MINUTES OF THE EMERALD COAST UTILITIES AUTHORITY BOARD MEETING HELD THURSDAY, AUGUST 25, 2011 AT 3:00 P.M. IN THE ECUA BOARD ROOM AT 9250 HAMMAN STREET, ELLYSON INDUSTRIAL PARK, PENSACOLA, FL

Members present:	Elvin McCorvey, Chairman Larry Walker, Vice Chairman Lois Benson Elizabeth S. Campbell Dale Perkins
Counsel present:	Bradley S. Odom
Staff present:	Stephen E. Sorrell, Executive Director Rick Anderson, Director of Human Resources Nathalie Bowers, Public Information Officer Debra Buckley, Director of Finance Tim Haag, Director of Communications and Government Affairs Linda Iversen, Executive Assistant to the Board Bill Johnson, Director of Engineering Ned McMath, Deputy Executive Director-Utility Operations Jim Roberts, Public Information Officer Randy Rudd, Deputy Executive Director-Shared Services

ITEM 1 – CALL TO ORDER

Chairman McCorvey called the regular meeting of the Emerald Coast Utilities Authority Board to order at approximately 3:00 p.m.

ITEM 2 – INVOCATION AND PLEDGE OF ALLEGIANCE

Mr. Perkins provided the invocation and led the Pledge of Allegiance.

ITEM 3 – ADOPTION OF AGENDA

Ms. Benson requested that Open Forum be moved up on the agenda to follow Item 4. Ms. Benson also added "utility cut-offs" and "small scale contracts" to the agenda.

Mr. Perkins added "Northwest Florida Water Management District" to the agenda.

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Mr. Sorrell added item 12(a) – Motorola Radio Replacement/ Purchase – to the agenda.

Chairman McCorvey requested that item 7(b) be moved to follow Item 5.

A motion was made by Dr. Walker, seconded by Ms. Benson, to adopt the agenda as presented and amended. Motion carried 5-0.

ITEM 4 – COMMUNICATIONS AND PRESENTATIONS

(a) Presentation of 2010 Gold Award from The National Association of Clean Water Agencies for the Bayou Marcus Water Reclamation Facility

Chairman McCorvey presented the 2010 Gold Award from The National Association of Clean Water Agencies for the Bayou Marcus Water Reclamation Facility to ECUA employees Steve Woods, Sonny Bonds, and Ned McMath. Mr. McMath expressed his appreciation to the employees at the Bayou Marcus Facility for their efforts, resulting in receipt of the 2010 Gold Award.

ITEM 5 – APPROVAL OF MINUTES

A motion was made by Dr. Walker, seconded by Mr. Perkins, to approve the minutes of the regular Board meeting of July 28, 2011 as presented. Motion carried 5-0.

ITEM 6 – REPORT OF THE CITIZENS' ADVISORY COMMITTEE 07/20/11

F. Presentation by Combined Insurance Services

Information only – Committee only.

G. Staff Presentation – Compressed Natural Gas

Information only – Committee only.

H. Staff Presentation – Pharmaceuticals Take-Back Program

Held in Committee.

I. Fiscal Year 2012 ECUA Insurance Policy Renewals

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A motion was made by Ms. Benson, seconded by Mr. Perkins, to award the renewals for insurance coverage to carriers, as shown below, at an annual cost of $985,807, with funding from the appropriate budget line item, and approve an amount for Operating Contingencies to fund any potential property losses. Motion carried 5-0.

1. Property Insurance – Florida League of Cities (through Florida Municipal Insurance Trust-FMIT) $616,957. (This is a decrease in premium.)

2. Vehicle Fleet Insurance – Florida League of Cities (FMIT) $163,394. (This is a slight decrease in premium as older types vehicles were removed from the fleet.)

3. Commercial Crime Coverage – Fisher-Brown, Inc., (through Hartford Insurance Group) $6,098. (There is no increase in premium.)

4. Public Officials and Employment Practices (Errors & Omissions) Liability coverage – Fisher-Brown, Inc., (through RSUI) $28,708. (This is a decrease in premium.)

5. Workers' Compensation (excess) coverage – Florida League of Cities (FMIT) $119,298. (This is a decrease in premium.)

6. Public Official Bond as Comptroller – Fisher-Brown, Inc., (through Hartford Insurance Group) $1,012. (There is no increase in premium.)

7. Road Restoration Bond – Fisher-Brown, Inc., (through Western Surety) $149.00. (There is no increase in premium.)

8. Flood Insurance – Fisher-Brown, Inc., (through Fidelity National/NFIP) $29,313. (This is a slight increase in premium due to adding three new large lift stations.)

9. Property & Allied Coverage/Inland Marine (Scientific Equipment, Contractors Equipment, EDP) - Florida League of Cities (FMIT). This is Included in the overall property coverage policy by the FMIT.

10. Environmental/Pollution-Fisher-Brown, Inc., $20,878, which is a slight reduction. This is for a one year premium rate.

J. <u>Compensation Plan Structure</u>

A motion was made by Dr. Walker, seconded by Ms. Campbell, to approve abolishment of the current compensation plan structure and grant

authority to the Executive Director to create, edit, and present a new compensation plan structure for the hourly and salaried employees at the ECUA, *provided that each significant change in the future in the compensation plan will be reported promptly to the Board.* There will not be a change in compensation for any ECUA employee included in the implementation of the compensation plan structure.

A motion was made by Mr. Perkins, seconded by Dr. Walker, to table this issue. After further discussion, Dr. Walker withdrew his second and the motion died for lack of a second.

A motion was made by Dr. Walker, seconded by Mr. Perkins, to table this issue with the understanding that the Executive Director proceed with his analysis and bring it back to the Committee. After further discussion, the second and motion was withdrawn.

Ms. Benson commented that she feels we are at the point that a comprehensive study needs to be done that includes salaries and benefits as a package. Also, Ms. Benson stated that she would like for the study to include a profile of the employee base that would include racial, gender and disability equity. Ms. Benson stated she would make this in a motion if she got any consent from her fellow Board members. There were no comments from her fellow Board members.

Mr. Odom cautioned the Board that "abolishment" of the current compensation plan could result in issues concerning the placement of any new hires during the period when a compensation structure would not be available. Further, he feels that striking from the Committee recommendation the words "approve abolishment of the current compensation plan structure and" would accomplish what the Board wants to do.

A motion was made by Mr. Perkins, seconded by Ms. Campbell, to grant authority to the Executive Director to create, edit, and present a new compensation plan structure for the hourly and salaried employees at the ECUA, provided that each significant change in the compensation plan in the future will be reported promptly to the Board. There will not be a change in compensation for any ECUA employee included in the implementation of the compensation plan structure. Motion carried 5-0.

K. <u>Fiscal Year 2012 Budget</u>

(1) A motion was made by Ms. Benson, seconded by Mr. Perkins, to eliminate the direct reimbursement of the retirement shortfall. Motion carried 5-0.

(2) A motion was made by Ms. Benson, seconded by Mr. Perkins, to move the 3.5% (that amount of money) into an enhanced salary structure to be distributed based on performance.

An amendment to the motion was made by Dr. Walker to reduce it to 2.5%. Motion died for lack of a second.

Chairman McCorvey stated that he would like to see a 3.5% across-the-board.

An amendment to the motion was made by Dr. Walker, seconded by Mr. Perkins, to move the 3.5% (that amount of money) into an enhanced salary structure to be distributed among all employees based on performance.

Mr. Sorrell stated that he had some communications with Mr. Odom on the language and suggested "the employee compensation increase of 3.5% is to be applied equitably to the entire employee compliment at the discretion of the Executive Director and to be effective with the FY 2012 budget".

A motion was made by Mr. Perkins, and seconded, to call the question. Motion carried 4-1 with Ms. Benson voting against the motion.

The vote on Dr. Walker's amendment to the motion carried 3-2 with Ms. Benson and Chairman McCorvey voting against the amendment.

A motion was made by Mr. Perkins, seconded by Dr. Walker, that the employees' compensation increase of 3.5% is to be applied, based on merit, equitably to the entire employee compliment, at the discretion of the Executive Director, and to be effective with the FY 2012 budget.

An amendment to the motion was made by Ms. Campbell to apply 2% across-the-board and 1.5% to merit. Motion died for lack of a second.

A substitute motion was made by Ms. Campbell, seconded by Mr. Perkins, to grant an employee compensation increase of 2% to all employees as well as a 1.5% increase to be applied, based on merit, equitably to the entire employee compliment at the discretion of the Executive Director and be effective with the fiscal year 2012 budget. Motion failed 2-3 with Ms. Benson and Messrs. McCorvey and Walker voting against the motion.

The vote on the main motion as made by Mr. Perkins, and seconded by Dr. Walker, carried 3-2 with Ms. Benson and Chairman McCorvey voting against the motion.

(3) That the Board approve the water and wastewater budget for fiscal year 2012 as amended. *Action on this recommendation was delayed until the special Board meeting scheduled for September 15, 2011.*

Mr. Perkins commented that if the 8% rate increase is in the budget, he will not vote for it.

Ms. Benson stated that she would be voting against the 8% as well.

(4) That the Board approve the sanitation budget for fiscal year 2012 as amended (recommendations (1) and (2) above, and includes a 1.7% rate adjustment of which 1.5% is attributable to the County. *Action on this recommendation was delayed until the special Board meeting scheduled for September 15, 2011.*

ITEM 7 - OPERATIONAL ITEMS:

(a) Adoption of Resolution 11-05

A motion was made by Mr. Perkins, seconded by Ms. Benson, to adopt Resolution 11-05 - A PRELIMINARY RATE SETTING RESOLUTION PROVIDING FOR NOTICE AND PUBLIC HEARING CONCERNING THE PROPOSED ESTABLISHMENT OF REVISED RESIDENTIAL SANITATION SERVICE CHARGES. Motion carried 5-0.

(b) Adoption of Resolution 11-06

Although reflected in agenda order in these minutes, this issue was considered following Item 5.

Bond Refunding

Mr. Mitch Owens, ECUA Financial Advisor, and Mr. Richard Lott, ECUA Bond Counsel, addressed the Board explaining the purpose of the refunding of the 1998B and Series 2001B bonds, stating that ECUA would have a savings of $1.4 million with the bond issue refunding. Mr. Owens informed the Board that consideration is being given at the Federal level to change the marginal tax rate from 35% to 25%.

Mr. Lott explained the difference in bonds and bank loans, stating that the bank loan cannot be paid off early and bonds cannot be paid off for 10 years.

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A motion was made by Mr. Perkins, seconded by Dr. Walker, to adopt Resolution 11-06 - A RESOLUTION OF THE EMERALD COAST UTILITIES AUTHORITY PROVIDING FOR THE ISSUANCE AND SALE OF A NOT EXCEEDING $14,000,000 UTILITY SYSTEM REFUNDING REVENUE NOTE, SERIES 2011, TO FINANCE THE COST OF REFUNDING ITS UTILITY SYSTEM REFUNDING REVENUE BONDS, SERIES 1998B AND ITS UTILITY SYSTEM REFUNDING REVENUE BONDS, SERIES 2001B; PROVIDING FOR THE PAYMENT THEREOF; MAKING CERTAIN OTHER COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH; FIXING THE MATURITY, INTEREST RATE, REDEMPTION PROVISIONS AND OTHER DETAILS WITH RESPECT TO SUCH NOTE; AUTHORIZING EXECUTION AND DELIVERY OF AN ESCROW DEPOSIT AGREEMENT AND APPOINTING AN ESCROW HOLDER FOR EACH ESCROW DEPOSIT AGREEMENT; AWARDING THE 2011 NOTE; PROVIDING FOR SEVERABILITY; PROVIDING FOR REPEAL OF INCONSISTENT PROVISIONS; AND PROVIDING AN EFFECTIVE DATE. Motion carried 5-0.

(c) Award of bid – Water Service Renewals 2011

Mr. Brian Toomey, Chavers Construction, addressed the Board concerning this award, once again requesting that the Board allow correction of their error and receive the award of bid.

A motion was made by Mr. Perkins, seconded by Ms. Benson, to find the bid submitted by the apparent low bidder, Chavers Construction, Inc., to be nonresponsive, and award the contract for the Base Bid in the total amount of $520,925.00 to Crestview Site and Underground, the lowest responsive bidder. Motion carried 4-1 with Ms. Campbell voting against the motion.

(d) Award of bid – Annual contract for Small Scale Utility Projects 2011

A motion was made by Mr. Perkins, seconded by Dr. Walker, to award the bid for the Annual Contract for Small-Scale Utility Projects-2011 to Warrington Utilities, the low bidder, with funding through the appropriate CIP project or operating budget line item. Motion carried 5-0.

(e) Award of bid – Montclair Diversion Project re-bid

A motion was made by Ms. Campbell, seconded by Dr. Walker, to award the contract for the Montclair Diversion Project to Starfish, Inc., of Brewton, Alabama, the low bidder for the Alternate Bid, in the amount of $2,673,689, and establish a project budget of $2,800,000 with funds from CIP Project CS141Z. Motion carried 5-0.

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(f) Purchase of in-line grinder-Lift station no. 11 (Scenic Hills)

A motion was made by Ms. Benson, seconded by Ms. Campbell, to waive the formal bid process and award the purchase of one Franklin Miller Taskmaster Grinder Model TM14024 in the amount of $94,285 with funds from CIP Project CS141z (LS No. 11 and No. 53 Upgrades). Motion carried 5-0.

(g) Cost sharing agreement with Escambia County – Sandicrest Drive utility relocation

A motion was made by Dr. Walker, seconded by Mr. Perkins, to authorize the Executive Director to enter into an agreement with Escambia County to reimburse the County for half of the water main relocation costs associated with the County's CR297A-Sandicrest Drive project, and establish a project budget in the amount of $100,000 with funding from CIP Project CR405. Motion carried 5-0.

(h) Miscellaneous lift station upgrades, Phase 1-Phase 1A construction work

A motion was made by Mr. Perkins, seconded by Dr. Walker, to waive the formal bid process and award a contact in the amount of $105,464.00 for Miscellaneous Lift Station Upgrades Phase 1A (CIP CS141V) to Lee Construction of Pensacola, Florida, the low bidder, and establish a project budget of $125,000.00 with a transfer of funds from CIP Project CS141Z, Main Street Plant Replacement to CIP Project CS141V, Miscellaneous Lift Station Upgrades Phase 1A. Motion carried 5-0.

(i) Lakewood Area Sewer Expansion-Phase V-Interlocal Agreement-Amendment #1

A motion was made by Ms. Benson, seconded by Dr. Walker, to approve Amendment #1 to the Interlocal Agreement between ECUA and Escambia County for the Lakewood Sewer Expansion, Phase V, in the amount of $492,506, and authorize the Executive Director to execute a change order with Utility Service Company to extend the sewer collection system into Basin 3 of the Lakewood Sewer Expansion, Phase V, with funding through CIP Project CS317X. Motion carried 5-0.

(j) Consulting service for the Bayou Marcus Wetlands

A motion was made by Dr. Walker, seconded by Ms. Campbell, to waive the bidding requirements and authorize the Executive Director to enter an agreement with Wetland Sciences, Inc., of Gulf Breeze, FL, for the monitoring at

the Bayou Marcus Wetlands, with funding from the appropriate budget line item. Motion carried 5-0.

(k) Humphreys well replacement

A motion was made by Mr. Perkins, seconded by Dr. Walker, to authorize the Executive Director to approve a change order in the amount of $92,550 to the Mobile Highway Water Production Well project for Layne to perform a test hole, test well and water quality sampling and testing at the property at 1300 Lansing Drive, with funds available in CIP Project CW607, Mobile Highway Well and Water Treatment Facility. Motion carried 5-0.

ITEM 8 - INFORMATIONAL REPORTS:

None.

ITEM 9 - EXECUTIVE DIRECTOR'S REPORT:

The following reports were presented for information only and did not require any action.

(a) Expenditures approved by the Executive Director – Main Street WWTP Replacement project

Mr. Sorrell reported that a Sanitation Department employee was struck by lightning on Wednesday. He was transported to Sacred Heart Hospital for observation and is okay.

Mr. Sorrell provided an update on the Scenic Hills lift station, stating that, on an emergency basis, approximately 3,000 feet of PVC pipe will be replaced - approximately 1,100 feet under the creek via directional bore with high density polyethylene (HDPE) pipe and another 2,000 feet with ductile iron. Mr. Sorrell further stated that we will also have to replace 350 feet of PVC at the Greenbrier Lift Station.

Further, Mr. Sorrell reported that FDEP has filed a Consent Order against ECUA relative to sanitary sewer overflows. The consent order requires a comprehensive plan by ECUA, a computer model of the entire wastewater system, and construction compliance with the computer model over the next five to seven years. This order mandates millions of dollars of capital improvements over the next several years.

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ITEM 10 - ATTORNEY'S REPORT

Mr. Odom presented an item to the Board requesting authorization to seek clarification on the ECUA's authority to build and own a transfer station for sanitation collection processes.

A motion was made by Ms. Benson, seconded by Dr. Walker, to authorize counsel to seek a declaratory judgment to ascertain whether the Permanent Injunction entered in 1995 precludes ECUA from maximizing the efficiencies of its Sanitation Department's collection practices by owning and operating a transfer station. Motion carried 5-0.

Mr. Odom also reported on the property settlement with a contractor's Surety that was in receivership regarding an elevated large storage tank maintenance project. Requested that the Board grant permission to the Executive Director to move forward with this settlement as outlined.

A motion was made by Ms. Benson, seconded by Dr. Walker, to authorize the Executive Director to move forward with the settlement as outlined by Mr. Odom. Motion carried 5-0.

ITEM 11 - UNFINISHED BUSINESS

Ms. Benson stated that a policy discussion on merit pay should be placed on the Committee agenda for October.

ITEM 12 - NEW BUSINESS

(a) Motorola radio replacement/purchase

A motion was made by Ms. Campbell, seconded by Mr. Perkins, to approve the purchase of replacement digital radios from CES Wireless, Inc., at a proposed cost of $242,000, with funding provided from Project Contingencies in the fiscal year 2011 budget. Motion carried 5-0.

(b) Utility Cut-offs (Benson)

Ms. Benson advised of a recent situation in which a customers water service was cut off by mistake and stated that protocols need to be in place on how utility cut-offs are done to avoid such mistakes by ECUA in the future.

(c) Small scale projects (Benson)

Ms. Benson stated that she would like to make sure that ECUA is receptive to small contractors bidding on the small projects. Staff explained what ECUA has done, and is continuing to do, to encourage participation in our projects by small businesses and minority companies. The activities outlined will be conducted by the staff on a quarterly basis.

(d) Northwest Florida Water Management District (Perkins)

Mr. Perkins inquired about the possible requirement for a conservation rate from the Northwest Florida Water Management District NWFWMD). Mr. Perkins stated that there is plenty of water available and did not understand why a conservation rate is needed. Further, he would like for staff to ask NWFWMD why – is there some logical reason behind the requirement. And, if it is required, then ECUA needs to start the process to stop the requirement.

Mr. Sorrell stated that he would contact NWFWMD Executive Director, Doug Barr, to get answers to Mr. Perkins questions/concerns.

ITEM 13 - BOARD COMMUNICATIONS

None.

ITEM 14 - OPEN FORUM

Although reflected in agenda order in these minutes, Open Forum was moved to follow Item 4.

(a) Mr. Jim Hunt, 11659 Wakefield Drive, Pensacola, FL 32514, addressed the Board stating that ECUA needs to address the likelihood of sewage leaks due to the condition of its pipes and take appropriate measures for improvement/replacement.

Mr. Sorrell explained that staff is in the process of evaluating the I & I and a very detailed plan will be prepared to take a look at the entire sewer system; however, there is still a lot of work to be done.

(b) Mr. Brian Toomey, 211 W. Detroit Blvd, Pensacola, FL 32534, addressed the Board concerning Item 7(c), requesting that since they were the low bid, the Board allow them to correct the error they made in their bid that made their bid non-responsive so they could be awarded the bid. Mr. Toomey stated they are a local company and they employ local residents.

(c) Mr. Barry Tweedie, 10395 Old Dairy Lane, Pensacola, FL 32534, addressed the Board concerning the recent sewer spills, stating that he hopes that during the budget process the Board will consider allocating the money necessary to do the study that Mr. Sorrell feels needs to be completed.

(d) Mr. Bob Holmes, 5910 Osprey Place, Pensacola, FL address the Board requesting that ECUA make reimbursement to his group for the loss of rent as a result of the construction related to the replacement of the Main Street WWTP due to street closures.

Ms. Benson stated that she could support some form of amicable settlement and requested that this issue be referred to the next meeting of the Committee.

ITEM 15 – ADJOURNMENT

There being no further business to come before the regular meeting of the Emerald Coast Utilities Authority Board, Chairman McCorvey declared the meeting adjourned at approximately 4:54 p.m.

Respectfully submitted,

Stephen E. Sorrell
Executive Director

APPROVED BY THE ECUA BOARD
IN REGULAR SESSION ON _____.

( ) Without corrections/amendments.
( ) With corrections/amendments being: