



MINUTES POLK REGIONAL WATER COOPERATIVE

January 15, 2020 - 2:00 PM
Lake Myrtle Sports Complex
2701 Lake Myrtle Park Road
Auburndale, FL 33823

Member Governments in Attendance:

Member Government	Representative
City of Auburndale	Mayor Tim Pospichal, Primary (Chair)
City of Bartow	Commissioner James Clements, Alternate
City of Davenport	Commissioner Tom Fellows, Primary
City of Dundee	Commissioner Bert Goddard, Primary
City of Eagle Lake	In Absence
City of Fort Meade	Commissioner Jim Watts, Primary
City of Frostproof	In Absence
City of Haines City	Mayor Morris West, Primary
City of Lake Alfred	Mayor Charles Lake, Primary
Town of Lake Hamilton	Mayor Mike Kehoe, Primary
City of Lake Wales	Mayor Eugene Fultz, Primary
City of Lakeland	In Absence
City of Mulberry	In Absence
City of Polk City	Mayor Joe LaCascia, Primary
Polk County	Commissioner George Lindsey, Primary
City of Winter Haven	Mayor Pro-Tem Nathaniel Birdsong, Primary

A. Call to Order

Meeting called to order by Chairman Pospichal at 2:00 PM.

B. Recognition of new primary/alternate appointees of members

C. Agenda Revisions

No revisions of the agenda were requested.

D. Public Comments

No public comments were presented.

E. Consent Items:

1. Board of Directors November 13, 2019 Meeting Minutes

Motion made and seconded to approve the consent agenda as presented. Motion approved unanimously.

F. Regular BOD

2. Demand Management Plan Co-funding Agreement

Ms. Keeli Carlton (City of Winter Haven) and Ms. Mary Thomas (WSP/Carollo/TeamOne) presented an update on the conservation programs currently implemented by the Polk Regional Water Cooperative (PRWC), and the role conservation plays in the PRWC regional water supply program and funding options.

Mr. Gene Heath, Project Administrator, reviewed the past progress in conservation and grants received by the PRWC. Mr. Heath stressed the importance of increasing the participation on the existing contracts.

Mr. Ed de la Parte, PRWC legal counsel, provided a background of the agreements entered into by the member governments to implement the conservation projects. Recommended staff develop an agreement with the Cooperative's members that implements the program being developed.

Mr. Gene Heath stated the contracts would include a personnel component, either hired directly by the PRWC or a consultant to assist local governments. Somehow the Cooperative has to get enough horsepower so a local government has the ability to move forward with conservation and the Cooperative provides the necessary assistance needed to move forward.

Chair Pospichal stated we would need a motion to ask the staff to develop a conservation agreement.

Mr. Heath confirmed.

Commissioner Lindsey asked how much money was in the pool for conservation.

Mr. Heath stated approximately half of the conservation grant money is still available for projects.

Commissioner Lindsey stated in the ball park of \$300,000 and the idea is to engage someone to use those funds in the account.

Mr. Heath clarified that the Cooperative does not have an account. It is a reimbursement from the District. The Cooperative receives a reimbursement request from a member government and passes the request to the District and upon receiving funds passes the funds to the member government.

Commissioner Lindsey requested pursuing the possibility of those systems that have viable programs assist the smaller systems and get reimbursements if they have the capacity and willingness to assist in lieu of creating additional bureaucracy.

Chair Pospichal stated that it is his opinion that with the minimum participation of 30% he is concerned that we have tried and it is not working. We are at the time where it is necessary to ask for third party assistance and be able to reach the necessary benchmarks set by the District.

Mr. Heath stated it is a good idea and one that has been attempted over the past three years, but to date have not been able to.

Commissioner Lindsey stated the problem is that historically the ones who are not participating are not at the table.

Mayor LaCascia stated he has heard what is expected of the PRWC and what is expected by the member governments and requested what would be expected from the third party.

Mr. Heath stated those who are successful now have someone who is assigned to conservation. The assigned staff track the program, sees what is being done, and monitors the success of each project. Incurs the cost of the project and passes the cost on to the Cooperative for reimbursement by the District.

Mayor LaCascia wants to know what the third party is expected to do that we are not doing.

Mr. Heath stated it would put a person at the Cooperative level that would perform that same task for the smaller utilities that cannot have dedicated conservation staff.

Ms. Carlton stated the conservation team would like to see the conservation program streamlined and can facilitate the program for the smaller utilities but also promote the regional water cooperative and conservation as well.

Mayor LaCascia stated the bottom line is we are trying to take less water out of the upper Floridan aquifer.

Ms. Carlton stated the third party could promote the behavior changes necessary to reduce the consumption of water.

Mayor LaCascia is asking why SWFWMD is still allowing the residential irrigation well drilling.

Commissioner Lindsey stated that several meetings ago SWFWMD stated the residential irrigation wells do not come from the upper Floridan aquifer, but from the surficial aquifer and represent less than 1% of the total water use.

Mayor LaCascia stated that if it is not true that the irrigation water is coming from the surficial and not the upper Floridan aquifer system.

Mr. Eric Dehaven, SWFWMD, stated there is value in Mayor LaCascia's statements, but there is much greater impact from conservation through the programs that have been spoken about today.

Mayor LaCascia stated that it is his understanding that 30 mgd is coming out of the aquifer for irrigation. We are talking about taking 50 mgd out of the Peace River to put

into reservoirs to facilitate its entry in to the upper Floridan aquifer; resulting in a net gain of only 20 mgd.

Mr. Dehaven stated that the conservation plan is there to reduce the amount of water coming out of the ground.

Mayor LaCascia stated that Polk City is trying to implement conservation programs, but have been unable to get the attention of the people of Polk City but are getting the attention of developers. They have two large developments over 1,000 homes that will be permitted in the next few months. If those homes want to put in irrigation wells while the Cooperative is talking about spending money to hire a third party to assist with conservation. Why doesn't the District prohibit the drilling of irrigation wells to save as much as possible?

Mr. Dehaven stated that people will irrigate whether it is private or public but where we need to focus is on the conservation enforcement policies, and ensuring restrictions are followed. The irrigation is going to come from a private well or a public water supply, but the focus needs to be on conservation.

Chair Pospichal requested Mayor LaCascia and Mr. Dehaven get together and discuss the issue to review the presentation from September.

Commissioner Lindsey asked for Mr. Dehaven to explain the connection between the Surficial and upper Floridan aquifer and how domestic irrigation affects those two sources.

Mr. Dehaven stated it is important to recognize that the surficial aquifer recharges the Floridan, but also recognize that across Polk County as you travel southward the surficial becomes more of an independent aquifer. In Mayor LaCascia's area, the water is largely coming from the upper Floridan, as you get down to Ft. Meade and southward you can use the water from the surficial without as big an impact on the upper Floridan.

Mayor LaCascia asked what is the depth of the surficial aquifer.

Mr. Dehaven stated it can range from 20 ft to 200 ft in Polk County depending if you are on or off the ridge.

Mayor LaCascia asked that if you enquire of any well driller that only drills private irrigation wells, how deep do they go?

Mr. Dehaven stated they go anywhere from 60 to 80 feet.

Mayor LaCascia stated the surficial aquifer exists for two weeks after a rainfall before permeating into the upper Floridan, and no well driller in Polk County will provide a reliability guarantee unless they drill 150 to 200 feet, and will make a presentation of the documentation at the next meeting.

Commissioner Lindsey asked how the capacity for irrigation wells for groves taken out of production due to development is credited back.

Mr. Dehaven stated that typically when looking at sustainable yield projections you are looking through time regarding what is currently permitted and what is not. As you go

into the future, you make assumptions about what is going away from the agricultural sector. That will be incorporated into the model looking forward when determining sustainable yield.

Commissioner Lindsey stated there was a time when industrial was considered a third of the water use, agriculture was considered a third, and public supply a third, then as the first two reduce their should be more supply available for public supply.

Mr. Dehaven stated that his earlier presentation demonstrated similar findings showing that ag was slightly ahead in Polk County but Public Supply was rapidly surpassing.

Commissioner Lindsey asked if the balance is shifting then that should push out the demand for the next level of capacity.

Mr. Dehaven stated that the PRWC project the District is working with the Cooperative on, on the Peace River, also includes a land use transition component that will look to see if upper Floridan aquifer supply is available through those land use transitions.

Commissioner Watts stated there has been very little participation, would it be better to spend the money and time on educating the citizens and commissions of the smaller communities.

Mayor LaCascia stated the PRWC representatives are going to the City's on a one to one basis and the County has on their agenda to address the entire County.

Commissioner Watts stated it is difficult to educate his commission in one meeting with all that has been discussed and do to sunshine laws cannot simply discuss the issues at every opportunity.

Mayor LaCascia stated we are talking about enforcement of irrigation restrictions and asked if anyone believes people are checking on the days that the irrigation wells or public supplied irrigation and would like to know what the enforcement is.

Mr. Dehaven stated it is a great point that the enforcement needs to take a high priority and is typically a local government responsibility.

Mr. Heath stated the PRWC has an application into the District for \$250,000 to move conservation along and are doing a conservation study looking at education, enforcement, all of these aspects of conservation. We are in the implementation stage of that, we will come out of that at the end of the year and if we do not have funding we will be sitting with that document on a shelf collecting dust. We don't need to pursue the \$250,000, but if we are going to, the District is looking for commitments from the membership so we will move forward and not stay idle.

Mayor LaCascia stated we should not spend one dollar if it isn't going to work.

Chair Pospichal called for motion.

Commissioner Lindsey made a motion and seconded by Mayor Pro-tem Birdsong to apply for the \$250,000 co-funding grant and how that will be spent will be decided at a later date. Motion approved unanimously.

3. Central Florida Water Initiative (CFWI) Status

Mr. Heath provided a brief description of how the PRWC developed projects based on the CFWI Regional Water Supply Plan and introduced Mr. David MacIntyre.

Mr. David MacIntyre (AquaSciTech Consulting) provided a presentation on the technical progress of the groundwater evaluation for the draft 2020 CFWI Regional Water Supply Plan. In essence the sustainable yield in 2015 was estimated at 850 mgd and the draft 2020 estimate has been reduced to 760 mgd.

Mr. Heath asked if in Mr. MacIntyre's review of the model, did he view the science used in the planning model was credible.

Mr. MacIntyre stated in general, he thinks the model is significantly stronger than the one used in 2015 and has been independently peer reviewed rigorously.

Mr. Heath asked what the bottom line impact will be on Polk County.

Mr. MacIntyre stated that SWFWMD is the dominant permitting agency in the area and has historically taken the position that the SWUCA recovery strategy is working. However, there is definitely a pattern of the District lowering allocations every time they see a permit they view as over allocated currently. The District is probably determining how they will react to the CFWI groundwater availability right now since the number has just come out. The fact of the matter is that the fairly large numbers of violated MFLs are located in Polk County and are predicted to get worse by the new model; he assumes the District will want to be assured that something is being done down the road to mitigate that.

Mr. Heath asked Mr. Dehaven to present an update on where the new CFWI availability number stands within the Southwest Florida Water Management District.

Mr. Dehaven stated that this issue is coming to the SWFWMD governing board at the February meeting. Everything Mr. MacIntyre stated is on par with how the District views the regional water supply plan and are waiting on DEP to take the lead on rule building as a region for the CFWI instead of the individual water management districts.

Mr. Heath stated the PRWC used the 2015 projections for their projects and asked if the 2020 numbers should be used.

Mr. Dehaven stated yes, it is his understanding that the regional water supply plan will be updated every 5 years. This is the second update. The CFWI water supply plan is incorporated into the District's water supply plan as part of the update every 5 years. It only make sense to look at the latest projections.

Commissioner Lindsey stated the driving force when we started this process is that the total of all of our permits exceed the groundwater availability. Historically we have been thinking of Polk County as a silo, but as the model shows a wide boundary, the range of influence moves beyond our County, our neighbors will have a greater impact than we will.

Mr. MacIntrye stated he wouldn't say they would have a greater impact locally, but certainly recognizes that the groundwater availability does not recognize the political boundaries.

Commissioner Lindsey stated that is his point and that what the PRWC does will have an impact beyond the Polk County border, which makes the challenge and urgency even greater.

Recess Regular Board of Directors / Commence Projects Board of Directors at 3:13 P.M.

G. Projects BOD

4. Considerations for Phase 2A Agreement / Financing

a. Draft Agreement

Director Taylor introduced Mr de la Parte and stated there will be two additional presentations, one by Mr. Robert Beltran (TeamOne) and Ryan Leavengood (Lake Alfred). Upon the conclusion of the presentations, action items will be discussed by the Board.

Mr. Ed de la Parte (PRWC Legal Counsel) presented issues for consideration related to and a summary of the Phase 2A Agreement.

Commissioner Watts asked for a further explanation of the virtual pipe to Ft. Meade.

Mr. de la Parte provided a brief description of the virtual water transfer process.

Commissioner Clements appreciated that the Board members have till 2/28 to relay comments; how are the conflicting comments going to be resolved before the document comes back to the Board in March.

Mr. de la Parte stated that he will provide revised documents in the interim so that all of the comments have been addressed prior to coming back to the Board in March.

Commissioner Lindsey stated the operative question becomes "or what?" What happens to a utility that elects not to play?

Mr. de la Parte stated that they will not be granted a long term permit (as envisioned under the draft contract), and the permit will likely be reduced when they come back for renewal.

Commissioner Lindsey asked if the capacity diminishes will all of the permits be reduced by a select percentage.

Mr. de la Parte stated that the plan for participants in this process will be to have the District renew the permits at the current quantity with a safe yield number placed in the permit, but will allow the members to temporarily exceed the safe yield number as alternative water supplies are brought online. That would be a

way to get the AWS projects moving. If you are not going to participate and you are on your own, the District will more than likely state there is not enough groundwater available and your permit will be reduced and will say you will have to meet your demand from other alternative sources. The member would more than likely be forced to go back to the Cooperative to ask for AWS and if the current AWS does not have surplus, there may be no incentive to accelerate additional projects phases or expansion at a substantial premium.

Commissioner Lindsey stated that only plays out if the water management District sticks to their guns and does not grant an extension to a water use permit or additional allocation.

Mr. de la Parte stated that is correct, but drawing on his experience with Tampa Bay Water, the District knew there were issues with over pumping to a point then set the line that pumping would have to be reduced by a set percentage.

Commissioner Lindsey asked how they accomplished that.

Mr. de la Parte stated the District accomplished the reduction by using its police powers and denying permits; forcing the utilities to come to the table and develop a plan to reduce groundwater pumpage and build alternative water projects on the District's timetable.

Commissioner Lindsey stated that it could result in some geographic areas being placed in a moratorium on development.

Mr. de la Parte stated it does and takes control from the PRWC and places it in the hands of the District in terms of what needs to be done.

Commissioner Lindsey stated if he is a small utility and doesn't want to grow, then not to participate.

Mr. de la Parte stated that is true, but he has been around enough governments to know that what a government of elected officials wants today can change in policy in ten years.

Commissioner Goddard stated in the briefing there was a remark that there are items that may or may not be covered, would those be cost mark ups.

Mr. de la Parte stated he did not leave out any of the major items of the agreement, but there are smaller items that he did leave out.

Commissioner Goddard said there was mention of adjustments that would come later.

Mr. de la Parte stated the adjustments he was referring to were the allocations based on fix cost of long term water demands would be adjusted at least every 5 years.

Mr. Heath stated inflation will be built into the rates

Mayor West stated that it was mentioned in the presentation that the withdrawals can go down. How can that happen with the growth on the ridge continues to grow.

Mr. de la Parte stated that when you project water demands you usually do it by taking historic per capita demands and applying it to a projected population. If the population projections are based on a slower growth period, then they could result in population projections and projected water demands less than what will actually be needed.

Mayor West asked if the projections are off (increased), will additional allocations be allowed.

Mr. de la Parte stated that if the projections are off, the next phase of the projects would be accelerated.

Commissioner West asked if a participant decides to go it alone outside of the PRWC, they might be denied. If you go it alone you might end up high and dry.

Mayor Pro-tem Bidsong stated that out of the three projects, only two are being looked at for Phase 2A. At some point, the other project may yield additional supply and how will that be added to this agreement.

Mr. de la Parte stated that the agreement will be amended based on the 5 year revised 50 year projections. That is why costs are being based on the 50 year projections, to make it easier to bring additional projects into the agreement.

Mayor Pro-tem Bidsong asked how the additional costs will be brought into the agreement.

Mr. de la Parte stated that the managers and Board wanted to use a uniform rate. The fixed costs are being allocated on the long term demands, not on the individual project costs. The costs will increase with new projects but the participants percentage of what they are responsible for will remain the same.

Mayor LaCascia stated Polk City is looking at an additional 1,000 units within the next few years and the water charges for the preceeding fiscal year will be audited. Polk City's budgeted costs will be based on the actual costs of the previous year. For the purposed of the audit you assume each unit uses the amount of water projected in its project estimate and this number will clearly be wrong.

Mr. de la Parte stated we need to remember that the project estimate is the estimate that the member government's staff estimates will be needed in the next fiscal year. It isn't estimate what will be needed in 5 or 10 years. The short term estimate could be off a considerable amount.

Commissioner Lindsey stated the compounding rates will help conservation substantially.

b. Draft Funding Plan

Director Taylor introduced Robert Beltran to present the draft funding plan.

Mr. Robert Beltran (TeamOne) presented the draft funding plan to the Board of Directors.

Mr. Leavengood presented the proposed WIFIA application fee per member cost based on the 2018 groundwater pumpage quantities.

Commissioner Watts asked if the table on page 79 of the agenda packet was correct.

Director Taylor stated the table on page 79 would be what the invoice shows for the WIFIA application.

Motion made by Commissioner Lake and seconded by Commissioner Lindsey to concur with City Managers Funding Work Group recommendation regarding eliminating P3 as a financing option. Motion approved unanimously.

Motion made by Commissioner Lindsey and seconded by Mayor West to approve moving forward with the financing approach (WIFIA, SRF, 15 year bank note). Motion approved unanimously.

Motion made by Commissioner Lindsey and seconded by Mayor West to approve collaboration with member governments to obtain support for payment of their share of the \$100,000 WIFIA Application Fee, based on usage rates, to begin the loan application process in March to obtain financing in Fall 2020. Discussion followed.

Mayor LaCascia asked if any of the City Managers had concerns regarding budgeting. This is one item that will start to begin the increasing of water rates.

Director Taylor stated that concerns were not brought up at this time.

Commissioner Lindsey stated this is the fee to go along for the WIFIA application. What is the plan if WIFIA states no to the application?

Mr. Beltran stated we have been approved to apply for \$235 M but it is not a guarantee. If we are not approved we would need to evaluate other funding sources.

Mayor Lake asked if there has been any pre work with WIFIA to see if they would approve the application.

Mr. Beltran stated that there was a Letter of Interest that included extensive information that was provided to WIFIA and that is how the Cooperative was determined to be a viable partner. If the Cooperative did not have the revenue to pay back on the loan or the agreements in place to prove financial feasibility, or if the project was not permitable would be red flags, but those have already been reviewed as part of the letter of interest and Team One has a high level of confidence but not a guarantee.

Motion to approve collaboration with member governments to obtain support for payment of their share of the \$100,000 WIFIA Application Fee, based on usage rates, to begin the loan application process in March to obtain financing in Fall 2020 passed unanimously.

5. Authorization to proceed with a Request for Proposals for Bond Counsel Services

Mr. de la Parte provided a description of Environmental Protection Agency's recommendation to the PRWC to retain bond counsel to advise the agency regarding the WIFIA loan, the SWFWMD grant and all other funding sources for the project.

Motion made by Commissioner Lindsey and seconded by Commissioner Goddard to authorize staff to proceed with the procurement of bond counsel in connection with the Phase 2A Project, as outlined in this memorandum and select two representatives of the PRWC's members to serve on the selection committee. Motion passed unanimously.

Motion made by Commissioner Lindsey and seconded by Mayor Pro-tem Birdsong to accept Polk County and Auburndale to select representatives to serve on the selection committee. Motion passed unanimously

6. Combined Projects Status Update

Director Taylor offered eliminating the final item from the agenda based on time constraints.

Motion made and seconded to remove the last item. Motion passed unanimously.

Recess Projects Board of Directors/ Commence Regular Board of Directors at 4:14 P.M.

H. Open Discussion

No open discussion was presented.

I. Chair / Executive Director Report

Polk County day is January 28, 2020, if anyone is in Tallahassee mention the Heartlands Headwater Report.

A project submitted by the City of Winter Haven has been deemed a land acquisition project and would compete with another pot of money for the land acquisition. Winter Haven has asked for a letter of support, stating the project listed in the report will not be competing.

Motion made by Commissioner Lindsey and seconded by Mayor Pro-tem Birdsong to write a letter of support for Winter Haven's land acquisition project without competing for funding for projects included in the Heartlands Headwater Report. Motion approved unanimously.

J. Adjournment

Board meeting adjourned by Chairman Pospichal at 4:16 P.M. Next meeting is March 18, 2020.