

TAYLOR COASTAL WATER & SEWER DISTRICT
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MINUTES OF REGULAR COMMISSION MEETING
July 24, 2007

1. The meeting was held at the District Building at 5:30 PM on July 24, 2007. Present were:
COMMISSIONERS: Glenn Senter, Lonnie A. Houck, Lee Bennett, Tommy Mauldin, Jim Moody*
TCW&SD STAFF: John Gentry, Jim Gooding, Diane Carlton and Shirley Shinholser
Chairman Senter called the meeting to order and declared a quorum present.
2. The meeting was opened with prayer and the Pledge of Allegiance.
3. Our guest, Danny Collins of Haskell, will address Phase II Funding.
4. The Minutes of our June 26, 2007 meeting were presented. **A motion was made by Lee Bennett and seconded by Lonnie A. Houck to approve the Minutes as read. Minutes were adopted unanimously.**
5. Staff and Committee Reports
 - Phase II Collection System Update – John Gentry
In order to proceed with the Phase II project, Rural Development will need to conduct an application conference which we have tentatively scheduled for Thursday, August 16, 10:00 am. We are endeavoring to complete all required forms for RD prior to the meeting and John Horvath of Jones Edmunds is planning to attend to present the Engineering Agreement. Furthermore, we have been advised that USDA-RD has established a new area office in Lake City which will be responsible for management of Phase II funding. Mary Gavin of the Marianna office will continue to be involved because of her familiarity with our project. We will meet the Lake City contact personnel at our meeting in August.
Due to our losing out on State funding this year, we may qualify for 1.8 million from RD for Phase II with a ratio of 75% grant / 25% loan at the current interest rate of 4.25%. This will be determined after the application conference and review of all related documents.
The initialization of Phase II engineering and construction revolves around funding. We cannot move forward until all funding is assured and all required documentation is in place.
 - Phase II Funding – Danny Collins of Haskell
A comparison of obtaining the balance of the Phase II funding from DEP for a period of 30 years at 2.52% versus a 45% grant/55% loan from RD for a period of 40 years at a rate of 5.25% was made with results indicating that there will be an over-all cost savings with RD. With the possibility of an increased ratio of grant/loan plus the reduced interest rate of 4.25%, this savings will increase. We therefore recommend pursuing the RD funds.
Additional funding may be available from OTTED if we can assure job creation/job retention. We will continue to work with Representative Will Kendrick who may come through with funding in 2008. As previously mentioned, Congressman Boyd was allowed funding for only one (1) water project this year and Tallahassee was the recipient; therefore, we did not receive the anticipated 2007 STAG Grant of \$750,000. Neither is there funding through SRWMD at this time. Private funding is available but it involves a lot of hurdles for a small amount of money. We will continue to seek out other sources.
We have learned that Dr. Pruitt is pursuing 1,000 home sites on his property. The revenue generated by the \$2,000/lot service fee for water may be used for additional wells and a tower. Chairman Senter recommended that the District contact Jerry Scarborough and request to be included in the initial negotiations so that we can adequately prepare for water/sewer provision and avoid possible conflicts.
 - Management Issues – John Gentry
Jim and David are preparing to complete their portion of the interior of our Wastewater O&M building so that Michael Lynn's Construction can complete their contract. One hurdle that we've encountered is the installation of windows on a metal building without flush stud walls. *Commissioner Lee Bennett advised the Board and Staff that he has experience in that area and will assist Jim and David with the installation of the windows.*

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We have received a Letter of Agreement from the Tallahassee Wastewater Treatment Division regarding our Bio Solids Disposal (Sludge) and are in the process of completing required paperwork. Their cost is currently 7 cents per gallon and will be reviewed on an annual basis and adjusted accordingly. As previously mentioned, we anticipate disposal of two to three 1800 gallon tanks per year with a hauling fee of \$450 per tank and will include these costs in our upcoming budget for 2007-2008.

- Financial Reports

- Billing Supervisor's Report – Diane Carlton*

- Our total current charges have increased from May to June as anticipated. We experienced a high adjustment amount due to leaks, some of which are related to the line and valve repair made at Ezell Beach. Our Past Dues are in good shape. Some of those listed on the June report are now current. We may yet have to write off Poppell, but we have heard that the Schaeffer funds will be collected through an attorney due to foreclosure. By placing our delinquent accounts in the Collections account of our bookkeeping system, we have no paperwork that is shared with others. Periodically, an attorney or a realtor will inquire about an account and be advised of the delinquency. It has been suggested that we consider placing the accounts in Small Claims Court so that a public record will be established and the delinquency will be noted in the title work. Board asked Diane to investigate further to see what would be involved and what the charges will be to process and record a claim.

- Office Manager's Report – Shirley Shinholser*

- Our Operating funds were still rather low at the end of June, but we managed to pay our wages and vendors on time. We expect increased income for July, August, and September that will increase our Operating funds and enable us to maintain our budget. We have a few remaining RD funds on hand which are to be used for the upcoming expense of completing the Wastewater O&M building. Our annual payment of approximately \$56,642 to RD is due on September 1, 2007. We have been placing allocations into Savings on a monthly basis and expect no problems in making the payment. Our YTD income is \$23,421 less than anticipated but our expenses are \$25,450 less than anticipated so, although we do not have excess funds, we are meeting our obligations to date. During the month of June, we purchased maps of our coverage area to be used for valve locations; updated our antivirus software; and experienced several repair/maintenance operational costs in both water and sewer.

- We have been advised by our Attorney that a final judgment has been filed against Timothy Brooks but we have no idea when the expenditures will be reimbursed. Board directed Shirley to request an update on the Brooks case for our next meeting.

- A motion was made by Lee Bennett to accept the financial reports as read. A second was obtained from Jim Moody and the reports were approved unanimously.**

- Water Operational Issues – Jim Gooding

- We have made additional improvements to our system by adding a new 4" isolation valve and two (2) additional flush valves at the bridge crossing on Keaton Beach Drive. This will offer greater convenience in isolating an area for repair and will enable us to flush the lines into the canal versus the parking area of Hodges Park.

- Wastewater Operational Issues – John Gentry

- We are looking at several devices on the market to address sludge build up in lift wells. Due to the high cost of these units, we will investigate further and possibly devise an alternative solution.

6. OLD BUSINESS

- Review Employee Wages – John Gentry/Lee Bennett

- At the forefront of this issue is a Retirement program. During our inquiry into employee benefits, we learned that, per the Special District Handbook by the Florida Dept. of Community Affairs, "a dependent Special District must participate in the Florida Retirement System (FRS) if its governing authority participates in the System". Upon verification that Taylor County is a member of FRS, we contacted FRS to inquire about participation in the program. This inquiry resulted in a letter to the TCBC from the FRS Benefits Administrator advising the County that per Chapter 121.051 of the Florida Statutes, the County is responsible for making retirement contributions on behalf of the District's employees to the Florida Retirement System. This letter further states that contributions for our employees should commence on the next County retirement report and that prior period adjustments must be reported for the period of October 2000 to present. In a conversation with District Commissioner Lee Bennett, County Administrator Jack

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Brown stated that he understands that each department (District) is to handle its own benefits including retirement. An Email received today from FRS advised that if the County and the District desire that the District become its own reporting unit, then it can be arranged. The District must submit a letter to the Division stating that it desires to establish its own reporting unit and the County must submit a letter authorizing the District to do so. Once the letters are received, the Division will set the District up with an independent reporting agency number.

Before the TCW&SD Commission can decide whether or not to establish our own reporting unit and/or reimburse the County for the current and past retirement costs, those costs must be determined. It is recommended that Shirley meet with the County staff to discuss the retirement program and provide the required data to the County as requested by FRS. Furthermore, we recommend that we do not consider wage increases until this retirement issued is settled and our budget is reviewed. As County government, we are obligated to pay retirement but not other benefits. We can survey our employees with plans to address each one individually as we consider vacation, sick days, and paid holidays. Once we talk further with the County and know what is required of us regarding retirement costs/accounting, we can discuss if and when we become our own reporting unit and how we might reimburse the County for past costs if it is mandated.

The Board asked Shirley to prepare a Proposed Budget for 2007-2008 to be reviewed, discussed, and/or approved at the August meeting so we may have a clearer picture of possibilities.

- Discuss provision of water & sewer to Cedar Island East – John Gentry

Two (2) maps were shared with the Board indicating existing and proposed water and sewer lines to the proposed Cedar Island East development. The estimated cost for the proposed water lines is \$120,000 and \$80,000 for the proposed sewer lines. It is believed that the service fee of \$2,000 per lot (~100) to be paid by the Developer will cover the costs for the new water lines plus a new supply well. Each Homeowner will be responsible for the \$1,000 connection fee as they come on line. The District has previously assured the developer that water will be available.

For convenience, the District historically used Highway 361 as the dividing line for indicating properties within the flood plain and the need/requirements for a collection system versus a septic tank. Some of the lots in the proposed Cedar Island East subdivision are within 200 feet of our existing lines and, per our Ordinance, will be required to connect to sewer. However, it is believed that many of the remaining proposed lots are in the flood plain and should be considered for connection to our Wastewater System as well. The County Health Department has previously advised us that if we notify them of existing lines (maps) within our coverage area, they will not issue a permit for a septic tank. It is the responsibility of the District to enforce connection to the wastewater collection system. *The District should seek clarification of the flood zone and consider a policy to address mandated and/or voluntary sewer connections for all future developments being careful to treat all developments equally.*

The discussion was tabled for further investigation and consideration until the August 28th meeting.

7. NEW BUSINESS

- Form a Budget committee for 2007-2008

As previously noted, a budget will be prepared by the Office Manager for review and consideration at the August meeting.

Closing Remarks:

1. County Administrator, Jack Brown, wants to meet with the Board and General Manager to discuss the Sunshine Law.
2. The Steinhatchee utility is currently experiencing difficulties partly due to speculation. The District must obtain money prior to provision of water & sewer and be careful not to co-mingle funds.

8. A motion was made by Tommy Mauldin, a second received from Lee Bennett, and the meeting was adjourned.

(The next meeting is scheduled for Tuesday, August 28th, at 5:30.)

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Board Actions:

1. Approve Minutes of the meeting on June 26, 2007
2. Accept July financial reports as read.

Action Items:

1. Contact SRWMD regarding inclusion on negotiations for Pruitt property
2. Inquire about costs and procedure for Small Claims Court
3. Obtain an update on the Brooks' case for the August meeting
4. Proceed with provision of retirement data to County as requested by FRS and obtaining costs for current and past due contributions
5. Prepare 2007-2008 Proposed Budget for review in August
6. Obtain clarification of flood zone for our service area
7. Consider a policy to address mandated/voluntary sewer connections for all future developments

Shirley Shinholser
Secretary

* Commissioner Moody arrived at 6:00