

**MINUTES OF THE EMERALD COAST UTILITIES AUTHORITY  
BOARD MEETING**

**THURSDAY, AUGUST 23, 2018, 3:00 P.M.  
ECUA BOARD ROOM  
9255 STURDEVANT STREET, ELLYSON INDUSTRIAL PARK,  
PENSACOLA, FLORIDA**

**Members Present:** Lois Benson, Chairman  
Dale Perkins, Vice Chairman  
Elvin McCorvey  
Larry Walker

**Members Absent:** Vicki Campbell

**Counsel Present:** Bradley S. Odom

**Staff Present:** Stephen E. Sorrell, Executive Director

**ITEM 1 - INVOCATION AND PLEDGE OF ALLEGIANCE**

Prior to calling the regular meeting of the Board to order, Mr. Perkins provided the invocation and led the Pledge of Allegiance.

**ITEM 2 - CALL TO ORDER**

Chairman Benson called the regular meeting of the Emerald Coast Utilities Authority Board to order at approximately 3:01 p.m.

**ITEM 3 - ADOPTION OF AGENDA**

Chairman Benson added Executive Director's evaluation as Item 13(a) under Unfinished Business.

Mr. Perkins added Fats, Oils and Grease (FOG) Program as Item 13(b) under Unfinished Business.

Dr. Walker added the effects of Capital Improvement Fees on the school district as Item 13(c) under Unfinished Business.

Mr. Sorrell added Item 9(b), Exhibit A, regarding the average market value (AMV) for recyclables, which was previously sent to the Board members electronically. He also added Item 11(a), which is an Emergency Purchase Notification for the Chlorine Contact Chamber.

Motion and Vote:

A motion was made by Dr. Walker, seconded by Mr. Perkins, to approve the adoption of the agenda as presented and amended.

*Motion carried 4-0.*

**ITEM 4 - PUBLIC HEARINGS**

There were no public hearings.

**ITEM 5 - OPEN FORUM**

- (1) Dr. Gloria Horning, 310 South Devillers Street, Pensacola, Florida, addressed the Board and asked if **1)** the ECUA had performed tests on any of the homes that may have been impacted by PFOA and PFOS. **2)** Dr. Horning said she heard that the ECUA is suing the people that built the tank in the North Hill community.

Chairman Benson called upon Mr. Odom, ECUA Counsel, to respond to Dr. Horning's question regarding the lawsuit in North Hill. Mr. Odom replied that there is not a lawsuit. Next, Chairman Benson called upon Mr. Tom Dawson, Director of Water Production, to provide the Board with a report on the findings of the ECUA water tests.

Mr. Dawson explained that they recently received the latest test results on the two active wells, and both PFOS and PFOA are not detectable. Chairman Benson asked Mr. Dawson if there could be a possibility that any of those substances could get into the pipeline and affect the drinking water. Mr. Dawson replied that they have met with federal and state agencies, attended technical sessions, participated in conference calls with the American Water Works Association (AWWA), and kept abreast of the trade journals, and said that they have never heard any comments or statements to that effect. Chairman Benson asked Mr. Dawson if he could speak with absolute confidence and certainty in the technical knowledge about the quality of ECUA water. Mr. Dawson responded affirmatively.

Dr. Walker asked if there were three or four wells, and Mr. Dawson explained that two wells are out of service, and the ECUA has not used them for many years. Dr. Walker also inquired if the tests on the two active wells were on the raw water or filtered water. Mr. Dawson stated that testing was performed on filtered (finished) water. Dr. Horning interrupted the meeting stating that she did not ask about the wells. She asked about the homes. Chairman Benson advised Dr. Horning to address the Chair, and the Chair will ask the questions.

Mr. Odom also advised Dr. Horning to adhere to meeting procedures, which means she will address, and be recognized by the Chair; there will not be a free-for-all discussion.

Dr. Horning addressed the Chair, and said that her question remains the same. She asked if any of the homes that received contaminated water have been tested. Chairman Benson relayed that she will direct the question to Mr. Dawson.

Dr. Horning stated that she would be happy as a certified water tester to perform the tests herself. Chairman Benson asked Dr. Horning as to what her Ph.D. is in, and she replied Environmental Social Science from Florida State University, the College of Information and Library Sciences. When asked if she is certified to perform the actual tests, and not just collect samples, Dr. Horning replied that she does not have the certification to conduct tests.

Chairman Benson asked Mr. Dawson to approach the podium again and respond to Dr. Horning's question. Mr. Dawson said that the ECUA tests in accordance with federal and state regulators. The ECUA does not test individuals' homes for PFCs because the regulatory agencies and experts do not require testing in the distribution system/homes. Chairman Benson told Dr. Horning that she appreciated her persistence on this subject because they take water quality seriously, and if anyone has concerns, they should notify the Board.

- (2) Ms. Marinda Grazetti, 8520 Cherry Avenue, Pensacola, Florida, expressed her concerns on the rate increase, especially for people on a fixed income. Ms. Grazetti also inquired as to the water quality in Pensacola. Chairman Benson explained there are more people who wish to speak on the rate increase, and informed Ms. Grazetti that before they answer her question, the Board may be able to answer all of them at the same time. As to Ms. Grazetti's concern about water quality, Chairman Benson requested that Mr. Perkins address the water quality report from Environmental Working Group (EWG). He provided a brief report about the inaccuracies contained in EWG's publication.
- (3) Mr. Mike Horgan, 3418 MarJean Drive, Pensacola, Florida, addressed the Board to say he attempts to attend this meeting every year, and asks the Board not to vote for a budget increase. He said his reasoning is always the same because there is fat in every budget. He does not believe that any governmental body, including the ECUA, has commissioned a fiscal efficiency study by a third-party contractor. Chairman Benson told Mr. Horgan that his input would be valuable, especially when the Board begins the budget deliberations. Chairman Benson asked staff to collect Mr. Horgan's information.

- (4) Mr. Jeremy Bosso, 11 Boland Place, Pensacola, Florida, addressed the Board concerning the same issues he addressed to the Board last year; the proposed rate increase and Capital Improvement Fee. Last year, it was reported that Capital Improvement Fee was supposed to raise approximately \$40 million. He said that it appears that the ECUA seeks a rate increase using the same justification of aging infrastructure and the need for compliance with the Florida Department of Environmental Protection (FDEP) Consent Order. Chairman Benson asked Ms. Patty Sheldon, Finance Director, to approach the podium.

Ms. Sheldon explained that the Capital Improvement Fee is projected to raise about \$9 million, not \$40 million. The \$40 million was a bank loan that the ECUA acquired for capital projects, and they used part of the Capital Improvement Fee to pay the debt service on that bank loan. Overall, their Capital Improvement Program, which they developed as a five-year program, is approximately \$320 million over the next five years. In this fiscal year, we had a two percent increase in our operating costs, and we continue to have capital improvement needs, which is approximately \$24 million this year.

Ms. Sheldon continued to explain that the ECUA is projecting to spend \$10 million a year for the next 20 or so years, which is required by the Consent Order, for the ongoing I & I projects. We have been doing evaluations and engineering studies of the system and are now entering the construction phase of the project. We also have other "normal" capital projects such as replacing antiquated water lines, sewer expansion, water wells and water production, and other infrastructure projects.

Chairman Benson requested a clarification of the uses for the Capital Improvement Fee. Ms. Sheldon stated that this fee could be used for any capital projects, not just I & I. The I & I is \$10 million, and we have obligated approximately \$3.5 million annually to pay for debt service on the \$40 million bank loan.

Chairman Benson asked Ms. Sheldon how the staff addresses looking for fat in the budget. Ms. Sheldon stated that we look at specific needs for licensure, training, changes in IRS rules, life of equipment, etc.

Chairman Benson also inquired about whether the Management Audit addresses fiscal issues. Mr. Sorrell stated that the independent firm selected to conduct the audit would look at anything we ask them to, such as, expenses, legal fees, fraud, etc.

Dr. Walker provided additional information about the accomplishments ECUA has made in the past with programs we have developed that have not only saved money,

but some have produced revenue as well. Our staff and Board members are always looking for ways to economize and save money.

Chairman Benson added that unlike Escambia County and the City of Pensacola, we do not have a steady revenue stream; all we have are rates to provide services to the community. We are seeing a trend in our bids where costs have been increasing because the economy is better.

Chairman Benson recognized Mr. Horgan. He clarified that the study he is suggesting is one where they identify waste and a more efficient use of funds.

### **ITEM 6 - PRESENTATIONS**

Mr. Sorrell stated he was very proud to commence the presentations for these two prestigious awards:

- (a) The National Association of Clean Water Agencies 2017 Gold Peak Performance Award for the Bayou Marcus Water Reclamation Facility
- (b) The National Association of Clean Water Agencies 2017 Silver Peak Performance Award for the Pensacola Beach Wastewater Treatment Plant

Mr. Don Palmer, Deputy Executive Director of Engineering and Environmental Services, thanked the following individuals for the outstanding job they do at these facilities.

Mr. Randy Sears, Director of Water Reclamation  
Mr. Sonny Bonds, Plant Manager, Bayou Marcus Water Reclamation Facility  
Mr. Steve Rout, Plant Manager, Pensacola Beach Wastewater Treatment Plant

*Chairman Benson called for recess at 4:02 p.m., and Chairman Benson reconvened the Board at 4:14 p.m. Chairman Benson said that Mr. McCorvey would be returning soon, and the Board continued with the meeting.*

### **ITEM 7 - APPROVAL OF MINUTES**

A motion was made by Dr. Walker, seconded by Mr. Perkins, to approve the minutes of the regular ECUA Board meeting of July 26 2018, as presented.

***Motion carried 3-0.***

**ITEM 8 - REPORT OF THE ECUA CITIZENS' ADVISORY COMMITTEE OF AUGUST 15, 2018**

Chairman Benson recognized Dr. Walker to present the Report of the ECUA Citizens' Advisory Committee.

**G. Extension of Chemical Contract – Granular Activated Carbon  
(Calgon Carbon Corporation)**

**Recommendation:**

That the Board approve a one-year extension of the contract with Calgon, the second of two optional one-year extensions, at the terms and rates of the existing contract, with funding from the appropriate budget line item.

**Motion and Vote:**

Motion made by Dr. Walker, seconded by Mr. Perkins, that the Board approve Item G.

***Motion carried 3-0.***

**I. Award of Chemical contract for Supplemental Carbon**

**Recommendation:**

That the Board award the contract for supplemental carbon to the low bidder, Environmental Operating Solutions, Inc., in the amount of \$1.60 per gallon for one year, with two one-year options to extend, with the agreement of Environmental Operating Solutions, Inc., and the ECUA Board, and authorize payment from the appropriate budget line item.

**Motion and Vote:**

Motion made by Dr. Walker, seconded by Mr. Perkins, that the Board approve Item I.

***Motion carried 3-0.***

**J. ECUA Cost Participation – Ashland Avenue Developments**

**Recommendation:**

That the Board approve the proposed cost participation for the Ashland Avenue development projects, and authorize the Executive Director to execute the Utility Service Agreement for the Ashland Heights Phase 2 and Ashland Townhomes project with ECUA cost participation limited to \$100,000, with funding from CIP Project CA001 – Oversizing Water and Sewer Lines.

Motion and Vote:

Motion made by Dr. Walker, seconded by Mr. Perkins, that the Board approve Item J.

*Motion carried 2-1, with Ms. Benson voting against the motion.*

**K. ECUA Cost Participation – Admiral’s Quarters Townhomes**

Recommendation:

That the Board approve the proposed cost participation for the Admiral’s Quarters Townhomes development project and authorize the Executive Director to execute the Utility Service Agreement for the Admiral’s Quarters project with ECUA cost participation limited to \$215,000, with funding from CIP Project CA001 – Oversizing Water and Sewer Lines.

Motion and Vote:

Motion made by Dr. Walker, second by Mr. Perkins, that the Board approve Item K.

*Motion carried 2-1, with Ms. Benson voting against the motion.*

*Mr. McCorvey returned at 4:21 p.m., and was present for discussions beginning with Item 9, Operational Items.*

**ITEM 9 - OPERATIONAL ITEMS**

**(a) Adoption of Resolution 18-05**

Recommendation:

That the Board approve a preliminary rate setting resolution providing for notice and public hearing concerning the proposed establishment of revised water and wastewater rates and charges. The rate setting resolution includes a four percent rate increase for water and wastewater.

Comments:

There were no comments.

Motion and Vote:

Motion made by Dr. Walker, seconded by Mr. McCorvey, to adopt Resolution 18-05.

*Motion carried 3-1, with Mr. Perkins voting against the motion.*

**(b) Approval of Interlocal Agreement with City of Fairhope, Alabama**

**Recommendation:**

That the Board approve the Interlocal Agreement between the ECUA and the City of Fairhope, Alabama, which allows the ECUA to provide processing and marketing services for single stream recyclables from Fairhope, Alabama.

**Comments:**

There were no comments.

**Motion and Vote:**

Motion made by Mr. Perkins, seconded by Mr. McCorvey, to approve the staff recommendation.

***Motion carried 4-0.***

**(c) Creekwood Subdivision – Lift Station Upgrade**

**Recommendation:**

That the Board (1) award the contract for CIP Project RS885, Creekwood Subdivision – Lift Station Upgrade, to Utility Service Company, Inc., Gulf Breeze, Florida, the low bidder, in the total amount of \$542,677.57, with funding through the County MSBU; and (2) amend the CIP budget to appropriate up to \$625,000 for CIP project RS885 and recognize revenue up to that amount from Escambia County.

**Comments:**

Dr. Walker relayed that he thought it was wonderful that the County is willing to cooperate with the ECUA on this project. Chairman Benson asked Mr. Sorrell how many other subdivisions the ECUA anticipates bringing to the Board. Mr. Sorrell said he believes two are remaining.

Chairman Benson recognized Dr. Gloria Horning. She believes that Utility Services Company, Inc. was the responsible contractor for the Government Street Retention Pond project that is still not working, and she does not have high hopes for this company.

Dr. Walker said that the ECUA has used Utility Services Company as one of their contractors for the last 30 years, and their record is as good as any other contractor in our area.



Motion and Vote:

Motion made by Mr. McCorvey, seconded by Dr. Walker, to approve the staff recommendation.

*Motion carried 4-0.*

**(d) Purchase of New Tires for the ECUA Fleet**

Recommendation:

That the Board authorize staff to issue a purchase order to the State of Florida and Florida Sheriff's Association approved local vendor(s) at the current State and Florida Sheriff's Association contract pricing, through September 30, 2019, with estimated annual funding of \$350,000 from the appropriate line item of the Sanitation Operating Budget.

Comments:

There were no comments.

Motion and Vote:

Motion made by Dr. Walker, seconded by Mr. McCorvey, to approve the staff recommendation.

*Motion carried 4-0.*

**ITEM 10 - BUDGET REPORT**

Chairman Benson asked Ms. Sheldon if she identified anything that may be considered a red flag or anomaly in the current month's budget. Ms. Sheldon relayed that her report contains the same information she reported to the Citizens' Advisory Committee. There are two months remaining in fiscal year 2018. The Regional Services Department is over budget due to overtime and repairs and maintenance, pipes and fittings, basic operating costs that are difficult to predict. However, revenues are on target and she anticipates the water/wastewater budget to balance at the end of the fiscal year. For the sanitation fund, revenues are on target as well; the budget is a little over at this time due to overtime, vehicle repairs, and yard trash contract labor.

Chairman Benson asked if the sanitation budget had any reserve funds, and Ms. Sheldon replied that the ECUA does not have any reserves for the Sanitation budget, which is a problem because there is not any money available for capital. Chairman Benson inquired as to how soon the fleet replacements need to be made. Mr. Sorrell stated that the vehicles are on an eight-year cycle, but it is flexible depending upon

the use of the individual vehicle. Dr. Walker indicated his concern in that there are no reserves in the Sanitation Budget for vehicle replacement, and there is really no way to reduce that budget.

Chairman Benson said she is concerned about the Sanitation budget. The ECUA Sanitation Department has been a leader in the nation in recycling, composting, and natural gas. ECUA is known nationally for innovations that provide clean, good service at a good price, and she speaks proudly of them. She stated that the Board passed the Sanitation Budget with a zero percent increase and asked if the Board should reconsider that action. Dr. Walker agreed that the ECUA cannot live with a zero percent increase. Chairman Benson suggested this item be placed on the next Board meeting agenda for consideration.

Mr. McCovey made a motion, seconded by Dr. Walker, to approve a four percent increase, without a Capital Funding Fee, for the Sanitation budget. Chairman Benson reviewed a chart (handout) that provided different scenarios for different rate percentages.

Mr. Perkins said he believed that voting on the Sanitation budget today is not the thing to do because it was not on the agenda and people have not been given advance notice, and Chairman Benson agreed.

Chairman Benson passed the chairmanship to Mr. Perkins. Ms. Benson made a substitute motion to move the Sanitation Budget item to the next month's Board meeting. Chairman Perkins passed the chairmanship back to Ms. Benson. Mr. Perkins seconded the motion.

***Motion to make the substitute motion the main motion carried 3-1, with Mr. McCorvey voting against the motion.***

***Main motion carried 3-1, with Mr. McCorvey voting against the motion.***

## **ITEM 11 - EXECUTIVE DIRECTOR'S REPORT**

(a) **Emergency Purchase Notification – Chlorine Contact Chamber**

Mr. Sorrell stated that during a recent inspection of the coating of the chlorine contact chamber, they discovered that one of the six sections was severely deteriorated, and required immediate repairs. Staff solicited proposals from three contractors, and selected K-2 Mansfield Industrial in Pensacola, Florida, the low bidder for a total of \$118,540. Mr. Sorrell added that he authorized these repairs based upon the bids received.

**(b) Guillemard Emergency Storage Tank**

Mr. Sorrell relayed that the new Guillemard emergency storage tank should be substantially complete and ready to use by the end of September 2018.

**(c) Compost Site**

Mr. Sorrell said that a company from central Florida, Life Soils, would purchase between 1,000 and 1,500 cubic yards of ECUA compost per month. The ECUA will retain enough for their local bagging operations, but Life Soils will purchase the surplus.

**(d) Water Test for PFOS and PFOA**

Mr. Sorrell reiterated what Mr. Dawson stated at the beginning of the meeting about the water tests for PFOS and PFOA. The ECUA received data verification that these substances are not detectable in the final water supply for the Spanish Trail well and the Airport North well. The information has been sent to the FDEP.

**(e) Subaqueous Water Line for Pensacola Beach**

Mr. Sorrell provided the latest update, which was one hour ago, to the Board on when the 24-inch subaqueous water line is expected to be out of service for about a day. Skanska, the contractor for the new bridge has coordinated a date with the ECUA for the week of September 4, 2018. He will update the Board if the date changes.

**(f) Government Street Pipe Leak**

Mr. Sorrell said that clamps have been placed on the pipe, and it is operational.

**ITEM 12 - ATTORNEY'S REPORT**

Mr. Odom relayed that since the last Board meeting, the following has occurred:

**(a) Litigation**

Ms. Wilhemina Ladd Gadson, who has spoken to the Board several times, has filed a lawsuit against the ECUA and approximately 20 other defendants. Counsel is in the process of identifying the list of complaints. If Ms. Gadson attempts to contact staff or the Board, he told them to keep in mind that they are in litigation.

**(b) Litigation**

The subdivision, Twin Spires Plantation, which has a private lift station, has filed a lawsuit against the ECUA. As a result of that lift station, they are primarily pursuing claims against the developer. If anyone associated with Twin Spires Plantation attempts to contact staff or the Board, he told them to keep in mind that they are in litigation.

### **ITEM 13 - UNFINISHED BUSINESS**

The following items were added under this topic:

(a) **Executive Director's evaluation**

Chairman Benson said various options were discussed on choosing an evaluation method for the Executive Director during the last two Citizens' Advisory Committee Meetings. In the last Citizens' Advisory Committee, Ms. Cindy Sutherland, Director of Human Resources and Administrative Services, described a proposal from Landrum HR to conduct an evaluation of the Executive Director, at a cost of \$3,500. Chairman Benson said she feels that selecting a neutral third party would be appropriate at this time.

**Motion and Vote:**

Chairman Benson passed the chairmanship to Mr. Perkins. Motion made by Ms. Benson to award an agreement to Landrum HR in the approximate sum of \$3,500 to prepare an evaluation of the Executive Director. Chairman Perkins passed the chairmanship back to Ms. Benson. Mr. Perkins seconded the motion.

***Motion carried 4-0.***

(b) **Fats, Oils and Grease (FOG) Program**

Mr. Perkins relayed that several small restaurants have approached him to discuss how cumbersome the FOG program has become because the inspections are lengthy and performed too often. He requested that staff review their procedures and present an item for consideration at the next Citizens' Advisory Committee.

(c) **The Effects of Capital Improvement Fees on School Districts**

Dr. Walker said that the District Five School Board member contacted him to discuss the School Board's concern with the Capital Improvement Fee assessed on each of the school district's facilities. They wish to appeal to the ECUA and ask that they receive forgiveness, or at least partial forgiveness, for the \$300,000 total they are required to pay annually. Mr. Perkins stated that he also received a call from a school board official who expressed his opinion that this fee is unfair to the district in that school is out for three months. Chairman Benson deferred the matter to Mr. Odom to possibly determine a legal solution.

**ITEM 14 - NEW BUSINESS**

None.

**ITEM 15 - BOARD COMMUNICATIONS**

None.

**ITEM 16 - OPEN FORUM**

- (1) Dr. Gloria Horning, 310 South Devillers Street, Pensacola, Florida, addressed the Board to compare their annual salaries, medical benefits and retirement options to the City and County elected officials. She suggested that ECUA might be able to save some money on Board Member salaries and benefits.

**ITEM 17 - ADJOURNMENT**

There being no further business to come before the regular meeting of the ECUA Board, Chairman Benson declared the meeting adjourned at approximately 5:09 p.m.

Respectfully submitted,



Stephen E. Sorrell  
Executive Director and Secretary

APPROVED BY THE ECUA BOARD  
IN REGULAR SESSION ON: 09-27-2018  
(X) Without corrections/amendments  
( ) With corrections/amendments being: