

MINUTES

Key Largo Wastewater Treatment District (KLWTD) Meeting



June 13, 2011
98880 OVERSEAS HWY, KEY LARGO, FL 33037

The Key Largo Wastewater Treatment District Board of Commissioners met for a regular Meeting at 4:03 PM. Present were Acting Chairman Andrew Tobin, Commissioners Norman Higgins, Charles Brooks, and Susie Hammaker. Also present were the General Manager Margaret Blank, District Counsel Thomas Dillon, District Clerk Carol Walker, and other appropriate District Staff.

Acting Chairman Tobin led the Pledge of Allegiance.

APPROVAL OF AGENDA

Acting Chairman Tobin requested that Silver Shores be moved to the next meeting that all Commissioners are scheduled to attend and the Discussion on the June 21 meeting be withdrawn.

Motion: Commissioner Brooks made a motion to approve the agenda as amended. Commissioner Higgins seconded the motion.

Vote on Motion

Member	Yes	No	Other
Commissioner Higgins	X		
Chairman Majeska			Absent
Commissioner Tobin	X		
Commissioner Brooks	X		
Commissioner Hammaker	X		

Motion passed 4 to 0

MINUTES

Minutes of June 13, 2011

Motion: Commissioner Hammaker made a motion to approve the Minutes of June 13, 2011. Commissioner Brooks seconded the motion.

Vote on Motion

Member	Yes	No	Other
Commissioner Higgins	X		
Chairman Majeska			Absent

Commissioner Tobin	X		
Commissioner Brooks	X		
Commissioner Hammaker	X		

Motion passed 4 to 0

SRF AMENDMENT NO. 3

Motion: Commissioner Brooks made a motion to approve the SRF Amendment No. 3. Commissioner Hammaker seconded the motion.

Vote on Motion

Member	Yes	No	Other
Commissioner Higgins	X		
Chairman Majeska			Absent
Commissioner Tobin	X		
Commissioner Brooks	X		
Commissioner Hammaker	X		

Motion passed 4 to 0

COLLECTION SYSTEM ANALYSIS REPORT

General Manager Margaret Blank gave the Board an update of what has been happening with the collection system.

The Board gave Ms. Blank the authority to put residents up and hire cleanup crews in the case of emergencies.

The Board discussed residential lateral locations and force main connections.

ISLAMORADA

Two letters were read into the record (see Exhibit "A" and "B").

Doug Manson presented the Islamorada proposal by phone.

Motion: Commissioner Brooks made a motion to cease negotiations with Islamorada. Commissioner Higgins seconded the motion.

Vote on Motion

Member	Yes	No	Other
Commissioner Higgins	X		
Chairman Majeska			Absent
Commissioner Tobin		X	
Commissioner Brooks	X		
Commissioner Hammaker	X		

Motion passed 3 to 1

Commissioner Brooks passed out two versions of a termination letter to Islamorada. (See Exhibit "C").

The Board directed that a letter stating "The Key Largo Wastewater Treatment District Board has voted to terminate all negotiations on the wastewater treatment agreement, be sent to the Village of Islamorada.

ADJOURNMENT

The KLWTD Board adjourned the Board Meeting at 5:49 PM.

The KLWTD meeting minutes of June 13, 2011 were approved on June 21, 2011.



Chairman Majeska



Carol Walker, CMC
District Clerk

Exhibit "A"

To be read into the record on Monday, June 13, 2011.

Dear Fellow Commissioners:

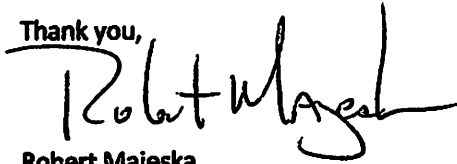
My answer to the Islamorada counter offer is a simple one. No.

There is no basis for this counter proposal, other than politics, and no need for us to respond in any other way but "No".

Please do not vote on any other resolutions regarding this important issue in my absence.

Just say No.

Thank you,



Robert Majeska

Chairman

Key Largo Wastewater Treatment District

I am available on my cell phone 786-271-4110

Exhibit "B"




To: Key Largo Wastewater Board

As citizens and homeowners of Key Largo, we would like to go on record as opposing any association with Islamorada as a customer of the Key Largo Wastewater District. In particular, we find the Islamorada Council's latest proposal outrageous and insulting to Key Largo residents who have paid dearly for our sewer infrastructure. At some point in the future Key Largo will grow and will use more capacity, thereby needing any redundancy presently built into the system.

If we take on Islamorada as a customer, there is no assurance that we will get paid. We all know that if that happens we will not be able to cut off service to them and will be stuck with providing service in perpetuity without proper compensation.

Sincerely,



John and Pat Bridges
25 South Drive
Key Largo, FL 33037
305-451-4305



Our letterhead with logo in color

Address Block here
address to village Council
include date

TERMINATION OF NEGOTIATIONS

After review of The Village Councils video recording of council's June 3, 2011 meeting, subject counterproposals to the Key Largo option for treatment of village sewerage. And also in response to the Sirota letter dated June 7, 2011.

The KLWTD Board of Directors hereby notifies Islamorada the Village of Islands that all negotiations are hereby terminated.

The KLWTD Board has determined it is not in the best interest of the district to continue negotiations. The district has spent in excess of \$60,000 in attorneys and engineering fees in an effort to reach a equitable Interlocal contract. The district has been negotiating with the village since 2007 and no definitive conclusions have been proffered from the village. At the present time the village is processing an RFP which specifies several treatment options, On island treatment, Key Largo option and other innovative processes.

The multiple-choice RFP the village is proposing leaves the district with a 30% to 50% chance of a Interlocal ever being consummated. Three of the five RFP proposers have indicated to the village Council that on island treatment plants is their best and most economical solution. The village has not even defined the proposed sewerage flow that would come to Key Largo or even decided the assessment necessary to meet the obligations of an Interlocal agreement.

The KLWTD board of commissioners have determined that they have expended their best effort in reaching an equitable solution to the Village/Key Largo option. Our proposal was based on mathematical and engineering calculations. The villages counterproposals is conceptual and arbitrary. The village Council use the "pick a number" or "it's KLWTD fault that they overbuilt their plant" methodology to obligate the village to \$3.5 million unfunded indebtedness

This letter of termination of negotiations with Islamorada for a Interlocal agreement is our final communication on this matter. The district has just recently made some senior staff and line staff relocations. The district is encountering job performance improvement and staff is having to make adjustments/training for the new positions. Our improvements are self-evident and the staff is consumed or maxed out on new responsibilities in finalizing the district service area. The staff must concentrate on our ultimate goal and not be consumed by scope beyond the legislative purpose of the district.

This letter of termination negates all previous conversations and proposed terms.

The KLWTD wishes the best and successful conclusion of villages endeavors to establish a central wastewater system in the village of Islands.

Signature block here

Prepared by Charles Brnks

Our letterhead with logo in color

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The following is a summary of some key points the board has concluded is not in the district's best interest to continue negotiations. This list is not to imply counterproposals for any further negotiations but is only an expression of reasons.

1. The villages counterproposals to reduce \$11.5 million capacity allocation charge (CAC) to \$3.5 million was done arbitrarily with no equitable considerations. Further the Council's demeanor painted Key Largo as the bad guy referring to Key Largo as "those people". Not a good first step for a divorceless marriage.
2. Villages counterproposal \$3.5 million CAC. The village openly during the June 3 meeting stated they did not have \$11.5 million for the capacity charge. Also openly stating they don't even have the \$3.5 million they are proffering in the counterproposals. If they openly admit they do not have the money to meet the requirement, it is in the best interest of Key Largo not to sign a contract.

Prepared by Charles Brooks
June 13, 2011

Our letterhead with logo in color

3. Village counterproposal to be provided with district policies for review and approval and district required to submit the changes or amendment to district policies to village prior to adoption.
4. Village is attempting to write into the Interlocal contract a requirement the KLWTD must consummate a contract with Islamorada by June 30, 2011 in order to comply with the villages DCA administrative rule deadline of July 1, 2011
5. Village is attempting to write in a reuse clause, item 5 Sirota letter dated June 7, 2011 "the village shall share in any revenues generated by KLWTD in connection with the sale of reuse water.
6. The Sirota letter also refers "to the previous counterproposal document dated May 24, 2011 and accompanying chart remain the same." The board has not seen or reviewed these documents. They could be in the neighborhood of 10 or more pages containing 72 counterproposals. Previous village internal counterproposal versions stipulated more village control that changes the concept from customer to partner.

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