

# PORT LABELLE UTILITY SYSTEM ADVISORY BOARD MINUTES

June 24, 2010

Hendry County Board of County Commissioners Chambers  
25 E. Hickpochee Avenue  
LaBelle, FL 33035  
2:00 P.M.

## **Board Members Present:**

George Davis, Chairman  
Han Mouthaan  
Warren Grant  
Paul Samerdyke  
Richard Bass

## **Other Attendees Present:**

John Capece, PLUS Advisory Board Facilitator  
Roger Greer, PLUS Director  
Yvonne Cayce, PLUS Staff Assistant

## **Introduced by John Capece:**

Charlotte Cadoret – France  
Ashley LaVela – Chicago, USA  
Christopher Million – France  
Baptiste Dubuc - France

### **1) Call to Order**

George Davis, Chairman, called the meeting to order at 2:00 p.m. on Thursday, June 24, 2010.

### **2) Review of Minutes**

Copies of the December 9, 2009 minutes were distributed and reviewed by members. Motion to accept was made by Paul Samerdyke and seconded by Han Mouthaan. Motion carried.

### **3) Director's Report – Roger Greer**

Roger Greer presented to the Board the following statistics:

Water Plant Usage for May = 13,782,900 gallons  
Average Per day = 444,606 gallons  
Max. Per day = 499,400 gallons

This Time Last Year = 11,873,700 gallons  
This Time Last Year = 383,022 gallons  
This Time Last Year = 462,700 gallons

Wastewater Treated for May = 7,190,000 gallons  
Average Per day = 232,000 gallons  
Max. Per day = 341,000 gallons

This Time Last Year = 6,435,000 gallons  
This Time Last Year = 208,000 gallons  
This Time Last Year = 425,000 gallons

To-Date This Year:      Meter Sets = 0      New Requests = 0      Outstanding = 63

Roger informed the Board members that the daily water loss has increased to 100,000 or more gallons a day. A leak this size should have surfaced, however, nothing has been found. Personnel have been diligent in their search and have been systematically checking each unit, shutting off valves and isolating sections, in an effort to find the leak. With permission from the current owners, lines at the old golf course were checked and capped, and it was determined that the leak was not in this area. The Banyan Village meter was shut off to ascertain if the problem was in that area, but there was no decrease in loss, ruling that area out as having the problem. Also, the current meter that registers water leaving the water plant is quite old and will be removed and replaced with a new meter next week, which will be calibrated and should help in

determining the actual loss. Roger added that he will receive a leak detection instrument next week that will be used in an effort to locate the leak. Estimated loss of revenue due to this leak is approximately \$200.00 per day.

#### **4) Water Consumption Data – John Capece**

John invited the board members to review the updated graphs for the water and wastewater plants charting consumption, capacity, loads, peaks, etc. On the water plant side, with the daily production moving above what was expected of 600,000 per day, it is obvious there is a significant amount of water that needs to be tracked down, if for no other reason, to stay in good graces with SFWMD. Since last summer it's been steadily getting worse which is typical with a leak such as described earlier by Roger. On the wastewater side, the use is fairly steady, with a little more than normal in the spring due to the extra rains experienced and additional stormwater and groundwater infiltration to the sewer pipes. Currently, however, we are not experiencing very high peaks so all appears normal for this time of year regarding wastewater.

In response to John's inquiry as to the water plant keeping up, Roger responded in the affirmative and added that the new well has been in production for a little over a month. One well is for production and the other serves as a backup, but are alternated every other week. The new South well is producing the same quality of water as did the old South well. The quality of water produced, however, by the North well is significantly better even though the wells are only about 125 feet apart. Roger added that the hydrogen sulfides and chlorine demand on the South well are much higher. John Capece stated that he would look into this to determine why there would be this variation. It could possibly be a local chemistry issue where the water is changing as it's drawn into that well, or it's coming from the surface. Too, if hydrogen sulfide is the primary difference and the other parameters are similar, that might give an idea as to the cause.

#### **5) 2010 – 2011 Budget – Roger Greer**

Roger asked the Board members to review the budget spreadsheet and stated that the budget is basically a mirror of last year. He said that operation costs exceed revenues, but the difference is being made up by taking from the maintenance fees as paid on the annual taxes. Unfortunately, a lot of people are not paying their taxes. Last year with the rate study, Tetra-Tech suggested a small increase on PLUS rates. (Board members were directed to review the second page of the executive summary in their handouts showing the existing rates and proposed rates). Roger continued by saying that he felt the timing of a rate increase to be bad, given the economic situation of many customers. Therefore, he decided to put the rate increase on hold for awhile. It was hoped there would be new growth which would help with the revenue, but there hasn't been any growth. John Capece interjected that the City of LaBelle is looking to implement a much larger rate increase than the one recommended for PLUS. Roger suggested that board members take time to review the draft document, and then have Tetra-Tech tweak the numbers considering that their recommended increase was based on future growth. The revised numbers will be reviewed and discussed in a future meeting, at which time, a recommendation could be made to put before the BOCC for the rate increase. If the increase is approved, the 2011 budget can be amended to reflect the change of anticipated income.

A discussion ensued among the board members, Roger Greer, and John Capece as to percentages of increase and decrease as proposed by Tetra-Tech regarding residential and commercial properties. It was recommended that Tetra-Tech look at assigning all negative increases, such as the commercial accounts, to zero and base all other calculations on that constraint, which would present more favorable numbers for the majority, the residential customers. A rate increase was instituted not long ago in order for PLUS to qualify to borrow money from the federal government at a certain percentage. Therefore, it is not likely that the customers would appreciate, yet, another increase. In an effort to find ways to lessen expenses, it was suggested that labor costs be considered for reduction. These costs, however, have already been reduced, as

there are currently three less employees working at PLUS now than a few years ago. When the positions were vacated, they were not filled.

It was stated that at one time, PLUS was considered to have the highest water rates among utility companies. Attention was directed to page 5.5 of the draft showing PLUS existing rates, as well as the proposed higher rates, to be lower than three other city and county utilities. Many factors need to be considered, however, when making comparisons, one being size. Typically, with a larger population in a concentrated area, the product can be delivered more efficiently and at a lower cost due to the higher number of users. Also, small locations, geographically, will have limited options perhaps on where water can be drawn from so the source may prove to be more expensive. Although PLUS is dipping into reserves right now, there's no need for alarm at this time, but consideration needs to be given to this issue.

Roger stated that one area he is looking at for the utility to generate funds is to impose a late fee. Most other utilities have this incorporated in their billing policy which gives incentive for customers to pay on time. Some utilities impose a flat rate, while others charge a percentage of the delinquent bill. The impact of revenue that would be generated by means of this late fee will be considered when numbers are being tweaked by Tetra-Tech in regard to the possible rate increase.

Another area that could be considered to increase revenue is the monthly maintenance fee on unoccupied lots. Currently owners are being charged a maintenance fee of \$2.00 a month which is paid annually via property taxes. This amount could be increased to \$2.50 per month. Unfortunately, many property owners are not paying their taxes. If they were, we would probably not have this revenue issue.

With the consideration that the budget can be amended should a future rate increase be necessary and approved, ***motion to accept the budget as presented was made by Richard Bass and seconded by Warren Grant.*** Motion carried unanimously.

#### 6) **Banyan Special Assessment Final** – John Capece

John directed the board members attention to the Banyan Village assessment spreadsheet and summary sheet and discussed methods used to determine the final assessment for the Banyan Village lots.

A recalculation of the special assessment previously issued to all residential lot owners in Banyan Village resulted in an increase due to project costs. The installation of the transmission water lines on Highway 80, those going into and around Banyan Village, as well as the smaller distribution lines, resulted in a total project cost of \$7,101,725.78. The amount was recently reduced based upon the tax collector's 2% collection fee, resulting in a significant amount of over \$2 million used directly from escrow funds. That number was adjusted with 2% being assigned to a smaller portion of the \$6.9 million project cost. County administration asked that a new approach be taken in calculating the special assessment; whereas in prior years, residential lots only were assessed with the commercial and governmental lots paying only on connection. The obligation of the commercial and governmental lots was calculated based upon their size. These parcels were divided by 0.25 acres / ERU (equivalent residential units) which determined their equivalency to be 625 residential lots.

A general discussion continued between John and the board members regarding the different line items on the spreadsheet, tax certificates, policy changes, impacted cash flow and possible repercussion from parcel owners, attorneys, etc.

John showed the results of his analysis of unsold tax certificates in Banyan Village. These are lots for which the owners have not paid the property taxes and no other party has purchased the tax certificates, despite these investments carrying a potential 18% rate of return. For lots where the tax certificates remain unsold by

the county, no tax revenues are being collected by the county and it is unlikely that these lots will be paying their water utility special assessment. A total of 56% of all Banyan special assessment “equivalent residential units” (ERUs) are in this category or are governmental lots for which special assessments are effectively uncollectable until construction. Thus, during the next few years collections on the Banyan special assessment could be very low. This situation will probably resolve itself after a few years with recovery of the economy and with the cancelation of the higher tax years upon the 7-year statute of limitation on back taxes. He also pointed out that this extreme delinquent tax situation creates an opportunity for the state or group like The Nature Conservancy to come in an bulk purchase much of these lots and implement a more rational growth management plan (focusing on lot swapping with Units 1-9 and 102) at a relatively modest investment of \$15 million.

Upon completing the review and discussion, no action was required by the Board at this time.

7) **Water Use Permit Application** – John Capece

John Capece informed the Board members that he should be hearing good news any day now, as the permit application seems to be in the final stages. He feels that the utility is okay with the five-year cycle if there are no growth spurts, and there proves to be no additional water demand. Should SFWMD require PLUS to source its water from a deeper well; we could look at sharing this investment with the City of LaBelle. We would also need to consider cost comparison between running the larger pipeline to the City’s well versus drilling one of our own. Johnston Engineering is assisting with this by coming up with creative options. The best, and least expensive option, however, is to prove to SFWMD that the sandstone continues to deliver our needs without adverse effects, and that a deeper well is not necessary.

8) **PLUS Project & Tasks List** – John Capece

John recommended that the Board review the project and task list as included in their handouts. The document was presented for informational purposes only, and no discussion ensued regarding the listed items at this time.

9) **Other Issues:**

In regard to reappointment of Board members, John stated that he and Roger will draft a letter to both Hendry and Glades County Commissioners recommending the reappointment and terms of each of the current members. Two and three year terms will be assigned.

Yvonne Cayce directed the Board’s attention to the collections spreadsheet. The spreadsheet lists Port LaBelle properties with outstanding final debts, as well as, active accounts showing no payment activity for several months. The majority of the properties listed are those that have gone through, or are currently going through, the foreclosure process. By tracking these properties through the property appraiser records and the clerk of court records, as well as alerting real estate agencies, title companies, lien search companies, and banks, more than \$45,000 has been collected since June 2008.

10) **Schedule Next Meeting & Adjourn:**

Roger Greer stated that after he meets with Tetra-Tech, he will determine the next meeting date and time for the Advisory Board Members to meet and will inform all at the earliest possible time.

The meeting was adjourned at 3:38 p.m.