

MINUTES

Key Largo Wastewater Treatment District (KLWTD) Board of Commisisoner's Meeting

December 15, 2004, 5:00 PM
Key Largo Civic Club, 209 Ocean Bay Drive

The KLWTD Board of Commissioners met for a regular meeting on December 15, 2004 at 5:00 PM. Present were Chairman Charles Brooks, Commissioners, Andrew Tobin, Claude Bullock, Gary Bauman, and Glenn Patton. Also present were General Manager Charles Fishburn, Board Clerk Carol Simpkins, District Counsel Thomas Dillon, Financial Officer Martin Waits, and all appropriate District staff.

Chairman Charles Brooks led the Pledge of Allegiance.

ADDITIONS/DELETIONS TO THE AGENDA.

Commissioner Andrew Tobin requested that item 8, Roevac vs. Airvac be moved to the front of the agenda before the approval of the minutes followed by item 12, Connection and Rate Fees. Also item 6 under Legal is to be removed from the agenda.

Motion: Commissioner Bullock made a motion to approve the agenda as amended. The motion was seconded by Commissioner Patton.

Vote on motion:

Board Member	Yes	No	Other
Commissioner Gary Bauman	X		
Commissioner Claude Bullock	X		
Commissioner Glenn Patton	X		
Commissioner Andrew Tobin	X		
Chairman Charles Brooks	X		

Motion passed 5 to 0

ROEVAC vs. AIRVAC

Peter Kinsley, the Haskell Company, stated that at the last meeting he was given two assignments. One was to discuss the approved Roediger Pittsburgh purchase order with Roediger Germany (the grant language requirements and the extended warranty. Assignment number two was to continue the process initiated by the District in coordinating with Airvac in

reviewing the existing designs, getting feed back from Airvac and then ultimately preparing a price to convert the project to Airvac if that was the direction of the Board.

Mr. Kinsley stated that Roediger Germany has a few concerns with the standard terms and conditions of the Haskell prepared purchase order. In Haskell's option they are not insurmountable but will require additional discussion. The two significant items are the program status and regulations attachment (B & D from the DCA grant agreement), they did not discuss this and Mr. Kinsley is assuming that it is something that they would be willing to roll into the purchase order. Regarding the extended warranty, they are willing to do some of what Roediger Pittsburgh was willing to do but Roediger Pittsburgh was offering a two year extended warranty from substantial completion not to exceed forty two months from delivery. Roediger Germany is willing to provide the same warranty on their valves and controllers but the balance of equipment that they furnish would fall under a one year warranty from substantial completion.

Roediger Germany stands ready to proceed with the project if they are approved to do so. Mr. Kinsley thinks that they will be able to meet the delivery schedule and that they will be able to get technical support both in the office and the field and they remain prepared to proceed in that direction.

Airvac was supplied with a set of drawings to review and they preformed a review of the drawings and came back with a review document and a cost proposal. After review of the documents Walt Messer prepared a revised cost proposal. The review said that everything that has been put into the ground to date is acceptable. But they would like to work with Brown and Caldwell on the piping that is not installed yet and make some changes to the design. Airvac did say that the review was cursory.

Mr. Kinsley prepared a price for the Board's consideration based on the design that they are working on today converted to an Airvac system on a straight material change. See attached memo Exhibit "A". There will be some changes that will add costs and some that will reduce the cost. Mr. Kinsley stated that the most appropriate thing today would be to assume that the piping changes will be subtle enough so that they will wash out and it will be a straight material change. The price proposal is \$191,000 to convert the project from Roevac to Airvac. There are three numbers that make up that price:

1. D. N. Higgins' Corp. cost proposal that is the straight Roevac to Airvac conversion and that is \$158,000 (straight material pass not labor).
2. Brown and Caldwell the redesign effort of reissuing drawings at a cost of \$19,200.
3. Standard 5% makeup and bonds and insurance.

District Counsel Thomas Dillon asked if the proposal for Airvac would include a 63 day increase in contract time. Mr. Kinsley stated it would. Mr. Dillon asked if Haskell would be requesting extended overhead for the 63 day-period. Mr. Kinsley replied that Haskell would not request extended overhead cost. Mr. Dillon asked if Haskell recommended either Airvac or Roevac one over the other. Mr. Kinsley stated that the Haskell position is that they are prepared to proceed with Roevac as the basis of their contract but if they are directed to put in Airvac they are ready

to proceed in that manner also. It would impact the project schedule and they would want to be reimbursed for the additional cost which is in the proposal.

Mr. Dillon stated that the contract states that if the District selects a vendor that is not submitted by the Haskell Company then the District assumes the responsibilities for cost or time impacts. If the District had a change order to go to Airvac would Haskell be willing to waive that and say that Airvac is a submitted vendor. Mr. Kinsley stated that the sole intent of that statement is to protect Haskell if there is a financial impact or schedule impact and that is what the proposal submitted to the District does. In other words, the proposal includes all of the cost and time impacts to Haskell as a result of the change.

Mr. Dillon asked if the District could do a direct purchase with Airvac and Mr. Kinsley stated that it would have to be negotiated but they are willing to work with the District on the direct purchase. Commissioner Bauman asked how much would be saved with a direct purchase order. It would be \$40,516.

Mr. Kinsley stated that the Haskell Company is prepared to go in the direction that the Board favors but they are not prepared to pay for the additional cost to go with Airvac.

General Manager Charles Fishburn asked Mr. Kinsley if know what he knows today and could start over would he do. He stated he would go with Airvac.

Commissioner Patton explained that he and staff had visited Bay Point and there was a problem with one of the Airvac pits and he asked Mr. Messer if the problem had been solved yet. Mr. Messer stated that he is getting the technical support that he needs just not as timely as he would like. Commissioner Patton stated that he is comfortable with Airvac, there is a support structure there and he has faith in their system

Commissioner Andrew Tobin stated that out of the \$191,000 the \$40,000 is what would have been charged for the escalation of the Roediger product. If the District buys direct another \$40,000 is saved. So it will really take \$100,000 to make the switch from Roevac to Airvac. Mr. Tobin stated that the problem is a joint problem and no one could have anticipated the problem with Roediger. As prudent business people no one really wants to find out if Roediger indeed can make the delivery schedule. It does not make sense to guess and depending on who guessed wrong to face liability for the wrong guess. He would like this not to be Board demands but truly a joint decision so that at some latter date the Haskell Company is not saying that the Board forced them to change to Airvac. He does not want to be in that legal position, that is his main concern. He wants things real clear and that whatever deal is worked out is a joint deal and no one is pointing the finger at anyone for making them do something that they do not want to do. He asked Mr. Kinsley if that was fair. Mr. Kinsley stated that it is fair. He would like to be a team. This could be a defining moment for that. If the Board wants Airvac Haskell will give them Airvac there is no question about it.

Commissioner Andrew Tobin asked Mr. Kinsley that if the District signs the purchase order to save the sales tax will you agree that the District is not taking on all of the liability and that the District is signing it as an accommodation to save the sales tax and that Haskell will not point a

finger saying that the District signed the purchase order and that they are not liable for shipping delays, etc. Mr. Kinsley stated that that was the case with Fluidyne and he sees the same activity with Airvac and he thinks Airvac will be very agreeable.

District Counsel Thomas Dillon explained that there is a provision in the contract that says if the District issues the purchase order and there is a delay in shipment then that it will be the District's risk. He believes that it is a requirement to qualify for the sales tax break. Commissioner Andrew Tobin stated that Mr. Dillon may be able to minimize the risk.

Motion: Commissioner Bauman made a motion to switch to Airvac as a supplier instead of Roediger pursuant to a joint decision of contractors and the District subject to drafting an appropriate purchase order with staff and contractor also working out the appropriate language and price for a change order. Also staff is directed to send Airvac a letter of intend. Motion seconded by Commissioner Bullock.

Mr. Kinsley explained that they would like to release pits now. A change order for \$191,000 should be issued now (totally budgetary) and then a reconciliation change order should be released to correct unless Airvac would start fabricating pits off of a letter of intent.

Vote on motion:

Board Member	Yes	No	Other
Commissioner Gary Bauman	X		
Commissioner Claude Bullock	X		
Commissioner Glenn Patton	X		
Commissioner Andrew Tobin	X		
Chairman Charles Brooks	X		

Motion passed 5 to 0

RATE AND CONNECTION FEES

District Counsel Thomas Dillon explained his memo said that the District is not locked into the \$2,700 for connection fees and the \$35 a monthly service fee. The FONSI imposes a \$4,500 cap on the connection fees and a \$60 cap on monthly service fees; these are limitations on the Key Largo Trailer Village and the Key Largo Park. The \$60 a month fee is exclusive of debt service cost.

Commissioner Bauman asked if the District was precluded from going to a usage-based system. Mr. Dillon explained that the FONSI conclusions were based on EDU's, which is a usage-based rate system.

Commissioner Glenn Patton explained that the draft of the Wastewater Rules and Regulations should be used by PRMG to use as a basis for the rate study. The other document he had given the Board to review was the Rate Study Scope and Issues (it defines the studies structure). Please see two reports submitted by Commissioner Patton attached to the minutes.

Commissioner Patton stated that he and staff had met with the attorneys from Monroe County about the \$40 million dollar bond monies and that documentation of financial feasibility of how the District is going to use \$20 million is needed ASAP. The money will be available April 1, 2005. District Counsel Thomas Dillon explained that what is needed from the District is a project description that demonstrates the public purpose for the bonds, the District is not required to provide financial or economic projections.

Commissioner Patton stated that there is also a need to extend the economical analysis to sewer the remained of the District beyond the currently planned projects.

Commissioner Andrew Tobin suggested that in the engagement letter that a specific analysis is required of the currently planned project phase 1 to the last quarter of 2008 with 4000 EDU's on line consisting of X number of family residents, X number of hotel rooms, X number of RV's and X number of commercial broken down by square footage or some other method of distinctions. Also, the type of EDU's have to be broken down and have either a flat rate system or do a water flow base.

Commissioner Patton explained that for the rate study only the District is going to use the Rules and Regulations Draft #1 which addresses Commissioner Tobin's concerns.

Commissioner Bullock stated that there are some other issues that he would like to see addressed in the Rules and Regulations Draft #1 but as a draft he has no problems with using it for a rate study.

Motion: Commissioner Patton made a motion to have PRMG do a study that will be used to support the public purpose of the Monroe County Infrastructure Money Bond Fund and to have staff come back to the next meeting with a cost estimate for PRMG to do phase one and phase three. The motion was seconded by Commissioner Tobin.

Vote on motion:

Board Member	Yes	No	Other
Commissioner Gary Bauman	X		
Commissioner Claude Bullock	X		
Commissioner Glenn Patton	X		
Commissioner Andrew Tobin	X		

Chairman Charles Brooks	X		
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Motion passed 5 to 0

Chairman Brooks and Commissioner Tobin thanked Commissioner Patton for the work that he was put into the project.

MINUTES

Chairman Brooks requested that on page 6 of the December 1, 2004 minutes the word “directed” in the second to last paragraph be changed to “approved”. He also stated that even though at the end of the 3rd paragraph on page 6 the Board directed Commissioner Bullock to attend the Bond meeting the intent of the Board was to send Commission Patton.

Motion: Commissioner Bullock made a motion to approve the minutes of December 1, 2004 as amended. The motion was seconded by Commissioner Patton.

Vote on motion:

Board Member	Yes	No	Other
Commissioner Gary Bauman	X		
Commissioner Claude Bullock	X		
Commissioner Glenn Patton	X		
Commissioner Andrew Tobin	X		
Chairman Charles Brooks	X		

Motion passed 5 to 0

PUBLIC COMMENT: The following persons addressed the Commission: None

CHIEF FINANCIAL OFFICERS REPORT

Pending Payments

Financial Officer Martin Waits presented the pending payments schedule for December 1, 2004.

Motion: Commissioner Patton made a motion to approve the pending payments list subject to the availability of the funds for December 15, 2004. Commissioner Bullock made the second.

Vote on motion:

Board Member	Yes	No	Other
Commissioner Gary Bauman	X		
Commissioner Claude Bullock	X		
Commissioner Glenn Patton	X		
Commissioner Andrew Tobin	X		
Chairman Charles Brooks	X		

Motion passed 5 to 0

Discussion of Bank signature authority requirements.

Financial Officer Martin Waits reviewed the current requirements for bank signature authority and the processes that are in place to check security.

Resolution for designating bank account signatories.

Motion: Commissioner Patton made a motion to approve Resolution No. 07-12-04.

Commissioner Bauman stated that there should be a policy for checks under \$10,000 and that the District should have a policy were all checks are signed by at least two people.

Commissioner Patton withdrew his motion.

Motion: Commission Patton made a motion to table Resolution No. 07-12-04 until the January 5, 2005 meeting. Motion was seconded by Commissioner Bauman.

Commission Patton withdrew his motion to approve and Commissioner Bauman withdrew his second.

Motion: Commissioner Bullock made a motion to rewrite the resolution and bring it back to the January 5, 2005 meeting and to give the General Manager the authority to inform the Board of his obligating the District for up to \$10,000. All checks under \$1,000 need only have one signatory and anything over \$1,000 and under \$2,500 will require two signatories and any check over \$10,000 will require one Board member and one member of staff. Commissioner Patton seconded the motion.

Vote on motion:

Board Member	Yes	No	Other
Commissioner Gary Bauman	X		

Commissioner Claude Bullock	X		
Commissioner Glenn Patton	X		
Commissioner Andrew Tobin	X		
Chairman Charles Brooks	X		

Motion passed 5 to 0

Operating Budget Report

Financial Officer Martin Waits presented the current operating budget report and reviewed how to read it.

LEGAL COUNSEL REPORT

Discussion of Project Delivery Methods.

District Counsel Thomas Dillon explained that Design-Bid-Build is a well understood process. All other methods are tailor made. If it is Construction Management it is run by a professional manager. If it is a Design-Build it is run by a contractor. Mr. Dillon said that the memo he had provided explained the delivery systems, and he would be willing to respond to any questions.

ENGINEERS REPORT

Ed Castle, District Engineer, reported that on the Treatment Plant site the property has been cleared and retention ponds have been dug, and rock has been removed and most of the pit for the vacuum tank to go into has been dug. The permit for the Treatment Plant may be available before the first of they year.

General Manager Charles Fishburn stated that the environmental may have a potential for another \$2,500 for testing added to it or as little as \$1,000. There is a potential road south of the Treatment Plant site and it would cost \$1,400 to put a gate up to access the road. The gate would give additional access to the property off of the site. The Board had no objections to putting the gate in.

GENERAL MANAGER'S REPORT

LOGO

Motion: Commissioner Patton made a motion to conceptually adopt the Egret (see attachment) as the KLWTD logo. Commission Bullock seconded the motion.

Chairman Brooks will put together what text, format, positioning and a "statement of purpose" for the official logo.

Vote on motion:

Board Member	Yes	No	Other
Commissioner Gary Bauman	X		
Commissioner Claude Bullock	X		
Commissioner Glenn Patton	X		
Commissioner Andrew Tobin	X		
Chairman Charles Brooks	X		

Motion passed 5 to 0

Key Largo Park Status

Mr. Fishburn requested direction to begin negotiations with other underground contractors to begin the Park Project.

Motion: Commissioner Patton made a motion to direct staff to begin negotiations with other underground contractors for firm offers for the Key Largo Park Project. Motion was seconded by Commissioner Andrew Tobin.

Vote on motion:

Board Member	Yes	No	Other
Commissioner Gary Bauman	X		
Commissioner Glenn Patton	X		
Commissioner Claude Bullock	X		
Commissioner Andrew Tobin	X		
Chairman Charles Brooks	X		

Motion passed 5 to 0

Potential Non-Ad Valorem Assessment Notification

Commissioner Bauman stated that he is very much against the non-ad valorem assessment.

Commissioner Tobin stated that he thought that the Board should wait until the end of 2005 to consider a non-ad valorem special assessment and if needed put it in place in 2006.

Commission discussion ensued.

Motion: Commissioner Bullock made a motion to hold a special call meeting on December 29, 2004 to consider a resolution considering the election to use the uniform method of collecting non-as valorem special assessment levied within the unincorporated area of the Island of Key Largo. The motion was seconded by Commissioner Patton.

Vote on motion:

Board Member	Yes	No	Other
Commissioner Gary Bauman		X	
Commissioner Claude Bullock	X		
Commissioner Glenn Patton	X		
Commissioner Andrew Tobin		X	
Chairman Charles Brooks	X		

Motion passed 3 to 2

COMMISSIONER COMMENTS

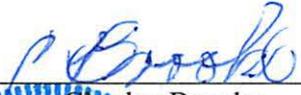
None

ADJOURNMENT

After a motion by Commissioner Andrew Tobin and seconded by Commissioner Claude Bullock to adjourn the meeting adjourned at 8:30 PM.

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The KLWTD meeting minutes of December 15, 2004 were approved on January 5, 2005.



Chairman Charles Brooks





Carol Simpkins, CMC
Board Clerk

