

**SEACOAST UTILITY AUTHORITY  
REGULAR MEETING  
&  
PUBLIC WORKSHOP**

July 22, 2009  
Seacoast Utility Authority Board Room  
**MINUTES**

CALL TO ORDER: 3:00 PM

PLEDGE OF ALLEGIANCE

ROLL CALL:

PRESENT: Don Noel, Chair  
Maria V. Davis, Vice Chair  
Ron Ferris, Member  
Joseph Lo Bello, Member  
Robert Weisman, President Pro-Tem

ALSO PRESENT: Nat Nason, General Counsel  
Rim Bishop, Executive Director  
Mary Ann Stiles, Authority Clerk

**OPEN PUBLIC WORKSHOP**

RESOLUTION NO. 6-2009 ADOPTING THE ANNUAL OPERATING AND CAPITAL BUDGETS FOR THE FISCAL YEAR OCTOBER 1, 2009 TO SEPTEMBER 30, 2010 INCLUDING DEBT SERVICE FOR SEACOAST UTILITY AUTHORITY; AUTHORIZING LINE ITEM BUDGET TRANSFERS BETWEEN DEPARTMENTS;

Chair Don Noel opened the Public Workshop. There were no comments from the public. Chair Noel then closed the Public Workshop.

**CLOSE PUBLIC WORKSHOP**

**\*\*\*THE FOLLOWING ITEMS WERE PLACED ON THE CONSENT AGENDA\*\*\***

APPROVAL OF MINUTES FOR MEETING OF JUNE 24, 2009

Move to approve the minutes for meeting of June 24, 2009.

APPROVAL OF INVOICES

Move to approve invoices as follows: Howard C. Osterman, Inc. in the amount of \$720.00; and \$540.00; Nason, Yeager, Gerson, White & Lioce in the amounts of \$10,621.04; \$2,287.50; \$215.00; and \$611.50; and Boyle Engineering Corporation in the amounts of \$10,075.00; \$185.00; \$1,176.00; \$3,763.00; \$8,695.00; and \$8,789.70; for a total of \$47,678.74.

EASEMENT ABANDONMENT – PLACE OF HOPE (BURMA ROAD)

Move to approve abandonment of a water main easement on the Burma Road Place of Hope property, as recommended by staff.

HOOD ROAD WATER PLANT EMERGENCY GENERATOR REPLACEMENT – ENGINEERING SERVICES

Move to approve AECOM USA, Inc. Engineering Services Proposal for replacement of 1,400 KW Hood Road Water Treatment Plant emergency generator in the amount of \$41,400.00, as recommended by staff.

PGA WWTP INSTRUMENTATION AND CONTROLS UPDATE, ENGINEERING DESIGN SERVICES AGREEMENT

Move to approve Engineering Services Agreement for the PGA WWTP Instrument and Controls Preliminary Design Report with Boyle Engineering Corporation, in the amount of \$34,900.00, as recommended by staff.

PROCLAMATION NO. 2-2009, PROCLAIMING FLORIDA WATER PROFESSIONAL WEEK

Move to approve Proclamation No. 2-2009, Proclaiming the Week of August 17 – 21, 2009 as *Florida Water Professional Week*, as recommended by staff.

**MOTION**

**Board Members Weisman/Davis moved to adopt the Consent Agenda.**

**The motion carried unanimously.**

**\*\*\*\*\*END OF CONSENT AGENDA\*\*\*\*\***

RESOLUTION NO. 7-2009 AUTHORIZING THE EXECUTIVE DIRECTOR TO IMPLEMENT AND AMEND SEACOAST UTILITY AUTHORITY ADMINISTRATIVE POLICIES AND PROCEDURES AND EMPLOYEE HANDBOOK PROVISIONS SUBJECT TO CERTAIN LIMITATIONS

MOTION

**Board Members Davis/Weisman moved to approve Resolution No. 7-2009 – Authorizing the Executive Director To Implement And Amend Seacoast Utility Authority Administrative Policies And Procedures And Employee Handbook Provisions Subject To Certain Limitations, as recommended by staff.**

Board Member Ron Ferris led a discussion regarding increasing the Executive Director's purchasing authority from \$35,000.00 to \$50,000.00. After some discussion, the Board Members agreed to do this.

AMENDED MOTION

**Board Members Ferris/Weisman moved to approve Resolution No. 7-2009 – Authorizing the Executive Director To Implement And Amend Seacoast Utility Authority Administrative Policies And Procedures And Employee Handbook Provisions Subject To Certain Limitations and increasing the Executive Director's Purchasing Authority from \$35,000.00 to \$50,000.00, as recommended by staff.**

**The motion carried unanimously.**

SEACOAST UTILITY AUTHORITY RATE EVALUATION

Board Member Ron Ferris wanted to clarify whether the Board would be having one or two meetings on August 26<sup>th</sup>. The regular monthly meeting is scheduled for 3:00 PM that day. Executive Director Rim Bishop recommended that the Board hold two separate meetings, one at Seacoast at 3:00 PM and the evening public hearing at the City of Palm Beach Gardens. Mr. Ferris agreed that it would be a good idea to have two meetings.

Mr. Howard Osterman, General Consultant, reviewed the rate evaluation presentation that had been distributed to the Board Members. Scott Harder, Environmental Financial Group, Inc. was also present. Both Mr. Osterman and Mr. Harder answered Board Member questions during the presentation.

Chair Don Noel asked if the new plant operating costs were built into this rate evaluation and Mr. Osterman confirmed that they are. Chair Noel asked if there would be some operational savings also with the proposed plant because the O&M is lower and the cost of lime sludge will no longer be an issue. Mr. Scott Harder stated that this rate analysis presumes the entire program including the proposed lines to Richard Road Water Treatment Plant.

There were discussions regarding the advantages and disadvantages of increasing the base facility charges and altering or eliminating the existing surcharge. There was also some

discussion regarding indexing of rates, which the rate consultants do not propose to implement until October 2010.

Chair Don Noel also asked whether any of the employee benefits to be eliminated in the proposed budget would be reinitiated if the rates are increased. It was responded that would be built into the rate increase.

Mr. Osterman reviewed each page of his presentation, including a discussion of the proposed new membrane plant and the revenue needed to construct it.

There was much discussion as to whether it was better to drop the existing surcharge completely and then increase the rates or keep the surcharge in place and increase the rates less. Much discussion took place regarding how this rate increase will affect Seacoast customers. Board Members expressed dismay at the need to increase rates. There was extensive discussion regarding the need for higher rates and how to most effectively present its purpose to the customers. The Board discussed the reasons in detail; i.e. fuel costs increasing, the cost for lime sludge removal, and the new membrane plant at Hood Road among much more. Board Member Ron Ferris stated that he is worried by how the customers are going to receive the news that the surcharge is being dropped but a rate increase put into effect right away. Much discussion took place. No matter what is done, the customers will not be happy.

Chair Don Noel asked if Mr. Osterman could summarize what the average person will pay with this increase. Mr. Osterman went over that page in the analysis in detail. Mr. Osterman asked the Board to bear in mind that he and Mr. Harder have tried to structure this rate recommendation such that customers can mitigate their impact by conserving water. This will be difficult, but it is possible. Mr. Osterman continued with his presentation.

President Pro-Tem Bob Weisman pointed out that if the Board had removed the surcharge a few months ago, this rate increase would look much larger. Mr. Osterman stated it would look like a 20% increase. Chair Don Noel asked if Mr. Osterman and Mr. Harder did a price comparison with other utilities. Mr. Osterman stated they did not because the rates of many local water and sewer utilities are presently in flux as other systems face the same cost and revenue pressures as Seacoast. They will have a comparison at a later date. Some discussion took place regarding which utilities and when their new rates will be effective. Mr. Osterman stated that the last couple of pages are summary sheets and he will leave them for the Board to look over at a later date. Mr. Osterman told the Board which page is the bill stuffer for the customers. There was some discussion as to what should be included in this bill stuffer and how to present to it. Executive Director Rim Bishop explained that the last time a bill stuffer was sent out for a rate increase it included the new rates; it should not be a problem to add in a sample calculation. More discussion took place.

Mr. Osterman stated that what this presentation suggests is that the Board will want to make a decision to move forward or not move forward with the capital project (membrane plant) based upon the impact on customers that is shown in this rate evaluation. Mr. Osterman felt it important that the Board know that when they make their decision, that there are a number of risk factors that the Authority is insuring if the project is moved forward. They lie beneath the surface, but they are important. One, the Authority has incredibly favorable bids for the projects; the second risk factor is that nothing is known about what municipal bonds are going to look like

five years down the road; no one knows what the interest rates are going to be. At present, it looks like an enormously favorable window of opportunity for this bond issue. The third risk is regarding the lime sludge accumulation. There is currently one place to dispose of the lime sludge, and if that owner stops this disposal or if a regulatory agency says it is detrimental to the environment, the Authority will have absolutely no fallback position on places to dispose of the sludge. Those are the risk factors that the Board should think about while considering the decision or the proposed membrane plant.

At this time, Mr. Osterman and Mr. Harder concluded their presentation and asked the Board Members if they had any further questions.

Board Member Ron Ferris asked if there is a bond covenant or requirement that the base facility charge has to be increased or is it just a selection of a method to raise the revenue. Mr. Osterman responded that this is a Board decision. The bond rating agencies are concerned with total revenue accumulated. Mr. Ferris asked if there has been any attempt to calculate without the base facility being increased and get the total revenue from the other rates. Mr. Osterman stated that they did not go that far, but there is a model and they could get that information very quickly. There was more discussion regarding how the rates are calculated.

Mr. Ferris stated that he would like to see the numbers with the increase not being in the base facility charge. He felt that this would be more palatable to residents and customers; that if they use the water, they should be charged, but an across the board increase is hard to justify. Mr. Ferris stated that it may not bring in the revenue needed, but he would like to see the calculations. More discussion took place. Mr. Osterman stated these calculations can be done.

President Pro-Tem Bob Weisman stated that there are two down sides to that type of calculation, the first is it is putting more reliance that water usage will continue in current levels and if there is a drought, there would be less usage and less revenue. The second down side is that the Authority proposes a substantial capital investment and even when customers are out of town, they still need to pay the base facility to cover the continued operation of the plants. More discussion took place.

Board Member Joe Lo Bello asked if there is any benefit to keeping the surcharge and adding the rate increase. Mr. Osterman stated that means there would be no increase on bases, other than what exists today and the rest of the spread would be on the commodity rates. There needs to be a bit of a base charge in case water usage does decrease. Mr. Weisman stated for clarification that the surcharge is currently a fixed amount in the base facility charge. More discussion took place. Mr. Osterman and Mr. Harder agreed to bring those calculations to the Board.

### **MOTION**

**Board Members Davis/Ferris moved to set public hearings for August 26, 2009 at 7:00 PM and September 23, 2009 at 3:00 PM to consider Seacoast Utility Authority Water, Sewer and Reclaimed Water Rate Ordinance, as recommended by staff.**

Board Member Joe Lo Bello stated that he cannot attend a meeting on August 26<sup>th</sup> at 7:00 PM and felt it wasn't fair to the Board. Mr. Lo Bello suggested an alternate date of Tuesday, August

25 at 7:00 PM. Board Member Ron Ferris stated that City Hall in Palm Beach Gardens would not be available on August 25<sup>th</sup>. Mr. Lo Bello suggested the use of Juno Beach Town Center. Everyone agreed.

### AMENDED MOTION

**Board Members Lo Bello/Davis moved to set public hearings for Tuesday, August 25, 2009 at 7:00 PM at Juno Beach Town Center and Wednesday, September 23, 2009 at 3:00 PM at Seacoast Utility Authority, both to consider Seacoast Utility Authority Water, Sewer and Reclaimed Water Rate Ordinance, as recommended by staff.**

Chair Don Noel then asked the Board for direction for staff regarding the proposed membrane plant. Should the Authority proceed with this project in whole or in part or not to proceed at all? Mr. Weisman stated that the bids for this project came in less than expected and asked how this affects the proposed rate structure. Executive Director Rim Bishop explained that in 2005, the General Engineering Consultant, then LBFH, did a feasibility study for this project and the estimated costs for the entire program at that time in 2008 dollars was \$88 million dollars. Staff presented that to the Board; the Board deliberated and authorized the engineering design to be done. Over the course of time, most of the project's components have been designed, and Seacoast has received bids on two of the components. The two components that were bid have come in at approximately 30% below the most recent engineer's estimate, and the other components, based on that bidding environment, are estimated to come in at 20% less than the most recent engineer's estimate. Comparing all the most recent cost information for the project, compared to the original \$88 million estimated, it is now approximately \$77 million. Mr. Weisman stated that the main changes in circumstances is the economy, is there still a need for this plant or the size of the plant being proposed compared to three years ago. Mr. Bishop stated that the plant is designed as a 30.5 MGD membrane plant, which is the sum of the capacity of the two existing Authority lime softening plants. Since 2005, a slowdown in the rate of growth has occurred, but the projected build out populations of the areas these plants will serve has not changed. While one might be able to argue that the plant could be downsized by a few million gallons per day, there is not a material economic benefit to doing so. There was much discussion regarding this proposed plant. Mr. Weisman asked when this project is complete, what will the Authority be operating. Mr. Bishop responded that the Authority will operate one membrane plant on Hood Road; the Richard Road facility will become a repump facility. The new plant would be for the entire build out capacity for the Seacoast service area. More discussion took place regarding how the new plant will not need lime sludge removal, which is currently a huge cost and the future of this disposal is very uncertain as well as the environmental benefits of the new plant.

Attorney Nat Nason explained to the Board that a motion is not necessary. The Board agreed unanimously to move forward with this project.

**The motion carried unanimously.**

President Pro-Tem Bob Weisman stated that the reason he is willing to go to public hearings and a rate increase is for the improvement of the plant. The public needs to know how important it is

for this plant to be built for water quality, benefits to environment and all the other benefits that will come with this new plant.

## MEMBRANE CONVERSION PROJECT – BOND ISSUE UNDERWRITER SELECTION

### MOTION

**Board Members Davis/Weisman moved to designate the following Hood Road Membrane Conversion Project bond underwriting team and to authorize staff to negotiate such contractual arrangements as it deems in Seacoast’s best interest with Citigroup Global Markets, Inc. as Senior and Sole Manager.**

Mr. Nate Eckloff, RBC Capital Markets, requested the opportunity to address the Board. Mr. Eckloff distributed information to the Board. Mr. Eckloff introduced himself as well as Mr. Collin Meyer, Manager of the Palm Beach Gardens retail brokerage office. On behalf of RBC Capital Markets, they thanked the Authority Board for the opportunity to submit a proposal for the chance to serve as Senior Manager and they are disappointed they did not get this but respect the process the Authority went through to make the selection. Mr. Eckloff stated his purpose today is to request that the Board approve the recommendation made, with one change. Mr. Eckloff would like the Board to add the next two ranked firms as Co-Managers and that they would accept 15% of the bond issue each with the 70% to the Senior Manager chose, Citigroup.

Mr. Eckloff explained his handout and the advantages of the Authority having Co-Managers for this project. He explained that the advantages could be lower interest rates and good will. Local investors like to buy bonds from the local governments where they live and that serve them. Mr. Eckloff further explained that with having an office in Palm Beach Gardens, they would have the ability to sell bonds to the Authority’s customers and rate payers. Mr. Eckloff reiterated that his request is that the motion as made be amended to add Raymond James and RBC Capital Markets as Co-Managers at 15% each.

Mr. Collin Meyer, RBC Capital Markets, Manager of the Palm Beach Gardens office, stated that RBC would like to have the opportunity to offer their clients access to the Seacoast bonds through their firm. Mr. Meyer emphasized their local ability to sell these bonds. He then thanked the Board for the opportunity to speak to them today and hoped the Board would consider their request for two Co-Managers.

Chair Don Noel asked for a presentation from staff regarding the process of selecting the Bond Underwriter and how they reached the decision they did. Mr. Clark Bennett of Spectrum Municipal Services and the Authority’s Financial Adviser for this project responded to this request. Mr. Bennett explained that the Selection Committee went to great lengths to be fair in establishing the methodology by which they selected underwriters. When the RFP was first sent out, the Authority received eight (8) responses, from that there was a short listed meeting of the Selection Committee and they selected four (4) firms to give presentations. There presentations were held and after the presentations, it was the decision of the Selection Committee that, in their opinion, a Senior Manager was all that was necessary for this organization to sell its bonds effectively in the marketplace. Mr. Bennett stated that he would not dispute that many

municipalities do add Co-Managers, some do and some don't. Mr. Bennett did dispute the fact that adding Co-Managers will assure a better interest rate; he doesn't know how that can happen. Any one of the underwriters selected could take this bond issue and do it by itself; \$75 million is a lot of money, but in the bond market, it is not a huge amount of money. The decision has to rest with the Board. Does the Board feel that adding Co-Managers will add value to the project; it won't cost the Authority money to add them, but it reduces the amount of money the Senior Manager gets. Mr. Bennett feels it is a policy decision on the Board's part.

Chair Don Noel asked if it made any difference to Mr. Bennett. Mr. Bennett stated that it does not make any difference to him. Vice Chair Maria Davis asked if procedures are established on how a firm is selected and if the Board changes the rules now, how does that affect the Authority legally. Attorney Nat Nason explained that the Board initiated a process whereby requests for proposals (RFPs) were received from a number of underwriters and the Board delegated the initial review of those RFPs to the Selection Committee, which has come back with a recommendation. Ultimately, it is this Board's determination in terms of what it wants to do with regard to the recommendation that was brought by the Selection Committee. If the Board wishes to parcel out certain portions of this bond underwriting to different firms who responded, it is within the Board's right to do so or if the Board wishes to have one bond underwriter, it is also legally within its right to do that as well.

There was some discussion as to what Palm Beach County would normally do and that is having a Senior Manager and two Co-Managers. Mr. Weisman asked Mr. Bennett if that is because Palm Beach County wanted to spread the work around or is there is another reason. Mr. Bennett responded that wanting to distribute the work to several firms is a fair assessment. Mr. Bennett's experience with working with Palm Beach County is that it does like to spread the work around, but it doesn't mean that the Authority has to do the same thing. Mr. Bennett reiterated that \$75 million is a lot of money to all of us sitting here, but in the grand scheme of things, selling municipal bonds, when you are talking about some issues reaching a billion dollars, it is a pittance and any one of the firms that presented to the Selection Committee could take this issue and do a fine job on its own; but it was the decision of the Selection Committee to proceed with a Senior Manager and he has no problem with that. More discussion took place.

Board Member Job Lo Bello stated that he Chaired the Selection Committee and wanted to give the Board full disclosure of the proceedings. Mr. Lo Bello explained that the ranking of the four firms was unanimous, but on the vote regarding having one Senior Manager versus Co-Managers, it was a two to one vote recommending only one Senior Manager. He was one of the ones who voted for one Senior Manager, but he had no experience of having a Co-Manager with the Town of Juno Beach. Mr. Lo Bello was grateful to hear what Mr. Weisman and Mr. Ferris state regarding Co-Managers; he always felt it was a political decision to spread the work. If the Board wishes to disagree with the Selection Committee, Mr. Lo Bello has no problem with that.

Board Member Ron Ferris stated that he has no idea as to the politics, but normally an issue of \$75 million is not that big of a deal. In today's market, however, it is a lot bigger deal than what it used to be, considering there are not that many deals out there. Mr. Ferris hadn't considered this until now and he is not sure where he stands at this point.

Chair Don Noel asked the Selection Committee Chair, Joe Lo Bello, if all three of these firms have retail plans in the Authority's service area. Mr. Lo Bello responded that the Selection Committee felt strongly about these three firms and that they could market the bonds. There was more discussion regarding these three firms and where their offices are located. It was stated that they all have Florida offices and that is where the bonds will be sold. Mr. Weisman asked for the exact ranking, which are 1) Citigroup, 2) Raymond James and 3) RBC Capital Markets.

#### **AMENDED MOTION**

**Board Members Weisman/Ferris moved to designate the following Hood Road Membrane Conversion Project bond underwriting team and to authorize staff to negotiate such contractual arrangements as it deems in Seacoast's best interest with Citigroup Global Markets, Inc. as Senior Manager at 70%, Raymond James and RBC Capital Markets as Co-Managers at 15% each.**

Mr. Weisman stated that he likes the idea of spreading the work around. Historically, Citigroup has gotten a lot of Palm Beach County's work and Mr. Weisman would like to see this shared with other firms and as there shouldn't be another bond issue for the Authority for a long time, he does not see any harm for the retail distribution to spread around. Mr. Ron Ferris agreed that under the current economic situation, there are not that many opportunities right now and while this used to be relatively a small amount, it is probably a larger amount today and to spread the money around on a local basis is a good idea.

**The motion carried unanimously.**

#### **PGA WASTEWATER PLANT – RECLAIMED WATER YARD PIPING MODIFICATIONS**

#### **MOTION**

**Board Members Weisman/Davis moved to authorize purchase of up to \$150,000.00 in pipeline and appurtenant materials pursuant to a currently active competitively bid public sector contract, as recommended by staff.**

**The motion carried unanimously.**

#### **MOTION**

**Board Members Lo Bello/Davis moved to authorize \$138,000.00 in funding for construction of Reclaimed Water Yard Piping Modifications pursuant to Seacoast's competitively bid contract with Deevan, Inc., as recommended by staff.**

**The motion carried unanimously.**

## MOTION

**Board Members Lo Bello/Weisman moved to approve \$48,100.00 AECOM USA, Inc. proposal for Reclaimed Water Yard Piping Modifications at the PGA WWTP engineering services under AECOM USA, Inc.'s continuing contract for engineering services with Seacoast, as recommended by staff.**

**The motion carried unanimously.**

## OTHER BUSINESS

### COMMENTS FROM BOARD MEMBERS

Vice Chair Maria Davis congratulated Finance Department Manager Daniela Russell on a well done budget and Executive Director Rim Bishop on the management letter.

Board Member Ron Ferris stated that he would like to discuss the budget, but wasn't sure if he should wait for the public hearing in August. Executive Director Rim Bishop responded that staff would prefer to know what the Board's comments and/or changes are as early in the process as possible so staff can be ready with a final budget in August.

Mr. Ferris stated that he noted that in the proposed budget that there is a recommendation for no COLA (cost of living) raise, merit increases from .5% to 2.5%, conversion of leave was eliminated as well as longevity and productivity pay. The good news is that there is no loss of jobs and the Authority is very fortunate to be in that position; not everyone is. Given that and the fact that the Authority's budget is not ad valorem, it is revenue based and the revenue looks pretty good as far as the operating and the reserves are fairly decent as well. Mr. Ferris stated that he understands the cost of living raise being eliminated and in these economic times and he felt it was a good choice to keep the merit increase in the budget. Mr. Ferris' concern is the elimination of the conversion of sick and vacation time. When the math is done, it would be approximately \$90,000.00. He feels the conversion of time is also an issue where the Authority is avoiding future costs but at the same time, reducing the liability against future cost, paying current dollars and that would be approximately \$44,700.00 on vacation and \$47,000.00 on sick time if he understands the policy correctly. The longevity is another \$114,800.00 that was eliminated from the budget. Mr. Ferris' own way of seeing things here is that the employees were accustomed to the COLA, merit, conversion, longevity and he would like to see the conversion and longevity items be put back in the budget to the approximate amount of \$206,550.00, as far as the employees are concerned. Mr. Ferris agreed that everyone is lucky that they have a job, but if there wasn't a need for the job, they wouldn't have them, but the Authority needs them and it needs them to do their work. Mr. Ferris stated that the Authority has some great employees as everyone does, but he also feels that considering that the COLA will be eliminated and assuming that everyone won't get the merit, authorizing the leave conversion is a good thing because the Authority is paying today's dollars versus tomorrow's dollars, and it is not a great deal of money. Longevity is also another way to keep the good employees. Mr. Ferris stated that he discussed some of these items and more with Executive Director Rim Bishop and received answers to his concerns; specifically in the other areas such as surplus, interest income on the restricted side (interest is down a lot these days), reducing insurance

reserves to \$100,000.00, and the increase in the lime cost. Mr. Ferris summarized complimenting the staff on cutting the budget back and on the budget presentation, but he feels the Authority can afford to keep the leave conversion programs and that the employees deserve their longevity, particularly since COLA is being eliminated.

President Pro-Tem Bob Weisman asked Executive Director Rim Bishop to explain. Mr. Bishop stated that the total of \$200,000.00 was part of a \$1.2 million reduction that he made when first draft of the budget came to him. The reason he needed to do this is that sufficient debt service coverage was not projected in the coming fiscal year, so staff had to do some serious cost reduction. Anything that is added back in will have to be removed from some other expense code within the operation budget. Alternatively, the Board can instruct him to redraft the budget in such a manner as to reflect the rate adjustments that Mr. Osterman has recommended. The proposed budget before them does not assume that the Board is going to approve a rate increase; it assumes the current rate with the surcharge in place. More discussion took place. Mr. Ferris asked what the Authority’s reserves are based on this budget. Finance Department Manager Daniela Russell responded that at the end of the fiscal year, September 30, 2009, the Authority projects to have approximately \$27 million. Mr. Ferris asked how much money was used out of the reserves to balance the budget for this proposal. Ms. Russell responded approximately \$3.9 million. Mr. Ferris stated that he is proposing an approximate \$200,000.00 addition. Mr. Weisman asked how the longevity pay works. Mr. Bishop responded that all eligible employees that have been at Seacoast for over one year receive 1/10<sup>th</sup> of a percent of their base salary for every year employed in a lump sum check once a year. Mr. Weisman stated that someone who has been here 20 years gets 2% lump sum. There was more discussion on sick/vacation leave conversions. Executive Director Rim Bishop responded that employees earn 10 sick days per year and they can take up to five of those or some portion of those depending on how many days they have used. The vacation conversion works only when the employee has taken at least one week of vacation that year before they can convert time. More discussion took place regarding salaries, etc.

**MOTION**

**Board Members Ferris/Weisman moved to approve putting sick and vacation leave conversion and longevity pay back into the budget.**

	<b><u>YES</u></b>	<b><u>NO</u></b>
<b>Juno Beach</b>	<b>2%</b>	
<b>Lake Park</b>		<b>6%</b>
<b>North Palm Beach</b>	<b>13%</b>	
<b>Palm Beach Gardens</b>	<b>57%</b>	
<b>Palm Beach County</b>	<b>22%</b>	_____
<b>The motion carried</b>	<b>94%</b>	<b>6%</b>

Chair Don Noel stated that staff did a great job on the budget, thanked Mr. Osterman and Mr. Harder on the great job with the rate evaluation presentation. Chair Noel also thanked staff for getting the easement abandonment for the children's home on the agenda today. He appreciated the effort on behalf of those children.

#### ENGINEERING REPORT

Engineer's Report included in Board package. Brent Weidenhamer and Larry Lardieri were present for questions. None were asked at this time.

#### STAFF REPORT MONTHLY REPORTS

Executive Director Rim Bishop stated that the monthly reports are in the Board package.

#### SFWMD WATER USE PERMIT

Executive Director Rim Bishop stated that there is no particular progress to report, except for changes in the upper management staff at SFWMD. There has been some movement in direction from the SFWMD Board to its staff regarding the issue on "historic harm". "Historic harm" is the key issue having to do with SFWMD's allegation that the Authority's legal water withdrawal from the Hood Road wellfield over the course of time has altered the biological character of the wetlands on the Briger Tract. SFWMD staff has alleged some rather weighty impacts in terms of the Authority's cost will be and the SFWMD Board has directed them to back off on this issue of holding water use permittees responsible for wetland harm alleged to have resulted from water withdrawal that were sanctioned by permit. The SFWMD has some obligation as well and that was good news.

#### SFWMD PROPOSED YEAR ROUND IRRIGATION RULE

Attorney Nat Nason stated that the most recent proposal from SFWMD staff looked like it would propose a rule that would take the Authority to three days per week of irrigation as opposed to two. SFWMD, over a period of five years, would like to convene a working group of interested parties to discuss the need, if any, for additional restrictions. Attorney Nason stated that is a move in the right direction for the Authority and given those parameters, staff would not intend to challenge the three day a week restriction as it would the two day per week restriction.

Chair Don Noel asked if it is true that Chip Merriam is resigning. Mr. Bishop responded that he believes that Mr. Merriam does not have long term employment with SFWMD.

#### COMMENTS FROM THE PUBLIC

None

ADJOURNMENT

There being no further business to come before the Authority, Chair Don Noel adjourned the meeting at approximately 4:35 PM.

**APPROVAL:**

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DON NOEL, CHAIR

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MARIA V. DAVIS, VICE CHAIR

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ROBERT WEISMAN, PRESIDENT PRO-TEM

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RON FERRIS, MEMBER

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JOSEPH LO BELLO, MEMBER

**ATTEST:**

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MARY ANN STILES, AUTHORITY CLERK