdrawal from the SWFWMD FY 2020 Cooperative Funding Initiative for Phase 6 of the Irrigation Audit Program. Motion carried unanimously.

14. **Legislative Report** – Ms. Salz noted that Board members were provided a copy of the legislative summary dated April 12, 2019. She then briefed members on activities occurring in the Legislative Session.
15. **Attorney’s Report** – Mr. Haag informed the Board of his retirement and 120-day notice of termination. Chair Stone, on behalf of the Board, thanked Mr. Haag for his years of service. Ms. Bryant suggested Mr. Haag provide a written history of the Authority.
16. **Other Business** – Mr. Brown informed the Board of a water withdrawal issue and requested support for the City of Crystal River to SWFWMD for denial a water use permit modification for withdrawing water for a bottling business. Several Board members voiced their support for the City and advocacy for this region’s water.
17. **Next Meeting Time and Location**
 - Next Regular Board Meeting – May 15, 2019 at 3:30 p.m. at the Lecanto Government Building, Room 166.
18. **Adjournment** – Chair Stone adjourned the meeting at 5:47 p.m.

Michelle Stone, Chair

Richard S. Owen, Executive Director