

MINUTES, CITY COUNCIL WORKSHOP
NOVEMBER 6, 2018 6:30 P.M.
COUNCIL CHAMBERS, 1 S CENTRAL AVENUE, UMATILLA, FL

Meeting called to order at 6:30 p.m.

ROLL CALL

IN ATTENDANCE: President Laura Wright; Vice President Brian Butler; Council members Katherine Adams, Eric Olson, Scott Purvis; Mayor Mary Johnson; Public Works Director Aaron Mercer; Police Chief Adam Bolton; Finance Director Regina Frazier; City Attorney Kevin Stone; City Manager Scott Blankenship; City Clerk Karen Howard

ABSENT:

1 Joint Sewer Line Project with the City of Eustis

Discussion focused on the existing equipment at the waste water treatment facility to include the sludge equipment, pumping system filters, reuse storage among other equipment and the plans for what will be done with the equipment.

Public Works Director Aaron Mercer said we are working on the agreement with the City of Eustis now and are still a couple years out before making a decision on that. We will be thinking about the ground storage tank and perhaps looking at using it for reuse or a surge tank.

The city does not have any debt on the system. We consider carefully about spending resident's money wisely and efficiently. Discussion took place on the way an interconnection will decrease the footprint and free up property for the city to sell.

Discussion took place on how the city would pay for the project. Through discussions we learned the State Revolving Fund would allow 90% forgiveness of the loan leaving a remainder of 10% as the city's obligation. There is a very low interest rate on the loan with a thirty (30) year term. Staff is also meeting with **State Representative Jennifer Sullivan** to seek funding through legislative appropriations.

Senator Baxley has indicated he was in favor of the partnership with another city.

Attorney Stone discussed the various sources **City Manager Blankenship** went through to seek out funding. We are looking at the cheapest money from a funding standpoint.

Discussion ensued regarding the feasibility of running a reuse line when installing the sewer line. **Mr. Mercer** explained staff has not done an estimate on adding a reuse line when installing the wastewater line since we do not have a reuse distribution network in the city. There may be grant money available for a distribution network. Installing both lines will depend upon appropriations; we may not be able to do both. Potential Consumptive Use Permit credits were discussed.

Attorney Stone said we have looked at some things that will augment our PUD code including our Design Standards that we have discussed. Many communities are requiring the developers to put in dry reuse lines. Through all the discussion when we have met with the engineers and Eustis staff it is clear everyone has an open mind regarding reuse. We have been talking about this during the construction.

City Manager Blankenship said if we are going to extend water lines to our ISBA boundary it is also the time to look at that.

Council member Adams wanted to make sure future Councils cannot change this agreement.

Attorney Stone said this agreement stays the way it is in most respects for twenty-five (25) years. After twenty-five years is up either team can say they want out but it would not be for another five (5) years. For a minimum of thirty (30) years they will accept the amount of capacity we have and that capacity will be vested. What can change is the rate. We do the best we can as the cost of operations and maintenance go up, as capital requirements exist; we do not know what our growth and development will look like thirty years from now or more. We have said as rates change we will only be charged increases to the extent Eustis residents are charged increases for treatment. If Eustis changes its rates they can only increase rates to Umatilla by presenting a detailed engineering rate study that shows which portion of the rate increase has to do with their treatment plant and we will agree to pay that. We will not pay increases pertaining to their collection system. If they have new development, we will not subsidize that.

Other things may change through the years and it will require the mutual consent of both cities. We may find we need more capacity in future years. We are starting out at the capacity we need with no impact cost

to our city. An approximation of where we are now is 150,000 gallons per day. We will not pay any impact fees for that. Up to 300,000 gallons per day, our rates are locked in. We do pay impact fees for new development, but we do not pay impact fees for existing development. Anything above 300,000 gallons per day there is a rate in here we will not like very much because it is a lot higher. Eustis will want us to develop if they have capacity. We would anticipate we would renegotiate the rate at the time if it comes up. We are not halfway to 300,000 right now. At some point over 30 years, we may hit that number unless technologies change; who knows what will happen. Some of that will be subject to be reopened at that time. This deal will be good for Eustis then as it is now even if it involves additional capacity for which we share the cost. They cannot stop treating our 300,000; it is vested.

Attorney Stone said the first 150,000 gallons per day is reserved for us. We have a vested capacity of 300,000 gallons per day on a pay-as-you-go basis. We do not pay impact fees for what is in place from the date we connect but we have a treatment rate. Existing development which is already hooked into the Umatilla sewer system will not be charged an impact fee for connection to Eustis. The first impact fee we will pay Eustis is for a new development. We will collect impact fees and pay a portion to Eustis.

City Manager Blankenship said we built in a capacity element to the volume rate for the first level of service.

Attorney Stone explained that Eustis will be billing Umatilla on a quarterly basis and taking an average of the flows during the 90 day period to determine the gallons per day. If there is a bad month or some infiltration issues at least there is the ability to have it averaged over a quarter. Once we exceed the 300,000 gallon per day we pay the excess rate which is .95 higher. We hope we never do that or if it is it is a long time in the future.

Public Works Director Mercer explained the way the city would monitor the flows through its own meter with a SCADA control.

City Manager Blankenship noted with the holding tank we could manage the flow.

Vice President Butler asked if we have to bond this \$6 million and if in fifteen (15) years if Eustis does not like this. **Attorney Stone** confirmed they are locked into this deal until they are allowed to terminate it. Their termination date will be thirty (30) years from whenever we start the flows. There is a second safeguard in that whoever loans us millions of dollars will make both cities have whatever is necessary in place to give them and our bond counsel extreme comfort that the revenues pledged to repay the bond are a continuous stream that will not be interrupted.

City Manager Blankenship described the meetings with Eustis and the transparency involved. **Attorney Stone** came to all the meetings with us and drafted the agreement.

City Manager Blankenship said our next step is to submit an application for a design phase of the project in February 2019.

Attorney Stone said if it is the consensus of the council to pursue this it will need to undergo a final review and be adopted. We will have to go through a CCNA process for engineering. Those things will all come along. We need to know Council is on board with this process.

Council consensus to move forward.

Meeting adjourned 7:08 p.m.



Laura Wright
Council President

ATTEST:



Karen H. Howard, CMC
City Clerk