

**MANATEE COUNTY BOARD OF COUNTY COMMISSIONERS
SPECIAL MEETING/WORK SESSION
COUNTY ADMINISTRATION BUILDING, MANATEE & OSPREY ROOMS, FIFTH FLOOR
1112 Manatee Avenue West
Bradenton, Florida
January 17, 2023**

Meeting video link: <https://www.youtube.com/channel/UCUlgjuGhS-qV966RU2Z7AtA>

Present were:

Kevin Van Ostenbridge, Chairman
Vanessa Baugh, First Vice-Chairman
Mike Rahn, Second Vice-Chairman
Amanda Ballard, Third Vice-Chairman
James A. Satcher III
George Kruse
Jason Bearden

Also present were:

Dr. Scott L. Hopes, County Administrator
William Clague, County Attorney
Denise Nelson, Board Records, Clerk of the Circuit Court
Vicki Tessmer, Board Records Supervisor, Clerk of the Circuit Court

Chairman Van Ostenbridge called the special meeting to order at 9:00 a.m.

INVOCATION

The Invocation was delivered by Pastor Mark Sanchez, Crossroads Christian Church.

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Commissioner Rahn.

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AGENDA

1. ALL THINGS UTILITIES

Courtney DePol, Deputy County Administrator, introduced Evan Pilachowski, Utilities Director.

Mr. Pilachowski used a slide introducing the Utilities team and their backgrounds, reviewed the history of the Manatee County Public Utilities System, and the importance of three levels of service management: regulatory compliance, public health and financial stability. One of the biggest challenges is to manage for growth. Over the last 10 years, the population has increased 20-25 percent; however, the employment has not kept up with that growth.

He continued the slides to review Long-term Planning in which the approach has been to adjust while conditions change and inflation is one of the largest unknown and staggering increases seen. There has been a 20 percent plus increase in electricity. As development increases, potable water uses will increase, which results in more pressure on the County. There are six individual Franchise agreements for water and sewer services with Anna Maria, Holmes Beach and Bradenton Beach which expire on December 31, 2026.

Discussion ensued regarding Longboat Key maintains their own infrastructure, but not the island communities, Lakewood Ranch, similar rating, request documentation, how much more is it costing to provide from a percentage basis, there is a cost difference, and would like documentation on discussion held regarding rates.

Dr. Scott L. Hopes, County Administrator, stated rates for Anna Maria Island are the same as other parts of the County.

Mr. Pilachowski reiterated three options to consider: (1) continue with status quo with how those agreements are set up, (2) let them expire to become wholesale customers, or (3) consider an additional surcharge to reflect those additional costs in operating those facilities on the island.

He reported on the number of Utility Awards that Utilities staff have received within the last two years including safety awards, an employee selected for Florida Select Society of Sanitary Sludge Shovelers, Volunteer of the Year Award, Employee of the Year award, and Manatee County was awarded an Environmental Stewardship Award for their Corrosion and Odor Control Program.

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Business Operations

Tina Neri, Interim Business Operations Manager, used a slide presentation to review business operations, support, 73 employees, goals, how performance is monitored, the average wait times by Call Queue, how growth is monitored and how it will play into the upcoming wastewater potable water discussions since the greatest challenge is managing for growth, and an overview of the Fiscal Year (FY) 2021-22 results, highlights, initiatives and opportunities.

Dr. Hopes stated the Utilities Department improvements help deliver quality of service by keeping up to date with technology. There were approximately 6,500 hookups last year.

SOLID WASTE

Rebecca Kwiatkowski, Solid Waste Deputy Director, reported on the landfill at Lena Road, invited Commissioners to visit the facility, described the amount of acreage, and the tonnage per year. The facility operates six days a week. Out of 45 positions, 43 are occupied and they are currently interviewing for the other two positions. She described the amount of material delivered to the landfill, and the amount of collection services for residential units and commercial accounts.

She continued the presentation to review the methane system and process. Sludge pellets are produced (displayed pellets). The pellets are then sold to citrus growers and farmers and then recycled into their farms.

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Recycling

Manatee County has received a 63 percent recycling rate. An important part of recycling is diversion which is redirecting waste from the landfill to some other point. The largest diversion is recycling and the second largest diversion is yard waste.

Household Hazardous Waste

Ms. Kwiatkowski explained the process for customers bringing their household hazardous waste to the facility.

Discussion ensued regarding hours open, E-Scrap, what is recyclable, public education, outreach, and methane collection.

Ms. Kwiatkowski reported the County is looking into renewable, natural gas, and explained how methane can be reused and converted. She compared the debris cleanup of Hurricane Irma in 2017 to and Hurricane Ian in 2022, and they are tracking the data closely.

The final stage for the landfill became operational, and the process has begun to look for a future landfill site. They have maintained compliance with Florida Department of

Environmental Protection (FDEP) and there were no violations reported. The Erie Road landfill is closed, however by law the County is required to maintain it. There are also steps to maintain for the ultimate closure of Lena Road.

Ms. Kwiatkowski reviewed the solid waste recycling composition study. Results will be forthcoming to the Board showing the average market value and a Request for Proposal (RFP) for recycling. She referred to the slide showing samples from the recycling study. They are working with SCS Consulting engineers to determine a site location and additional options, and will be looking to the Board for direction.

Garbage Collection

Ms. Kwiatkowski introduced KCI Technologies regarding solid waste collection. Staff is seeking direction from the Board on the frequency of residential garbage service, number of haulers, negotiated options to reduce residential costs and service area allocation.

Discussion ensued regarding costs to residents for household hazardous wastes, no charge, does the average resident know it is no charge, it would be good to get that word out, Roadshow at Coquina Beach to bring household hazardous wastes with them, and how long did it take to pick up debris from Hurricane Ian.

KCI PRESENTATION

Mitch Kessler, Principal, KCI Technologies, introduced himself, and Bethany Jewell, Project Manager, and stated his company has been in business for 35 years.

Mr. Kessler used a slide presentation to review the background of the industry. The collection methods are automated and manual, and the trend is now automated. The industry is seeing price increases which include manufacturing delays, truck and equipment costs, labor shortages, fuel, and inflation. The current agreements are for two service areas and two haulers, and expire September 30, 2023. The contract rate in 2016 was \$8.00 for the hauler and currently the contract rate is \$9.25. The current contract includes residential garbage on a manual basis with pick up twice a week. Recycling and yard waste are once per week and are unlimited.

The Procurement Process includes securing new waste hauler contracts by October 1, 2023, with the objective of fair pricing, high-quality performance to residents and business at the selected service level. He gave a background of the initiation in 2019 where County staff began looking at options and approaches. The new RFP will be for a 10-year contract, and he reviewed the specifics of the negotiation committee process, and reviewed the process and criteria to identify the most qualified vendors.

The third section is the findings and request for policy guidance. The Committee is requesting the Board's guidance on the final contract terms, and there are four key decisions to determine the implication and the costs of each decision.

Key Decision One – Frequency of Residential Garbage Service

Mr. Kessler gave an overview for Key Decision One which is the frequency of residential garbage service. He reviewed the elements of twice a week service and referred to the blue 64 gallon cart. The larger 96-gallon cart is used for once a week service. He presented the best price scenario for twice per week. The frequency decision is critical, because it has the largest financial implication. He continued to show comparisons, and noted if a resident chooses once per week pick up, and has a large family; an extra trash can be available as an option, yet still have once per week service.

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Discussion ensued regarding costs, one-time cost for the cart, what percentage of customers need an additional can, examples from Hillsborough County, Sun City Center, and The Villages, will residents have the options for a smaller can if preferred, cost of first cart, all residents will receive one cart, if residents want a second cart, the County will not be responsible, carts are \$85, delivery, yard waste, recyclables and trash will be picked up once a week, contract is only for collection of materials, recycle processing will be different, estimated \$250,000 for recycling per year, extra cart for recycling is free, provide residents the most choices, would there be any additional costs for recycling, are these contracts ending at the same time, why were the contracts not staggered, previous staff made conditions on terms, revisit lower costs, and an unincorporated residential household currently pays \$9 per month.

RECESS/RECONVENE 10:34 a.m. – 10:44 a.m. All Commissioners were present.

Dr. Hopes stated a constituent pays \$14.33 per month with all costs included, and the County pays \$9 per month to the haulers. Assuming no other costs increase, the total will be \$19.55 as a reference point.

Chairman Van Ostenbridge clarified the stormwater fee also comes out of the \$14.33, as there is not a separate stormwater fee. Since stormwater management has to be funded; it is funded out of the \$14.33.

Discussion followed regarding who was on the committee that negotiated the haulers' contract, two committees, residents did not appreciate once per week trash pickup, size of the trash cans became an issue, cans too large to fit in garage, first can comes out of the County budget, and residents pay for second cart.

Chairman Van Ostenbridge asked the Board if there is any objection to same day service for all materials once a week.

Discussion continued regarding pick up once per week due to traffic concerns, versus twice per week, how many trucks are going to be purchased, over 80-100 trucks, \$400,000 per truck, doing trash pickup in-house, City of Bradenton, Jacksonville does trash pick-up in parts of the city, Miami-Dade does the residential trash in-house, focus more on the low costs to taxpayers, costs versus impact, once a week works for a vast number of residents, 90-95 percent of the residents, 10 percent of the residents pay their own, and keep costs low as possible for the vast majority of people.

Key Decision Two – Number of Haulers

Mr. Kessler continued the slides reviewing the difference between one hauler versus two haulers. He referred to the best price scenario for two haulers.

Key Decision Three – Options to Reduce Residential Costs

Mr. Kessler provided an overview regarding options to reduce residential costs:

- Elimination of Bulk
- Removal of One Free Annual
- Limiting Yard Waste (four cubic yards)
- No Radio-frequency identification (RFID) Readers on Trucks

He referred to a chart showing the costs, and where service could be reduced, and show where the savings are.

Discussion ensued regarding an ala carte system available to citizens to choose various options, where citizens stand on twice a week versus one time a week, who handles the complaints, surveys, educating the public, represent all citizens in the County, Board reports to constituents, one day pickup per week, costs are important to the citizens, and in favor of two haulers versus one.

Mr. Kessler reminded the Board that the contract will expire soon and there will be serious ramifications. It may have an impact on the service and the rates won't be the same.

Upon discussion regarding bids, William Clague, County Attorney, confirmed the County has the right to reject all bids or proposals in any procurement as stated in County's Purchasing Code. Legal options were to go through another round of procurement or do a temporary extension.

Discussion followed regarding concerns related to costs increasing for the residents, concerned about ramifications of starting a whole new process, do not have to make decision today, negotiations are not done this way, want more information in order to vote, residents will be more concerned with an increase in their bill, who is going to walk away from contract, not feeling good about this bill, put out for bid or look at study consultant, how many counties does the current service provider serve, put it out for bid to more companies, look at hiring a second consultant, and not prepared to set the entire perimeters today.

Mr. Clague advised the Board does not need to make a decision today. There is still room to deal with the Board's concerns and to determine with the procurement official as to the status of the procurement process and what options are available.

Dr. Hopes reiterated this is a process, and the County is still in negotiations.

RECESS/RECONVENE. 12:08 p.m. – 1:29 p.m. All Commissioners present.

Chairman Van Ostenbridge asked the Board if they want to make any decisions today or come back for another workshop and make decisions later.

Discussion ensued regarding there were briefings and today's meeting was to give general direction of preference (i.e. one hauler or two haulers, once a week pickup or twice a week pickup), prefer once a week pickup, with two haulers, pulling out all the bulk and yard waste, and look at a one hauler scenario as well.

Chairman Van Ostenbridge stated today's discussion should give staff some direction.

Dr. Hopes and staff will report again for next meeting.

WATER AND WASTEWATER

Kevin Morris, Deputy Director, Wastewater, used a slide presentation to introduce Wastewater Service stating the County provides services to nearly 300,000 residents and wholesale customers, and to the unincorporated areas of Anna Maria Island, Bradenton Beach, and Holmes Beach. The County does not maintain Longboat Key's infrastructure, however their wastewater is treated by the County. Presently, the County has the ability to assimilate 40,000 new homes.

Mr. Morris continued to address studies regarding wastewater system capacity. Since the County is experiencing unprecedented growth. There are 182 positions in the Wastewater

Division, which is the largest in Utilities. There are three sewer service areas and one plant in the Water Division that serves the whole County including parts of Sarasota County. There are three major Wastewater Reclamation Facilities divided by geographical boundaries: Manatee River (between north and south), Braden River (dividing southeast and southwest), and the City of Bradenton and City of Palmetto providing their own sewer services.

The largest and oldest treatment plant is the Southwest Regional Water Reclamation Facility with a capacity of 15 million gallons per day. There is a plan for expansion by next year to add capacity of 3 million gallons per day in increments by 2027. The southeastern service area serves from Braden River and U.S. 301 to the west of the Manatee River and Lakewood Ranch. The smallest is the North Regional Wastewater Treatment Plant facility and it represents Parrish and Buckeye Road, and there are plans to expand the plant by 2028.

Mr. Morris continued to note there are three levels of wastewater treatment are (1) primary stage removes items from water such as Q-tips, wipes, rags, cigarette butts, orange peels, sand, etc., (2) nutrient removal, and (3) filtration and high level disinfectant. The plants are manned by licensed operators 24/7. He displayed a skeleton map of the Wastewater system. The red lines indicate the force mains and the green lines indicate the gravity mains. There are 1,900 miles of collection pipe. The County has 23,000 man holes in the system, and 50 new man holes are added per month due to growth. There are 740 lift stations with 17 master lift stations, with more being added per month. They rely on sensors and signals from the lift stations to find out the status, pump failures, high liquid levels, and high pressure.

Mr. Morris noted the County distributes an average of 17 million gallons per day of reclaimed water, which is mostly used for irrigation. They are looking at opportunities to partner with the City of Bradenton regarding reclaimed water. The reclaim lakes hold 1.2 billion gallons of seasonal storage and 33 million gallons on the water reclamation system. The biosolids facility produces the sludge and also operates off the methane gas facility.

The Regulatory Compliance Program has over 1,800 locations in the County. Anywhere that has a food service facility such as schools, fire stations, and County locations, County inspectors visit all these facilities on an annual basis.

Mr. Morris provided an overview of the accomplishments for 2022, including the 48-hour turnaround time for service to be restored from Hurricane Ian, and he reviewed the upcoming challenges and opportunities for FY23 which are needs for staff, and apprenticeships. There are also treatment and collection projects, and other high value projects for the Wastewater Capital Improvement Plan (CIP) FY23-27.

Discussion ensued regarding the average age of County sewer lines.

Evan Pilachowski, Utilities Director, stated specific numbers will be looked into.

Katie Gilmore, Deputy Director, Potable Water, continued the slides and noted the County provides drinking water to over 400,000 residents in Manatee and Sarasota County. The County is the sole provider to the City of Anna Maria, Longboat Key, City of Palmetto, and partial provider for City of Bradenton and Sarasota County. The unincorporated Manatee County and the island cities are served in a retail capacity, and then wholesale to Palmetto, Bradenton, Longboat Key and Sarasota. The County distributes 46 million gallons of potable water per day and the Department has approximately 131 employees. The County has a diversified water supply and obtains two-thirds of the water from surface water from Lake

Manatee. The other one-third is groundwater from the East County Wellfield and IMC Wellfield. Surface water and groundwater are both treated at the Lake Manatee plant, with a capacity of 84 million gallons per day, and permitted for about 53 million gallons per day. The staff is available 24/7. Lake Manatee was created in 1965 when the dam was built. There are over 2,000 miles of distribution pipe that range in diameter and pipe material. There are six Booster Pumping Stations and six elevated storage tanks. There is a total of 32 million gallons of water stored in the system. The water compliance section oversees drinking water compliance, water conservation education and messaging, and cross connection control programs. Billing is based on water consumption. There are 141,000 meters in system and staff is responsible for installing, reading, and maintaining potable and reclaimed water meters.

Ms. Gilmore highlighted the results of FY21-22 and reviewed goals and challenges that included Hurricane Ian and the Braden River water main break repair. There was a 42-inch line leak in one of the transmission lines at the Wastewater Treatment Plant which occurred at the end of 2021, and an item was added to the CIP to replace it. Work should be completed by the beginning of February 2023.

Dr. Hopes added this project is taking place in someone's yard, and the County is working hard to accommodate the family.

Discussion ensued regarding working to accommodate the family where the leak occurred, plans to repair the older lines and pipes, staff has been replacing lines continuously, requested workshop or add discussion in a meeting as to the status of pipes and lines with plans and costs, what would be the life expectancy of the pipe, 80-100 years, what percentage of pipe is this material looking to replace, has there been any other problems along the same line, Morgan Johnson Road, observe closely and look at each case individually, wastewater and potable water lines are interconnected throughout the County, they lower the lake when a storm approaches, rainy season, make sure there is adequate capacity, what does the ultrafiltration system do for the County, better filtration system, and is there any difference in the drinking water.

Ms. Gilmore continued the slides and discussed the potable water history indicating the retail, wholesale and total sold, an average of 4,000 new water accounts each year. There has been an inflation and rising costs with supply chain issues, obtaining skilled staff, and some projects to be completed including spillway replacement project, Lake Manatee Dam Spillway Replacement, Phase one and two including the dam repair. The potable water system master plan is updated every five years, and a mix of local sources and PRMRWSA will take us through 2042.

Chairman Van Ostenbridge directed staff to bring back the City of Bradenton's projections for water supply for the next joint meeting with the City of Bradenton. The City of Palmetto obtains water from the County at wholesale. He directed staff to bring back discussion on potential population increases relating to the City of Palmetto.

Discussion followed asking when Florida Power and Light will be finished with Lake Parrish, supply and demand projection, and the Buffalo Creek water treatment plant.

Victor Ortiz, Senior Fiscal Services Manager, used a slide presentation to review the Financial Plan with expenses, revenues and reserves/cash balances, fiscal services makes certain of compliance with financial policy and bond covenants, maintain excellent credit ratings, there are 19 positions in the department, FMD oversees the warehouse supplies, products, lead

times and periodic inventory, FY21 ended with \$740,000 inventory and FY22 ended with an increment of \$1,013,000; accounting functions as cash management, hauler payments, monthly reconciliations, daily functions such as audit slips, journal entries, cash receipts, credit balance refunds, submittal of Facility Investment Fees (FIF) reimbursements, bad debt write offs, financial challenges which are operational cost increases such as inflation, chemical costs, energy cost, supply chain lead times and personnel cost, CIP cost increases, keeping with infrastructure in various areas, keeping with operations, maintenance, competitive salaries and bond issuance, rate structure including enterprise fund, revenue sufficiency analysis, and covering all costs associated with the department.

RAFTELIS PRESENTATION

Thierry Boveri, Vice President, Raftelis Financial Consultants, Inc., continued the slides to provide an overview on key bond issues, projected financial plan and study findings and conclusions including utilities established as an enterprise fund supported by user fees and costs, costs are recovered in proportion to the services provided, ensure compliance with financial policies and bond covenants, this is a very data driven process using billing statistics and historical financial data, fixed asset records, current budget and financial plan and CIP, revenue sufficiency methodology and is foundational to the financial plan, the goal of the exercise to show balance of revenues with costs, retail customer growth, recent trends for inflation increasing significantly since 2019, CPI and ENR construction index, CPI Water and sewer maintenance index and utility rate adjustment, estimated operating costs 2022 and estimated budget 2023, three years of historical data, the value of infrastructure utility capital assets by age, the total of all investments on water, sewer, and infrastructure, original cost, adjusted about 3.3 percent for inflation which is the ENR construction costs for a 20 year average to an estimated of today's dollars, and recent trends for utility averaged \$53 million in spending over the last 5 years.

Discussion ensued regarding increases attributed to population growth or deferred maintenance or both.

Mr. Boveri continued the slides outlining the financial plan CIP with total funding at \$1.3 billion, the key projects (Buffalo Creek, Lake Manatee Spillway, SWWRF, North WRF, various Lift stations), the funding plan, the overall the chart represents the funding sources, and the debt assuming the CIP is fully funded.

Discussion ensued regarding key projects, percentage of the funding plan is based on facility investment fees, account for any key plan, how to account for the short fall based on the guaranteed growth, time in the plan to adjust, County to do the design first, there is concern with the economy, able to tie expansion fees to debt service, and major projects are going to be debt financed.

Mr. Boveri continued to discuss showing Financial Plan/Debt Service and how much the annual debt service rises, Financial Plan/Capital Reinvestment or "Pay-Go", showing rate adjustments, the 9.74 percent rate adjustments, the rate comparison projected utility average increase at four percent per year for the five-year forecast period, Utilities on the Gulf Coast are raising their rates or have raised their rates, a pricing index by the fourth year of the five-year plan, financial plan/Results, "Pay-Go" Metrics, capital reinvestment is an indicator of fiscal sustainability, pay-go versus depreciation is a key fiscal metric, pay-go projected to increase to \$50 million and meet target, cash reserves, key is cash declines due to capital spending, and seeking Board's direction on study proposals.

Discussion ensued regarding increasing services then decrease how much County is paying in debt, major cut in taxes, cost of living in Manatee County is affordable, \$10 month for five years straight, large amount on utility bills for large portion of people, and utilities are a large amount to pay for some people.

Mr. Boveri stated the federal government has a program that provides funding assistance for those with low incomes, and the utility bills have a fixed component.

Discussion ensued regarding utility bills, utility department does not make a profit, and need to get the infrastructure up to speed.

Dr. Hopes stated the County is growing and the rates are low, even with rate adjustments the County is still able to fund the work that is needed. The utilities is an enterprise fund and funds need to be generated to cover both costs and make investments. The County continues to manage its costs and presents a budget each year to afford the opportunity to lower taxes.

Discussion ensued regarding facility investment fees (FIF), have reserve built up of FIF how much reserve do we have; how much cash is available, self-interests, be more creative, how many people cannot pay their utility bills, increasing services, increasing certain services costs, look at decreasing a service that is not being utilized, give citizens the best deal possible, infrastructure needs, how to pay for infrastructure, raise fees, without impacting our citizens, nice to lower taxes, lessen the pain on residents, are there possible projects that could be deferred, is there a way to un-restrict funds, and self-imposed restrictions.

William Clague, County Attorney, stated these are legally restricted funds; and some are restricted by virtue of our bond covenant, and others because of State laws. FIF funds are impact fee proceeds and have to be used for capital expenditures that benefit new growth. The bond covenants cannot be changed without consent of a majority of bond holders.

Discussion ensued regarding what the process would be to make that change, depends on which revenue source you are talking about, and revenues increase.

Mr. Clague stated operating expenses for the system cannot be controlled. The debt service is the payments on the bond that have already been issued. Under the bond covenants, enough money needs to be charged. There are additional revenues and expenditures, over and above what is going to happen, and those are areas that the Board does control. Funds must be put aside specifically for infrastructure before it wears out and needs to be replaced.

PUBLIC COMMENTS

Charles Merkley, Director of Municipal Sales for FCC Environmental, Volusia County, Florida, gave a brief outline on what his company does and has to offer.

William Clague, County Attorney, explained there is a rule in the procurement process that prevents from addressing the Board at this point in the process.

There being no further public comments, Chairman Van Ostenbridge closed public Comments.

ADJOURN

There being no further business, Chairman Van Ostenbridge adjourned the meeting at 4:22 p.m.

Minutes Approved: May 9, 2023