

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

**THURSDAY, SEPTEMBER 27, 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
Vicki Campbell
Elvin McCorvey
Larry Walker

Members Absent: None

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, Ms. Campbell provided the invocation and led the Pledge of Allegiance.

ITEM 2 - CALL TO ORDER

Chairman Benson called the regular meeting of the ECUA Board to order at approximately 3:02 P.M.

ITEM 3 - ADOPTION OF AGENDA

Chairman Benson suggested that the Board move Item 8(k) Sanitation Operating Budget–Fiscal Year 2019 for consideration and discussion after Item 7–Approval of Minutes.

Ms. Campbell added Update to the School Capital Improvement Fee as Item 12(a) under Unfinished Business.

Ms. Campbell added Length of Time for Posting Meetings to the ECUA Website as Item 13(a) under New Business.

Ms. Campbell added Electronic Records Requests as Item 13(b) under New Business.

Ms. Campbell added Social Media Site as Item 13(c) under New Business.

Ms. Campbell added Group Emails as Item 13(d) under New Business.

Motion and Vote:

Motion made by Ms. Campbell, seconded by Mr. McCorvey, to approve the adoption of the agenda as amended.

Motion carried 5-0.

ITEM 4 - PUBLIC HEARINGS

Chairman Benson convened the public hearing at approximately 3:06 P.M.

(a) 3:00 P.M.–Proposed Establishment of Revised Water and Wastewater Rates and Charges.

Mr. Jeremy Bosso, 11 Boland Place, Pensacola, Florida, addressed the Board to speak against the revised water and wastewater rates and changes. He feels the ECUA is trying to do too many capital improvement projects within a proposed timeframe and said he favors the “pay-as-you-go” method.

There being no other individuals requesting to address the Board, Chairman Benson closed the Public Hearing at 3:10 P.M.

(b) Adoption of Resolution 18–06, A FINAL RATE SETTING RESOLUTION ESTABLISHING REVISED WATER AND WASTEWATER RATES FOR FISCAL YEAR 2019

Comments:

Dr. Walker stated that he appreciates Mr. Bosso’s comments. However, he supports the rate increase because it is essential and anticipates the need for rate increases for approximately the next 10 to 15 years. The Consent Order from the Florida Department of Environmental Protection (FDEP) mandates that ECUA comply with the terms of the Order within a timeframe they established for the ECUA. Even without the Consent Order, ECUA would have to provide the upgrades and projects to improve the aging infrastructure to continue providing quality service to ECUA customers.

Ms. Campbell said she promised her constituents that she tries to keep rate hikes as low as possible, but the ECUA needs repairs and she thinks they should meet in the middle on the rate hike.

Chairman Benson explained how rate increases are one of the more difficult tasks that Board members face because they are balancing the responsibility to maintain and repair ECUA infrastructure while keeping rates low. Fortunately, the ECUA rates

compare favorably to similar sized cities. She invited Mr. Bosso to attend the meetings next year when budget deliberations begin.

Mr. Perkins stated he feels the mindset exists that a rate increase is needed every year. He expressed his desire for the Board to be open to the possibility of not having a rate increase.

Chairman Benson indicated that Gulf Power provided a rebate for ECUA's rates and she would like to know what that dollar figure is in order to apply it to ECUA's sewer expansion.

Motion and Vote:

Motion made by Dr. Walker, seconded by Mr. McCorvey, to adopt Resolution 18-06, A FINAL RATE SETTING RESOLUTION ESTABLISHING REVISED WATER AND WASTEWATER RATES FOR FISCAL YEAR 2019 AND PROVIDING AN EFFECTIVE DATE.

Motion carried 3-2, with Ms. Campbell and Mr. Perkins voting against the motion.

ITEM 5 - OPEN FORUM

Mr. Mike Kilmer, 2818 West Jackson Street, Pensacola, Florida, said he was the President of the Historic Brownsville Community Association, and is speaking on behalf of the community to discuss funding prospects for sewer expansion in Brownsville. He met with Commissioner Lumon May regarding the sewer conditions in that area. He added that Cervantes Street and Mobile Highway, which is the center of their community, has lost many great businesses and the remaining businesses are struggling to operate on septic tanks. Commissioner May indicated to Mr. Kilmer that the County will come up with some funding and asked if ECUA could contribute to the project as well in order to revitalize Brownsville.

Chairman Benson stated that ECUA is working with the County on several projects and welcomes bringing them to the table.

Ms. Campbell relayed she was glad Mr. Kilmer is discussing this topic today because people will see the sense of balance that Board members face concerning rate increases. People do not want the Board to raise rates, but others need ECUA to make improvements.

Mr. Perkins added that he would also be interested in developing a joint project to get a main sewer line through the core area of Brownsville. He stated that the FDEP has not credited ECUA in the past for removal of septic tanks by providing sewer. He questioned whether staff could confer with FDEP to apply credit for this project under the current Consent Order.

Mr. Kilmer relayed that he would like to receive feedback from Mr. Sorrell about the idea of a joint project. Mr. Sorrell indicated he thought a joint project had already been approved, but the County did not have the money. He suggested Mr. Kilmer speak with Mr. Stacy Hayden, Director of Engineering for ECUA to get an update on the project.

Chairman Benson requested that Mr. Hayden provide an update of this project and others during the upcoming Citizens' Advisory Committee.

Mr. Evan Horton, 3100 West Desoto Street, Pensacola, Florida, addressed the Board speaking on behalf of the Brownsville Assembly of God about making a difference and turning things around for Brownsville. Mr. Horton created the Historic Neighborhood Brownsville Association as a non-profit organization and he is still a member of the board. He added that they wanted to partner with ECUA, the County, businesses and developers to see the sewer system come into the community.

There being no additional requests to address the Board, Chairman Benson closed Open Forum.

ITEM 6 - PRESENTATIONS

There were no presentations.

ITEM 7 - APPROVAL OF MINUTES

Motion made by Dr. Walker, seconded by Mr. McCorvey, to approve the minutes of the regular ECUA Board meeting of August 23, 2018.

Motion carried 5-0.

ITEM 8 - OPERATIONAL ITEMS

(k) Sanitation Operating Budget–Fiscal Year 2019

This item was taken out of order and moved to the beginning of the Operations Items list for discussion and consideration.

Recommendation:

That the Board consider adoption of a Fiscal Year 2019 Operating Budget for Sanitation.

Comments:

Chairman Benson asked Mr. Sorrell to provide an overview of this item. Mr. Sorrell reiterated that the Citizens' Advisory Committee, during its meeting in July 2018, supported the original recommendation for a 5% rate increase and \$1.50 Capital Funding Fee for the Sanitation Operating Budget. After serious discussions during

the July 26 meeting, the Board approved a continuation budget. Per the Board's request, the budget is being presented for further consideration. Staff is concerned about operating on a continuation budget.

The equipment and trucks are outdated, worn out and need to be replaced. Staff tried to establish a truck replacement schedule to replace 10 trucks per year, but cannot because of the current funding restrictions. The sanitation system is growing and funds are necessary for drivers and equipment. The Board directed staff to assist the County in debris removal after two major storm events, which completely depleted the reserves. Finally, ECUA cannot compete with private sector wages for employees with Commercial Driver's Licenses (CDLs); therefore, ECUA has a high turnover rate.

Chairman Benson asked Ms. Patty Sheldon, Finance Director for ECUA to approach the podium to discuss the differences between the rates that are under consideration.

Ms. Sheldon explained that the 3% rate increase would be an average increase of \$0.52 for residential customers and \$2.03 for commercial customers per month, plus the \$1.00 Capital Funding Fee per month.

The 5% rate increase for the original recommendation would result in an increase of \$0.87 for residential customers and \$3.42 for commercial customers per month, plus the \$1.50 Capital Funding Fee per month.

Chairman Benson inquired as to how these rates compare to those of the City of Pensacola. Mr. Randy Rudd, Deputy Executive Director of Shared Services for ECUA replied that the City's rate is \$26.56 per month and they are proposing another rate increase. ECUA's rate, even with the 5% increase, would be \$24.75 per month.

Dr. Walker inquired as to the number trucks staff could purchase with the 3% increase and the \$1.00 Capital Funding Fee.

Mr. Rudd provided the Board with the detailed effects of the 3% rate increase with a \$1.00 Capital Funding Fee, citing that the cost of a single garbage truck is approximately \$330,000 and the actual need exists for 10 trucks per year. ECUA would be able to purchase only three trucks and continue to lease the additional needed trucks. He also pointed out that the lack of dependable trucks affects the quality of service to their customers and the community. Additionally, with the 3% increase, they would not be able to increase the incentive programs to help alleviate the turnover rate of the drivers.

Mr. Rudd explained that with the original request of the 5% increase and the \$1.50 Capital Funding Fee, ECUA could lease 10 trucks per year and place approximately

\$500,000 per year in reserve for future truck purchases. Once additional trucks are received, the Sanitation Department should be able to provide improved service to the community. However, the current delivery time for a new garbage truck is one year. The 5% increase will allow existing incentive programs to increase and help maintain drivers, cover debt service and increased operating costs, and provide for reserves.

Chairman Benson asked about the availability of Lifeline rates for those customers who cannot afford the increase. Mr. Rudd confirmed that ECUA does have a Lifeline rate and a Senior Citizen rate available. The rates amount to approximately a \$0.50 per month subsidy on all regular rate sanitation customers to offer these rates. The customer must qualify through an outside agency.

Motion and Vote:

Motion made by Dr. Walker, seconded by Mr. McCorvey, to approve the original recommendation made by the Citizens' Advisory Committee during the July 2018, meeting, which was to adopt the Sanitation Budget with a 5% rate increase and a Capital Funding Fee of \$1.50 per customer per month.

Amended motion made by Mr. Perkins to support a 3% rate increase and a \$1.00 Capital Funding Fee. Chairman Benson passed the Chair to Mr. Perkins. Ms. Benson seconded the motion for the sake of discussion. Mr. Perkins returned the Chair to Ms. Benson.

Amended motion failed 1-4, with Chairman Benson, Mr. McCorvey, Mr. Perkins, and Dr. Walker voting against the motion.

Dr. Walker restated the main motion, seconded by Mr. McCorvey, to adopt the Sanitation Budget to include a 5% rate increase with a Capital Funding Fee of \$1.50 per customer per month.

Motion carried 3-2, with Ms. Campbell and Mr. Perkins voting against the motion.

Chairman Benson called for a five-minute recess at 4:34 P.M. The meeting reconvened at 4:39 P.M.

**(a) Approval of Interlocal Agreement with City of Foley, Alabama
Source Separated Recyclables**

Recommendation:

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

Comments:

Ms. Campbell asked if the Interlocal Agreement contained the same basic language as the previous Interlocal Agreements and Mr. Sorrell said that was correct. Ms. Campbell also asked if there was still enough room for schools and Mr. Sorrell stated that was correct as well.

Motion and Vote:

Motion made by Mr. Perkins, seconded by Ms. Campbell, to approve staff recommendation.

Motion carried 5-0.

(b) Contract Extension–Small Scale Utility Projects Contract

Recommendation:

That the Board approve the optional one-year extension of the Small Scale Utility Projects contract as awarded to Evans Contracting, Inc., with original bid prices.

Comments:

None.

Motion and Vote:

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

Motion carried 5-0.

(c) Contract Extension–System 1000 Grease Control Program

Recommendation:

That the Board approve the first of two optional one-year contract extensions for the System 1000 Grease Control Program with Enviro-Tech of America, Inc., for 20 lift station locations at a cost of \$355 per lift station per month or an annual cost of \$4,260 per lift station, with funding from the appropriate budget line item.

Comments:

None.

Motion and Vote:

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

Motion carried 5-0.

(d) Utility Relocation–Force Main–South Old Corry Field Road

Recommendation:

That the Board authorize the Executive Director to use Evans Contracting, ECUA's Small Scale Contractor, to perform the required relocation of the force main on South Old Corry Field Road at Jones Creek, and establish a project budget in the amount of \$120,000 from CIP Project CR405.

Comments:

Mr. Sorrell explained that Escambia County was conducting work on a bridge and ECUA has to relocate a force main and the Small Scale Contractor, Evans Contracting would be performing the work.

Due to technical difficulties with the electronic voting system, Chairman Benson asked for votes to be counted by a hand vote.

Motion and Vote:

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

Hand Vote: Motion carried 5-0.

(e) Insurance Renewal

Recommendation:

That the Board accept the renewal for Pollution Liability Insurance with XL Indian Harbour Insurance Company as proposed by PRIA for the three-year policy renewal and authorize the Executive Director to execute contracts with PRIA and XL Indian Harbour Insurance Company for Pollution Liability Insurance for fiscal years 2019, 2020, and 2021 at a premium cost of \$46,453 with funding through the appropriate budget line item.

Comments:

None.

Motion and Vote:

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

Motion carried 5-0.

(f) Award of Bid–Truck Tire Retread

Recommendation:

That the Board approve award of bid for a one-year contract for tire retread services, with two optional one-year extensions, not to exceed \$250,000, with Howell Truck and Giant Tire of Pensacola, Florida, the low bidder. Funding for these services will be provided from the appropriate line item within the Sanitation Operating Budget.

Comments:

None.

Motion and Vote:

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

Hand Vote: Motion carried 5-0.

(g) Award of Bid–Orthophosphate

Recommendation:

That the Board award the contract for orthophosphate to Dumont Company, Inc., the lowest bidder, at \$7.32 per gallon, with a maximum anticipated expenditure of \$117,120 for the contract period, with funding from the appropriate budget line item. This contract is for a period of one year with an option to renew for two consecutive one-year periods at the current rate.

Comments:

Chairman Benson asked Mr. Sorrell if the cost to purchase chemicals was continuing to increase and Mr. Sorrell replied yes.

Motion and Vote:

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

Hand Vote: Motion carried 5-0.

(h) Award of Bid–Roadway Restoration and Debris Removal

Recommendation:

That the Board award the annual service contract for roadway restoration and debris removal to J. Miller Construction Inc., of Pensacola, Florida, the lowest responsive bidder, in the amount not to exceed the unit-cost pricing per bid tab specifications, and authorize payment from the appropriate budget line items. The duration of the contract will be for one year, with three optional one-year extensions, upon the mutual agreement of both parties with no increase in unit-cost prices.

Comments:

Chairman Benson said she was pleased to see a local company win the award of bid.

Motion and Vote:

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

Hand Vote: Motion carried 5-0.

(i) Annual Purchase–Purafil Odor Control Filter Media

Recommendation:

That the Board waive the normal bidding process and approve the sole source purchase of Purafil odor control media at the unit-cost indicated in the item, due to the proprietary nature of this material from Pump & Process Equipment Inc., of Pensacola, Florida, for its use at various ECUA sites, with funding from the appropriate budget line item in the fiscal year 2019 Operating Budget.

Comments:

The electronic voting system became operational and automated voting was restored.

Motion and Vote:

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

Motion carried 5-0.

(j) Write Off–Uncollectable Balances

Recommendation:

That the Board authorizes the Executive Director or his designee to write off as uncollectible accounts receivable in the total sum of \$737,739 and make

appropriate entries in the financial records of ECUA to reflect the write off of said uncollectible accounts.

These accounts are to be written off solely to enable the Executive Director to carry out his duties in accordance with generally accepted accounting principles and ECUA does not waive any rights it may have to collect said accounts.

Comments:

None.

Motion and Vote:

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

Motion carried 5-0.

ITEM 9 - BUDGET REPORT

The Board waived review of this item.

ITEM 10 - EXECUTIVE DIRECTOR'S REPORT

(a) Guillemard Emergency Storage Tank

Mr. Sorrell relayed that the Guillemard emergency storage tank should be substantially complete next week.

(b) Grant Funding

The ECUA will receive \$4.68 million in grant funding from the NRDA grant. The funds are allocated for the installation of the reclaimed water system on Pensacola Beach and it is currently in the public comment phase.

(c) BRACE

On October 10, 2018, the ECUA is co-sponsoring a luncheon with the Be Ready Alliance Coordinating for Emergencies (BRACE) and all Board members are invited. Please contact Mr. Tim Haag, Director of Government Affairs with ECUA for this event.

(d) Drinking Water–Cordova Park

Today, September 27, 2018, an individual in the Cordova Park area told people to stop drinking the water because it was contaminated and the information came from a federal or State official.

The official was from the FDEP and the confusion occurred because the official told people that they could not drink the water out of the irrigation system. That water is not part of the ECUA system and ECUA water meets all federal and state standards.

ITEM 11 - ATTORNEY'S REPORT

PRELIMINARY RATE SETTING RESOLUTION PROVIDING FOR NOTICE AND PUBLIC HEARING CONCERNING THE PROPOSED ESTABLISHMENT OF CERTAIN REVISED SANITATION SERVICE CHARGES.

Pursuant to the action taken in establishing the budget, Mr. Odom presented the resolution for Board action.

The preliminary rate resolution, which calls for a 5% increase and a \$1.50 monthly Capital Funding Fee, list all of the charges, the current rates and the proposed rates. There would be a notice published in the newspaper and a public hearing before the resolution would be imposed.

Motion and Vote:

Motion made by Dr. Walker, seconded by Mr. McCorvey, to approve the PRELIMINARY RATE SETTING RESOLUTION PROVIDING FOR NOTICE AND PUBLIC HEARING CONCERNING THE PROPOSED ESTABLISHMENT OF CERTAIN REVISED SANITATION SERVICE CHARGES.

Motion carried 3-2, with Mr. Perkins and Ms. Campbell voting against the motion.

Litigation Involving Construction Defects at the CWRF

The ECUA is in litigation involving construction defects at the CWRF and the recent tropical storm exposed additional defects. The court-ordered mediation has been postponed and should occur around March 2019.

ITEM 12 - UNFINISHED BUSINESS

(a) Capital Improvement Fee for Schools

Ms. Campbell requested an update on the progress for finding a solution to the Capital Improvement Fee for schools.

Mr. Odom relayed that he has reached out to the school board attorney, but has not received a response.

ITEM 13 - NEW BUSINESS

(a) Posting Meetings to the ECUA Website

Ms. Campbell said she had a concern about the length of time it took recorded meetings to post to the ECUA website, but staff informed her that they resolved the issue with the third-party vendor.

(b) Electronic Records

Ms. Campbell withdrew this item.

(c) Social Media Website

Ms. Campbell requested staff research how ECUA can create a social media website.

Ms. Campbell believes social media is the best way to update the public on sanitation schedules during storms, to educate ratepayers about recyclables and allow Board members to provide consistent messages to the public.

Motion and Vote:

Motion made by Ms. Campbell, seconded by Mr. Perkins, for staff to research how ECUA can create a social media website.

Motion carried 5-0.

(d) Electronic Records Requests and Group Emails

Ms. Campbell withdrew this item.

ITEM 14 - BOARD COMMUNICATIONS

Mr. Perkins informed the Board that he was re-elected to the ECUA Board during the primary race that was held September 2018, and will serve four more years.

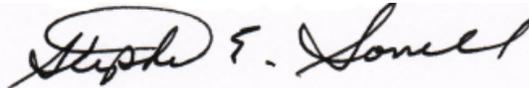
ITEM 15 - OPEN FORUM

None.

ITEM 16 - ADJOURNMENT

There being no further business to come before the regular meeting of the ECUA Board, Chairman Benson declared the meeting adjourned at approximately 5:00 P.M.

Respectfully submitted,



Stephen E. Sorrell
Executive Director and Secretary

APPROVED BY THE ECUA BOARD
IN REGULAR SESSION ON: 10-25-18
(X) Without corrections/amendments
() With corrections/amendments being: