

MINUTES

Key Largo Wastewater Treatment District (KLWTD) Board of Commissioners Meeting



July 14, 2009
98880 OVERSEAS HWY, KEY LARGO, FL 33037

The Key Largo Wastewater Treatment District Board of Commissioners met for a Committee of the Whole, Transition Meeting at 4:00 PM. Present were Commissioners Norman Higgins, Andrew Tobin, Robert Majeska, Charles Brooks, and Chairwoman Susie Hammaker. Also present the General Manager Charles F. Fishburn, District Counsel Thomas Dillon, District Clerk Carol Walker, and other appropriate District Staff.

Commissioner Majeska led the Pledge of Allegiance.

Chairwoman announced That District has a Town Hall Meeting Saturday and she thanked Maureen Schneider and Carol Walker.

APPROVAL OF AGENDA

Motion: Commissioner Higgins made a motion to approve the agenda. Commissioner Tobin seconded the motion.

Vote on Motion

Member	Yes	No	Other
Chairwoman Hammaker	X		
Commissioner Higgins	X		
Commissioner Tobin	X		
Commissioner Brooks	X		
Commissioner Majeska	X		

Motion passed 5 to 0

PUBLIC COMMENT

The following persons addressed the Commission: Kay Thacker, Key Largo.

ARCADIS WORK AUTHORIZATION

Mr. Fishburn went over the presented amended work authorization number four. Mr. Fishburn then explained that He, District Council Thomas Dillon and Ed Castle from Weiler Engineering have come to the conclusion that there is too much disparity between the District's opinion and Arcadis' as to what it would take to do the project over the next year, therefore staff is

recommending that the District appoints Weiler Engineering “Engineer of Record for the Project”.

Chairwoman Hammaker asked if making this change would effect the permit and the answer was in no way.

Motion: Commissioner Brooks made a motion to engage Weiler Engineering as Engineer of Record. Commissioner Tobin seconded the motion.

Vote on Motion

Member	Yes	No	Other
Chairwoman Hammaker	X		
Commissioner Higgins	X		
Commissioner Tobin	X		
Commissioner Brooks	X		
Commissioner Majeska	X		

Motion passed 5 to 0

FINANCIAL UPDATE

FY 09 Outlook vs Budget

Martin Waits, Chief Financial Officer summed up the report in the following:

Consolidated Financial Performance Summary

Administration & Construction Management expenses are essentially on budget through nine months, but projected to be slightly over budget at year end. General Administrative Expenses are significantly over budget due primarily to a \$55,000 over run in postage for mailing one year notices to virtually the entire service area. However, this is offset by a significant under run in Professional Services.

Wastewater Service Operations revenue is projected to be 11% less than projected in the budget due to fewer than expected new US 1 commercial connections. This is being offset, however, by a lower than expected payroll and direct plant operating expenses. A small deficit is expected to result, compared with a small surplus which has been budgeted.

On a consolidated basis, a deficit of \$1,117 is projected at year end. A surplus of \$2,480 was projected in the budget for the full year FY2009.

Administration & Construction Management Detail

Employee salaries and wages are projected to be \$14,000 less than budgeted. With the addition of monthly transition meetings between Board meetings, however, Board Meeting Compensation is projected to be \$12,000 over budget.

General Administrative Expenses were reasonably close to budgeted projections in most all accounts except Supplies and Postage Expense. Numerous unanticipated computer workstations and support equipment for new employees has inflated the cost of supplies, and the cost of issuing one year notices to virtually the entire service area (over \$70,000) was overlooked in the budget.

Professional Services expenses are projected to be \$50,000 (20%) under budget, even with the addition of a PRMG study. Engineering Services are only half of expectations, fortunately no

litigation expense is anticipated, and the engagement of a State lobbyist in Tallahassee was delayed for several months.

As a net result of all these factors, Administration and Construction Management expenses are projected to total \$940,500 vs. \$895,773 budgeted, which is \$44,727 (5%) over budget.

Wastewater Service Operations Detail

Wastewater Service Operations revenue is projected to be \$78,540 less (11%) than projected in the budget due to fewer than expected new US 1 commercial connections. However, total operating expenses will be similarly \$66,016 under (10%) the budgeted projection, resulting in virtually an exactly budgeted breakeven performance for the full year.

Employee payroll and benefits were 13.4% less than budget. A projected reduction in chemical consumption of \$34,642 will be essentially offset by higher than anticipated repairs and maintenance (such as the cracked pit replacement in Key Largo Park) of \$22,000 and a sludge hauling cost over run of \$10,195. Supplies are also projected to be \$13,000 higher than anticipated.

Total Employee Compensation Outlook

Although the employee payroll amounts in the Administration & Construction Management and the Wastewater Service Operations results are expected to be approximately 10% less than projected in the budget, the employee payroll which has been required to support construction efforts will be significantly greater than anticipated in the consolidated salary forecast presented during the budget process.

In particular, construction management for the plant expansion and the deep well is exceeding expectations discussed during the budget process, and a significant part time and temporary employee effort is being required to implement the G.I.S. system.

As a result, the year end outlook for District employee compensation is currently projected at \$1,200,500, or \$151,500 over the consolidated salary forecast presented as part of the budget process of \$1,049,000.

Consolidated Revenues & Expenses

The District collected \$4,242,958 in assessment revenue in the first nine months of FY2009, and a total of \$12,767,708 since inception of the assessment program in 2005. Total assessment revenue upon completion of the program is expected to exceed \$82,000,000.

Grant and loan reimbursement for project costs totaled \$19,891,656 in the first 9 months, and was split approximately 38% grants and 62% loans.

Employee payroll totaled \$890,505 and was split 26% Administration & Construction Management, 18% Wastewater Service Operations, and 56% Capital Projects.

Engineering Services (essentially Weiler Engineering) totaled \$378,459 - 93% direct to projects.

Legal expenses totaled \$73,971, split approximately 55% Administration and 45% Projects.

Nearly \$2 million was spent on engineering & design services, and over \$18 million has been spent directly on construction services and construction materials during the first 9 months, FY2009.

Project Success & Use of Funds

Mr. Waits reported that the District is currently running 14% under the construction costs forecast in the Facilities Plan. He explained that the District was under budget around seven million dollars on the collection system but about six and a half million over budget on the treatment plant.

Mr. Waits told the Committee that the projects are funded by 30% loans and 70% grants at the current time for the North Component. There is no scope for the South Component. The District needs to be looking for \$32 million in funding for the South Component.

Commissioner Brooks asked if the District would be reimburse by the Army Corp of Engineers for completed projects and Mr. Fishburn said the District would be reimbursed.

District Counsel, Thomas Dillon, explained that if the ACOE approves a project for funding even if they do not have the money at the time the funding can follow when the ACOE gets the money. The money can then be used to pay down loans that were taken out to pay for the project. All of the current contracts meet all of the ACOE requirements. After the District acquires all of the property needed and there is no worry about the Federal Relocation Act issue, then the District can put in for a ACOE project.

TOTAL PROJECT UPDATE

General Manager Charles Fishburn introduced a Service Area and Status map that will be continuously updated.

Commissioner Tobin would like to see an estimated construction start date and service start date on the projects.

Commissioner Tobin said that the District's policy was 50 / 50 (Property Owners / Grants) for funding and in the worst case it would be 30/30/30 (Property Owners/Grants/Loans),

Mr. Fishburn explained that when the District committed to the Regional Plant they also committed to sewerage the entire Island.

Mr. Waits explained that at the current time the District has 30% grants.

FY 2012 STAFFING PLAN

Martin Waits and Pat Mitchell presented a staffing plan going out until 2012.

UNIQUE PROPERTIES

Mr. Fishburn presented a memo with recommendations on methodology to handle unique properties.

Mr. Dillon told the Committee that he has been working on the legalities of requiring property owners to put grinder pumps on their property.

ADJOURNMENT

The KLWTD Board adjourned the Board Meeting at 6:27 PM.

The KLWTD meeting minutes of July 14, 2009 were approved on August 11, 2009.



Chairwoman Hammaker



Carol Walker, CMC
District Clerk