

**CEDAR KEY WATER & SEWER DISTRICT
P.O. BOX 309 / 510 THIRD STREET
CEDAR KEY, FL 32625**

**Minutes of Regular Meeting
Board of Commissioners
July 9, 2018**

Board Members Present: Joe Hand, Stephen Rosenthal, Leslie Sturmer; By Phone: Dottie Haldeman, Chris Reynolds.

Others Present: John McPherson, Mandy Offerle, Robert Beauchamp; By Phone: Mike Donohoe.

1. Meeting called to order at 5:00 p.m., by Stephen Rosenthal, Chair.
2. Pledge and Prayer.
3. Adoption of Agenda. **Motion** by Leslie Sturmer to adopt agenda as presented. **Second** by Dottie Haldeman. Passed by a vote of 5-0.
4. Public Input. Public input was requested but none was provided.
5. Approval of Minutes. **Motion** by Chris Reynolds to accept the minutes of the June 11, 2018, meeting as presented. **Second** by Dottie Haldeman. Passed by a vote of 5-0.
6. Financial Reports. Budget, Balance Sheet, Checkbook Activity, Past Due Accounts, and Employee Leave reports were presented for review. The Board requested that the General Manager look into the overdue Away From the World account. **Motion** by Dottie Haldeman to accept the financial reports as submitted. **Second** by Chris Reynolds. Passed by a vote of 5-0.
7. Audit Report. Robert Beauchamp presented the audit report for the 2016-2017 fiscal year and stated that, in general, the District is in good financial condition. The General Manager read Resolution 2018-04 by short title:

A RESOLUTION OF THE CEDAR KEY WATER AND SEWER DISTRICT
APPROVING FINAL FY 2016-2017 AUDIT AS PRESENTED TO THE BOARD
AT ITS REGULAR MEETING ON JULY 9, 2018; AND ESTABLISHING AN
EFFECTIVE DATE.

Motion by Dottie Haldeman to adopt Resolution 2018-04 as presented. **Second** by Leslie Sturmer. Passed by a vote of 5-0.

There was discussion about the need to put the audit work out to bid due to the late performance of the audit work by Carr, Riggs, and Ingram. Robert Beauchamp noted

that a new auditor would need to be in place by October 1, 2018. **Motion** by Dottie Haldeman to have the General Manager initiate the auditor search process. **Second** by Joe Hand. Passed by a vote of 5-0.

8. Resolution 2018-05:

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE CEDAR KEY WATER AND SEWER DISTRICT; AMENDING THE FISCAL YEAR 2017-2018 BUDGET; PROVIDING FOR POSTING ON THE DISTRICT'S WEBSITE; AND ESTABLISHING AN EFFECTIVE DATE.

Resolution 2018-05 was read by short title by the General Manager, and he went over the changes reflected in the Second Amended 2017-2018 Budget. He noted that the changes primarily involved the re-allocation of unspent monies relating to TwinOxide and directional drills. **Motion** by Leslie Sturmer to adopt Resolution 2018-05 as presented. **Second** by Chris Reynolds. Passed by a vote of 5-0.

9. Resolution 2018-06:

A RESOLUTION OF THE CEDAR KEY WATER AND SEWER DISTRICT CLARIFYING DISTRICT RULES FOR GRANTING BILL ADJUSTMENTS; PROVIDING INSTRUCTIONS TO THE CODIFIER; AND ESTABLISHING AN EFFECTIVE DATE.

Resolution 2018-06 was read by short title by the General Manager, and he went over the code changes reflected in the resolution. He noted that the changes would clarify the Board's policy with regard to when adjustments may be made to a customer's bill, and specifically would make clear that intentional use of a large amount of water that did not go through the wastewater system would be eligible for an adjustment to the wastewater billing. **Motion** by Joe Hand to adopt Resolution 2018-05 with the following modification: Section C 3 should read: "An adjustment may *not* be made where an interior faucet is left on or leaks into a sink, or a toilet runs continuously, because such water *is* discharged into the wastewater system." **Second** by Leslie Sturmer. Passed by a vote of 5-0.

10. General Manager Report.

a. *Water Plant Issues.* The GM reported the following;

(1) Efforts to Reduce Disinfectant Byproducts:

- Staff has continued to refine the Miex System process to make sure it is working optimally.
- Staff took samples for THM testing to the lab in late June to see how well the improvements are working and the promising results were as follows: Gulf and Hodges: 55 ppb; Hodgson Avenue: 56 ppb.

- (2) TwinOxide: Tim Norman believes that we should not give up on TwinOxide as the ultimate solution to the DBP problem, and that this solution should be incorporated into the new water treatment plant. The GM expressed his opinion that Tim Norman with Mittauer Engineers should be much more closely involved this time in the testing process than was the case during the first test. He directed the Board's attention to Mittauer's proposal calling for a maximum fee of \$30,000 for a re-do of the TwinOxide test. He also noted that a proposal from TwinOxide for the re-test had been received, and that he would be bring both proposals back to the Board after further work by staff.
 - (3) AP Oxidation Media: This filter media did substantially reduce TOCs in the raw water, but it is not clear to what extent this would solve the DBP issue. Tim Norman is analyzing the results.
 - (4) Water Quality Reporting: The annual Consumer Confidence Report, and the quarterly DBP notice that continues to be required due to our high levels of DBP last year, were mailed out on June 28.
- b. *Water Tower.* The GM reported that he had informed Utility Service Group that the osprey nest appears to be inactive at this time and therefore USG should schedule completion of the painting job and replacement of the burned-out lights ASAP, but that, as yet, this work has not been scheduled.
 - c. *Renewal of Contract with A-Able Septic Sewer Service.* The GM presented to the Board a proposed contract renewal for sludge hauling with no increase in price, and stated that staff recommends renewal of this contract. **Motion** by Leslie Sturmer to authorize the General Manager to executed the contract renewal with A-Able Septic Service. **Second** by Chris Reynolds. Passed by a vote of 5-0.

[Note: Dottie Haldeman and Mike Donohoe terminated their participation in the meeting by phone.]

- d. *Further Consideration of Mike Donohoe, Applicant for General Manager Position.* The GM reported that Mr. Donohoe continues to be interested in the General Manager position starting on October 1. He stated that he had checked the references given by Mr. Donohoe and they uniformly gave excellent reviews. He directed the Board's attention to a letter from Rebecca Fox, who he worked for as an intern in Anacortes, Washington, and the results of his interviews with the three other references given. Board members expressed various concerns about Mr. Donohoe, including:
 - His lack of administrative experience.
 - His lack of a strong education background in engineering or utility-related field.

There were comments in response to these concerns, including:

- He should be able to learn the administrative duties with help of the existing general manager who has promised to spend as much time as necessary on the administrative transition.
- His educational background has been supplemented by studying for and successfully passing licensing for wastewater in Washington and Florida, and potable water in Washington.
- It was a positive that Mr. Donohoe felt that managing the District during the design and construction of a new water plant would be a chance of a lifetime.

There was consensus on the Board that there was no need to advertise the position at this time, but directed the GM to invite Mr. Donohoe to spend a day in Cedar Key working with staff and then letting staff have the opportunity to express any concerns to the Board.

- e. *2019 Budget.* The GM reported that it is time to begin the 2019 budget process, the first steps of which are to select a proposed millage rate for the TRIM process, and the date and time of the Preliminary Budget Hearing. He noted that the proposed rate is what will be advertised to the public in the TRIM notice, and that the final millage adopted by the Board could be lower than the advertised rate, but not higher. He provided the following information:

Last year's millage rate:	1.200
Last year's tax proceeds:	\$194,164
Estimated proceeds this year from same millage:	\$203,712
Rolled-back rate for this year:	1.153
(Raises the same revenue as last year.)	
Adjusted rolled-back rate for this year:	1.2623
Maximum millage allowed by majority vote:	1.2809
Estimated proceeds from 1.2809 millage:	\$217,446

He stated that he had provided to the Board a preliminary budget for 2019 which:

- Keeps millage rate at 1.200.
- Increases rates by 3% (except for Large User Base charges which stay the same).
- Uses a conservative estimate of "Carry Forward."
- Includes 3% COL employee raises and the hiring of a new general manager.
- Terminates contract with TwoFold for operator services.
- Changes contract with John K. McPherson, P.A., to include only legal services.
- Assumes we will be using Miex, and not TwinOxide or Reverse Osmosis.
- Includes \$45,000 for contingency.
- Leaves a surplus of \$97,980 for special projects or purchases, including these possibilities:
 - Truck for new employee ~\$30,000
 - Vacuum trailer to replace worn out vacuum truck ~\$50,000
 - Repair and repaint exterior of WWTP/Office building \$31,500
 - Backflow survey \$?
 - Directional drills \$?

He further stated that the hearing date for the Preliminary Millage and Budget must be between September 3 and September 18, and cannot be on the same day as the BOCC or School Board tentative budget hearing.

He recommended as follows:

- **Millage:** Adopt as the proposed millage rate the maximum that can be adopted with a majority vote, i.e., 1.2809, which gives the Board flexibility to raise additional tax revenue if deemed necessary during the budget adoption process.
- **Hearing:** Set for regular meeting date, September 10, which does not conflict with chosen times for BOCC and School Board hearings.

Motion by Chris Reynolds to set 1.2809 as the proposed millage rate, and September 10, 5:01 p.m., as the preliminary hearing date and time. **Second** by Joe Hand. Passed by a vote of 4-0.

f. *Groundwater Levels.* The GM presented the following groundwater levels to the Board:

DATE	ROSEWOOD	SUWANNEE	NOTE
1.1.12	7.62	1.64	6 months before saltwater intrusion
5.23.12	6.67	-.54	Near start of intrusion event
8.1.12	9.76	3.76	Near end of intrusion event
1.1.17	9.88	2.99	Start of 2017
1.1.18	10.46	3.53	Start of this year
6.6.18	11.22	4.59	Previous reading
7.1.18	11.47	5.35	Current

11. **Commissioner Comments:** Commissioner Sturmer commented on the broad range of duties that the general manager needs to perform and that the Board needs to keep that in mind in selecting a new general manager.
12. **Public Input:** Mandy Offerle asked why Robert Beauchamp, the District's accountant, presented the audit rather than the auditors themselves. The GM stated that he did not know but would find out.
13. **Adjournment:** There being no further business to conduct, the meeting was adjourned at 7:30 p.m.


 Stephen Rosenthal, Chairperson


 Leslie Sturmer, Commissioner &
 Secretary of the Board

Date: 8/13/18