

**MINUTES OF THE BUDGET MEETING
of the
LAKE COUNTY WATER AUTHORITY
July 14, 2010**

The Budget Meeting of the Board of Trustees of the Lake County Water Authority was held at 2:00 p.m. on Wednesday, July 14, 2010 at the Cultural Arts Building at 201 Dixie Avenue, Leesburg, Florida.

Members Present-District #

Keith Farner, Chair (At Large)
Carolyn Dillon, Vice Chair (#3)
Charles Clark (#1)
Nancy Fullerton, (#2)
John Harris (At Large)
Larry Everly, Jr. (#4)
Linda Bystrak (#5)

Staff Present

Michael J. Perry, Executive Director
Ron Hart, Water Res. Program Manager
Patricia Burgos, Env. Program Manager
Lance Lumbard, Water Proj. Manager
Mildred Hodge, Supv. Park Ranger
Carole Barice, LCWA Attorney
Linda Marino, Administrative Assistant
Linda Gavin, Recording Secretary

A list of others present that signed the attendance roster is filed in the permanent files of the Water Authority.

1. CALL TO ORDER / PLEDGE OF ALLEGIANCE

Chairman Farner called the meeting to order at 2:05 p.m. and everyone stood for a moment of silent meditation and then recited the Pledge of Allegiance.

2. INTRODUCTION TO BUDGET

Mr. Perry reported the Water Authority had been informed that property values have declined 11.5%-12% this year in addition to declines over the past two years therefore difficult decisions will have to be made about next year's budget. If the Board wants to move money and include their priorities, they can make their wishes known and the changes will be reflected in the budget they see at the July 28th meeting.

Ms. Fullerton said she has expressed concern about the Clermont Chain for years so she wants the Board to think about a budget amount when they compare the Harris and Clermont Chains. She doesn't want anything detrimental happening to NuRF because she has supported it all along but what brought this to mind is the cost of alum. Because of the Water Authority's economic situation as it relates to the Elks meeting where Mr. Tracy put pressure on treating South Lake County fairly, she would rather the Water Authority "nip this in the bud". Her basic question is does the Board support an approach that would identify encumbered money that could go to both Chains. The Water Authority could identify property owners living on the two Chains to see how much they pay in taxes, take a percentage, and decide on an amount of money that would be available. When she spoke to Mr. Frank Royce with Lake County he said that would be illegal to do that because each taxpayer receives equal attention. She asked if the Board thinks that

Lake County Water Authority Budget Meeting
July 14, 2010

money could be set aside for the Clermont Chain or is it their philosophy that that Chain continues to receive less funding. She said when Mr. Perry cut the Clermont Priority Stormwater from \$500,000 to \$245,000 she was extremely upset. A comment was made that all stormwater grant money cut from the budget was for the Harris Chain. She emphasized that is the last thing that should be cut because we are trying to cure the Harris Chain problems and prevent the Clermont Chain from having the same problems. She said if the Water Authority has two pots of money could one be used for prevention and the other for cure or do we identify property owners and ask them to pay more taxes or tax bait and tackle shops and other businesses more.

Chairman Farner suggested this issue be included on a future agenda.

Mr. Everly, Jr. stated a few are shoreline owners while others utilize the waterways but everyone pays ad valorem taxes. The Clermont Chain has two public boat ramps, one free to the public and the other charges a fee but the Harris Chain has 24 public boat ramps so the difference between the two Chains is overwhelming. If money is allocated directly to the Clermont Chain, the Board should think about allowing use of the available ramps or building new ramps.

Mr. Perry mentioned only two changes were made to the F/Y 2010-2011 budget since the June meeting. They are related to adjustments made to retirement contributions and the redistribution of the Marine Patrol expenses under Education mentioned by Mr. Clark at the June meeting.

ADMINISTRATION

Mr. Perry stated the budget was predicated on the fact that there will be no salary increases, no increase in the millage rate from the previous year, and no increase in Revenues.

Ms. Fullerton asked if the Board is willing to adjust the millage so the Water Authority can receive the same money as last year because then it could affect how the Board looks at the F/Y 2010-2011 budget. Vice Chair Dillon stated she would rather not make a decision on adjusting the millage until the Board has had time to review the entire budget.

Accrued Leave – Acct. 100-123: A question was asked about the percent of decrease. Mr. Perry explained it is up to the employee if they want to use their hours of leave or carry them forward.

Board Per Diem – Acct 100-160: A comment was made that the budget shows six Board members collecting Per Diem and Ms. Marino clarified one member never takes Per Diem.

Professional Services – General Legal Services – Acct. 100-310: A question was asked as to the amount spent this year. Mr. Perry explained we are still receiving invoices so he does not have a year-to-date figure but there are several places where this figure has been reduced in order to have a balanced budget. The Board agreed they wanted to revisit this item at a later date.

Postage & Express Mail – Acct. 100-420: Ms. Bystrak suggested this line item be adjusted to reflect the \$.02 increase in postage effective January 1, 2011.

Lake County Water Authority Budget Meeting
July 14, 2010

Repair & Maintenance – Acct. 100-460: Mr. Perry mentioned over the past several years, money has been budgeted to repair the old air conditioning unit but if a new office is built this line item could be reduced.

HICKORY POINT RECREATIONAL FACILITY

Life & Health Insurance – Acct. 400-230 & Worker’s Compensation Acct. 400-240: Ms. Marino stated Lake County is self-insured and has dropped the rate they charge for Life and Health Insurance and she believes she overestimated the cost of Worker’s Compensation.

Communication Services – Acct. 400-410: The Board discussed removing the pay phone located near the boat ramps. Ms. Hodge explained this phone is most always used when there is a 911 emergency. They talked about installing a phone that only dials 911 and Mr. Perry advised that will be investigated. A question was asked if the Marine Patrol building is open 24 hours a day and a Deputy Sheriff said their office is open until 7 p.m. and then they are on call.

Utility Services – Acct. 400-430: Ms. Hodge explained that if the Park has an extremely busy weekend, it may require an additional pickup. A suggestion was made that possibly the Board could talk about writing a policy that if an event’s trash exceeds the available dumpster, the event will be charged extra. Mr. Perry commended Ms. Hodge on her ability to cut the Park budget by 50% over the last several years.

EDUCATION

Mr. Perry stated the 3.5% ad valorem figure of \$129,294 should read \$128,239. He said at the June meeting, Mr. Clark pointed out under Other Contractual Services that only one Marine Patroller should be shown therefore the figure should reflect ½ of the 15% amount in Education and the other ½ under Water Resources.

Ms. Fullerton did not want to include \$15,000 for a video unless it is absolutely essential to the wellbeing of the water. Mr. Perry stated a video has not been done for many years and could be used as a tool to get the word out about the NuRF. In addition, video distribution is very inexpensive because the only difficulty is getting one professionally produced. Ms. Fullerton said she is especially interested in finding additional funds for stormwater and water quality products and doesn’t believe a video is not really necessary. Mr. Harris said staff has not actually looked into doing a video so they are not aware of how much it will cost. He suggested they do some research and report at the next Board meeting. Ms. Fullerton suggested cutting Printing of Educational Materials from \$10,000 to \$5,000.

A question was asked if Education had been reduced more than 25% from the previous year and Mr. Perry mentioned the mini-grants and community grants have been reduced. Mr. Everly, Jr. added that when the tax base drops, the Water Authority cannot spend any more than 3.5% of the total ad valorem. The Board agreed they wanted to revisit the entire Education section at their next meeting.

CONSERVATION AND RESOURCE MANAGEMENT

Processional Services – Acct. 700-310 – Attorney: Mr. Perry noted there is approx. \$115,000 shown through the F/Y 2010-2011 budget for Attorney Services.

Attorney Barice said \$200,000 for attorney services under Water Resources has been reduced to \$50,000 which is a decrease in the agency's litigation budget. She does not believe this to be a wise thing to do because the Water Authority is currently involved in two active litigation cases and sufficient money needs to be there to cover both cases. Currently, the Griffin Petition against the Lake Beauclair dredging project is before the Division of Administrative Hearings (DOAH). She said she does not know if it will go to a full hearing but it's possible. She said she has been pushing the Administrative Law Judge (ALJ) for an expedited determination and believes she has given the ALJ good grounds to move quickly on this. She has filed a Motion to Dismiss but Ms. Griffin has responded in opposition so now it is really up to the Administrative Law Judge. If the ALJ dismisses the Petition with Prejudice then the Water Authority will not have to go to Hearing but she cannot give the Board an idea of the chance of its success. It is very possible the Water Authority may end up going to a Hearing on an expedited schedule in August or September and if that occurs, it will be a full-blown trial and require involvement of the Department of Environmental Protection, the St. Johns River Water Management District, BCI Scientists and Engineers and Water Authority staff. She reminded the Board that the NuRF litigation case is still pending so this agency is involved in two active litigation cases.

Mr. Everly, Jr. said if Ms. Griffin's Petition goes to litigation in August or September this project cannot be done this year which frees up money that can be moved around.

Chairman Farner suggested highlighting this issue for further discussion.

Ms. Fullerton asked Attorney Barice for a worst case scenario cost estimate for the two cases. Attorney Barice thought it would exceed the \$200,000 that was originally budgeted. She said the Water Authority needs to actively participate and prevail in both cases but that will not happen if resources are unavailable.

Mr. Hart said he cut Attorney Services to \$50,000 because he assumed the legal issues would be resolved by the end of this fiscal year. A comment was made that no Petition was in place at that time and now there is one in place.

Ms. Fullerton referenced the Palatlahaha Restoration Phase II (Design and Permitting for M-1 & M-4 at \$90,000 and asked if that is correct. Mr. Perry said it is because the contract will continue into F/Y 2010-2011.

Mr. Perry reported the County may not fund the Water Resource Atlas so the Board will have to decide whether this agency should pay the entire amount or to not do it at all. He said staff will update the Board when they hear from the County.

Mr. Perry stated the Lake Beauclair dredging project is the largest item in next year's budget and once the bids are opened this afternoon, they will know the results and then adjustments will be

Lake County Water Authority Budget Meeting
July 14, 2010

made to the Cash Brought Forward figure so there may be some money available in the next few months.

Printing & Binding – Acct. 700-470: Ms. Burgos stated staff is working on informational flyers that will explain the hydrology of the Chains of Lakes. When complete, staff will present it to the Board for discussion and consideration. The County will do the graphic design work for free on the Harris Chain map and staff hopes to print the maps using this year's money.

Other Current Charges & Obligations – Acct. 700-490 – Boat Registrations: A request was made to verify this expense since the Board thought the cost is considerably higher and bring to the next Board meeting.

Operating Supplies – Acct. 700-520 – Fuel: Ms. Marino reported last year she over estimated the per gallon fuel cost so she reduced next year's figure to reflect present cost.

Ms. Bystrak asked if the amount of polymer depends on the alum used. Mr. Perry said it is based on the amount of water and floc to be removed. Mr. Everly, Jr. noted that staff recently purchased testing equipment to determine the exact alum and polymer needed to efficiently operate the NuRF.

There was a comment about the \$2,500 for Preserve signed and Ms. Burgos explained it would cover necessary replacement of boundary signs either damaged or destroyed.

Professional Development & Publications – Acct. 700-540 – Limnological Reference Book: Ms. Bystrak thought the agency probably had sufficient Limnological reference books and that the \$250 was not needed in next year's budget. Mr. Hart advised that he will ask Mr. Lumbard if this is necessary but he believes this item can probably be deleted.

Professional Services – Acct. 700-631: Ms. Burgos advised she received permission from Mr. Perry because the two projects are under \$10,000 and now staff can begin working on the Bear Track Preserve flooding issue and Hidden Waters Preserve erosion issue.

Machinery & Equip. Acct. 700-640: The Board wanted further discussion on the two replacement laptops for \$4,500. Other explanations in this category included that a back-up alum pump for the NuRF would allow dosing to continue should the primary pump quit. \$3,000 for NuRF Drying Balance would allow for the set up of a lab to measure phosphates as well as other components to get real time data instead of waiting 2-3 weeks for results. The County Lab would like to be part of this project so the Board agreed to revisit this at some later date.

Aid to Government Agencies – Acct. 700-810: Ms. Fullerton asked Mr. Perry to flag general stormwater grants and Clermont's Hooks Street project for discussion at the next meeting.

Aid to Private Entities – Acct. 700-820 – Community Water Resources mini-grants): Ms. Burgos explained this covers Homeowners Associations, Girl Scouts, Boy Scouts, cities and municipalities community water resources mini-grants. The Board agreed to discuss this further.

Lake County Water Authority Budget Meeting
July 14, 2010

Comm. Redev. Trust Fund Reimbursement – Acct. 100-813: Attorney Barice explained tax increment funding on a redevelopment agency is where the cities get to lock in the tax levied; and any increase over that, the city receives as part of their redevelopment agency funds. It was explained new numbers are not yet available but when received will be passed on to the Board.

Total Expenditures for F/Y 2010-2011 is \$20,298,514 or \$656,986 less than F/Y 2009-2010. Cash Brought Forward is \$15,075,405 and is an estimated calculation which will probably change nearer the end of this fiscal year.

REVENUES

Mr. Perry stated the millage rate is .2130 for F/Y 2010-2011 or the same as last year because staff was instructed not to exceed the revenue generated from the millage last year. If the present office is sold, the revenue will be included but if the Board decides not to sell it or wants to rent it out the Revenue figure will have to be revised. He said when the Water Authority begins the Lake Beauclair Restoration project; the Florida Fish and Wildlife Conservation Commission will pay the agency \$1 million. The assumption is that the project will be done in F/Y 2010-2011 so the \$1 million has been included in Revenues for F/Y 2010-2011.

Ms. Bystrak referenced Total Taxes of \$3,480,776 and asked the last time the total was this small. Mr. Perry said he would have to do some research but did not believe it had been that low in the last five to ten years. Mr. Harris questioned how much the millage rate had been cut over the years. Mr. Perry said it has been reduced almost 60% from when they first became an elected Board in 2000. From 2000-2003 it was .5000 mills, then the Board saw substantial cash accumulation without specific projects and were uncomfortable about carrying that amount so they began reducing the millage. He said now we are facing declining property valuations, substantially reduced millage, and increased expenses.

Capt. Luce with the Sheriff's Department came forward and referenced Acct. 500-340. He said this line item seems to have been cut in half and he asked if there had been a reduction in the current Sheriff's Department contract. Mr. Perry explained staff took 15% of both Marine Patrollers vs. 15% of one so the difference is reflected in Acct. 700-340 but that the contract still stands at \$163,511. Capt. Luce noted the Sheriff's office did some research and an adjustment was made in their F/Y 2007-2008 contract from \$148,647 to \$163,511. He noted that Sheriff Borders requested that he express his appreciation for the contract they have with the Water Authority. He said it costs the Sheriff's office \$228,950 for two Deputy Sheriffs (salaries and operating costs) that they end up paying the difference of 40%.

Mr. Perry said the Board has talked about buying a boat and motor for the Sheriff's office. Capt. Luce stated the present boat is a 1998 Release boat that is in very poor condition and would cost nearly \$21,000 to make it seaworthy. The Sheriff's office has done some research and found a 2010 boat with motor retailing for \$65,000 and that their cost would be approx. \$40,000. Mr. Perry mentioned that he will include the cost of a boat and motor in the budget for discussion and consideration in July.

Lake County Water Authority Budget Meeting
July 14, 2010

WRAP-UP

Mr. Perry stated at the July Board meeting, staff will present a revised budget for further discussion and direction. Hopefully, by that time they will have the revised numbers for the Community Redevelopment District, amount of alum used to date, and know the results of the Lake Beauclair Restoration bid.

BOARD MEMBER COMMENTS

Ms. Bystrak reported Lake County is sponsoring a Green Symposium July 29-30 in Howey-in-the Hills. This meeting will have a water component and the panel will discuss water consumption. Those on the panel will include Mr. Kirby Green with the District, Lake County Comm. Elaine Renick, one other person, and Chairman Farner representing the Water Authority. She said she does not have a problem with Chairman Farner being on the panel other than this Board for the past two years has avoided discussing water consumption issues. Every time she has requested they talk about it they are not allowed to and when she asks why, the response has been the Water Authority only deals with surface water. She said she is shocked and surprised that the Water Authority will be included on this panel to discuss this issue.

Chairman Farner stated this Board has never been restricted from talking about water consumption; they have only refrained from talking about Consumptive Use Permits (CUPs) other than surface water permits. Ms. Bystrak requested Chairman Farner represent himself or the Harris Chain Restoration Council since it would not feel right to her if he represent the Water Authority Board because they have stayed away from discussing water consumption issues. She said this Board has never reached a consensus, or taken a vote, or even talked about it and the Board even voted against Ms. Fullerton's proposal that the Water Authority support water conservation two years ago by writing an endorsement letter to the County.

Vice Chair Dillon inquired if Chairman Farner was invited to speak on the panel and he said that he was asked by the County Commission and he agreed to be part of the panel.

Mr. Everly Jr. made a motion that **CHAIRMAN FARNER ATTEND THE GREEN SYMPOSIUM JULY 29-30, 2010 AND REPRESENT THE LAKE COUNTY WATER AUTHORITY.** Seconded by Vice Chair Dillon with no vote at this time.

Chairman Farner said he will either state that he is Chairman of the Water Authority representing himself or Chairman of the Water Authority attending the Green Symposium to learn. Mr. Harris thought it is a good idea to have a representative, especially Chairman Farner, just for the sake of the others attending so he can answer questions other than water consumption inquiries. Chairman Farner stated he will say that we are not getting into groundwater consumptive use permitting or litigation, we are only concerned about surface waters. He said the panel will probably discuss water conservation and future problems but if they ask him about CUPs, this Board knows where he stands and that is what he will represent.

Lake County Water Authority Budget Meeting
July 14, 2010

Vice Chair Dillon stated she is thrilled the Water Authority has been asked to be part of the panel because there have been numerous times where meetings have been held in the county, by the County, or other agencies and the Water Authority was never invited to participate.

Ms. Fullerton asked if the Board took any stand on the Niagara Bottling withdraw request. A comment was made the only thing the Board did was to file a Substantial Letter of Objection so we would be kept informed. Attorney Barice was asked if she thought there would be an issue if Chairman Farner participates and she said she did not think so because he is aware of the Board's position.

Ms. Bystrak emphasized this is why she disagrees that Chairman Farner should be on the panel since there are so many different views. This Board has never come to a consensus or discussed water consumption and why should there be one person representing this Board who does not speak for all of the Board. She said she will have to pay \$100 to attend the symposium and was informed that she can request the Water Authority pay her way with Chairman Farner's approval which he gave. Mr. Harris mentioned that he plans to attend so that he can make informed decisions. Chairman Farner gave his approval for any Board member wanted to go.

(Mr. Everly Jr. made a motion that CHAIRMAN FARNER ATTEND THE GREEN SYMPOSIUM JULY 29-30, 2010 AND REPRESENT THE LAKE COUNTY WATER AUTHORITY. Seconded by Vice Chair Dillon).

The motion carried 6 – 1 with Ms. Bystrak voting against.

Ms. Fullerton reported that after three years, the Clermont City Council voted unanimously to approve spending \$3,200 to participate in a \$9,600 expenditure to have consultant do a cost analysis study of possible treatment methods that could be used for Hooks Street. Mr. Hart added that it was a breakthrough because up to date Clermont had not spent any money on this project, only some in-kind services, and this is the first time they said they would put money toward the project. He said the Water Authority Board already agreed to pay for 50% so new it will be just 33%.

Mr. Harris reported that Waterfront Park in Clermont which closed in 2002 recently re-opened. He said it shows that some of the work that people have been doing is now showing results.

ANNOUNCEMENT OF UPCOMING MEETINGS AND EVENTS

- Regular Board Meeting – July 28, 2010 (3:30 p.m.) BCC Chambers/Admin. Bldg.

ADJOURNMENT

The meeting was adjourned at approx. 4:05 p.m.

Lake County Water Authority Budget Meeting
July 14, 2010

Respectfully submitted,

Linda Gavin, Recording Secretary

Neil Kelly, Secretary-Treasurer

Keith Farner, Chairman