

**Minutes of the Quarterly Meeting of the
South Central Regional Wastewater Treatment and Disposal Board
Held on January 21, 2010 at the Treatment Plant
1801 North Congress Avenue, Delray Beach, FL 33445**

Present

Boynton Beach

Chairman Woodrow Hay
Mayor Jerry Taylor
Commissioner Jose Rodriguez
Commissioner Marlene Ross
Commissioner Ron Weiland

Delray Beach

Mayor Nelson McDuffie
Commissioner Gary Eliopoulos
Commissioner Adam Frankel
Commissioner Angeleta Gray

A. CALL TO ORDER

Meeting was called to order at 5:12 p.m. by Chairman Hay.

B. ROLL CALL

Roll call was performed and a quorum was present

C. PROOF OF NOTICE OF MEETING

Mr. Coates confirmed that the notices were posted at both City Halls.

D. ADDITIONS AND/OR DELETIONS TO AGENDA

Item I4, *Request for Renewal of Auditing Services of MarcumRachlin*, was removed from the Agenda. Mr. Coates explained that after review of the document by Attorney Roger Saberson and himself, the Engagement Letter that was received by MarcumRachlin needed to have revisions made to some of the conditions as well as the language. Once we have received the Engagement Letter incorporating the revisions, it will be brought before the Board.

MOTION WAS MADE BY MAYOR MCDUFFIE TO APPROVE AGENDA AS AMENDED, MOTION WAS SECONDED BY COMMISSIONER ELIOPOULOS. MOTION CARRIED 9 – 0.

E. ACCEPTANCE AND/OR CORRECTION TO MINUTES OF REGULAR MEETING HELD October 15, 2009.

MOTION WAS MADE BY COMMISSIONER FRANKEL TO ACCEPT MINUTES; MOTION WAS SECONDED BY COMMISSIONER ELIOPOULOS. MOTION CARRIED 9 – 0.

F. REPORT OF OFFICERS AND COMMITTEES

1. CURRENT FINANCIAL STATEMENTS

a. Balance Sheet (through December, 2009) (ITEM F1a)

Mr. Coates stated that at the present time, we have \$1,232,171 in cash plus an additional \$ 598,710 in accounts receivable from the Cities for O&M costs which we will be receiving within the next few days. We average \$ 500,000 a month for expenditures. We therefore will have sufficient cash to pay our bills for this month.

At the present time, we have \$3,581,568 in Repair and Replacement account. Of this amount \$ 1,532,790 is currently committed on various plant projects; leaving us with \$2,048,778 available in R&R account. This account provides us with funds for projects under contracts and additional repairs that will be needed in the near future.

**b. Budget Variance & Cash Projection (ITEM F1b)
Year-to-Date Actual -**

PLANT O&M

Mr. Coates went over the Revenues from usage were budgeted for \$ 6.117M and the projected revenue for this fiscal year is \$ 6.266M. Flows are running ahead of last year. This quarter we are more in line with our historic average. The City of Delray Beach is doing rehab work on one of their wells and we are getting additional water from Delray.

Expenditures in personnel were budgeted at \$ 1.572M and the projected amount is \$ 1.588M.

Expenditures in services were budgeted at \$ 1.660M and the projected amount is \$ 1.572M.

Expenditures in Operations and Maintenance were budgeted at \$ 2.053M and the projected amount is \$ 2.011M.

Expenditures in Chemicals and Supplies were budgeted at \$ 786,000 and the projected amount is \$ 718,241

Full fiscal year projected revenues over expenditures as of December 31, 2009 are \$ 391,575.

RECLAIM O&M

Revenues for Reclaim O&M were budgeted for \$ 1.115M and the projected revenue for this fiscal year is \$ 1.149M.

Expenditures in personnel were budgeted at \$ 133,000 and the projected amount is \$ 132,159.

Expenditures in services were budgeted at \$ 70,285 and the projected amount is \$ 64,769.

Expenditures in Operations and Maintenance were budgeted at \$ 578,000 and the projected amount is \$ 572,537.

Expenditures in Chemicals and Supplies were budgeted at \$ 263,210 and the projected amount is \$ 251,954.

c. *Review draft of Audited 2008/2009 Financial Statements*

Presented by Jerry Chiocca of Marcum Rachlin Accountants and Advisors

The draft audited statement was presented by Chris Chiocca of MarcumRachlin. He reviewed the independent audit statement including the financial statement ending September 30, 2009. He stated that we received a "clean" or "unmodified/unqualified" opinion; which is what you want to see regarding the financial statements.

Mr. Chiocca stated that they did not find any instances of non-compliance. They had no recommendations or inconsequential findings.

Mr. Chiocca handed out the letter from his firm listing their responsibilities under "U.S. Generally Accepted Auditing Standards and Government Auditing Standards".

Mr. Chiocca thanked Mr. Coates and his staff for the efficiency on getting the information to their firm for the audit.

1. Acceptance of Fiscal Year 2008/2009 Audited Financial Statement (ITEM F1c(1))

MOTION WAS MADE BY MAYOR TAYLOR TO ACCEPT THE AUDITED FINANCIAL STATEMENT; MOTION WAS SECONDED BY COMMISSIONER GRAY. MOTION CARRIED 9 – 0.

2. Motion to recommend that due to budget restraints as outlined in the approved 2009/2010 budget, the return of excess for the 2008/2009 Fiscal Year in the amount of \$867,856, be returned at a rate of 50%, \$248,498 to Boynton Beach and \$185,430 to Delray Beach, with the excess to be retained in the Board's account. The balance to be re-evaluated for return at the Board meeting in April 2010. (ITEM F1c(2))

Mr. Coates stated that based on where we are at this time, he is comfortable going ahead and sending the Cities 50% of the excess, keeping the balance with the Board until April. In April he will review the budget and determine if we are in a position to return the remaining portion to the Cities at that time, which will be earlier than originally planned.

MOTION WAS MADE BY MAYOR TAYLOR AND SECONDED BY COMMISSIONER ROSS. MOTION CARRIED 9 – 0.

QUESTIONS

MOTION TO ACCEPT REPORT OF OFFICERS AND COMMITTEES

MOTION WAS MADE BY COMMISSIONER ELIOPOULOS AND SECONDED BY MAYOR MCDUFFIE. MOTION CARRIED 9 – 0.

2. EXECUTIVE DIRECTOR'S REPORT

a. Compliance and Operational Status Report (ITEM F2a)

First Quarter Report

Mr. Coates reviewed the Status report and stated that the Plant average flow for FY 2009/2010 is 17.88 MGD. Of this flow, Delray's flow was 8.21 MGD accounting for 46% and Boynton Beach's flow was 9.67 MGD accounting for 54%. Again, Mr. Coates stated that the fact that Delray is sending us the additional water is why the numbers are a little different from what we have had lately.

Two of our main operating parameters used to determine how effectively the Plant is operating are total Suspended Solids (TSS) and Carbonaceous Biological Oxygen Demand (CBOD)

Our average TSS and CBOD were 1.03 and 1.51 mg/L well under the limits required by FDEP Operating Permit. Mr. Coates explained that these numbers are well below what we are allowed to by permit. The facility is operating at a high level.

b. Biosolids Pelletization Project (ITEM F2b)

Mr. Coates stated that the Pelletization Plant as been on line since August 11, 2009, operating at 100%. Since this time, we have been doing no land applications, the biosolids have been going strictly to the Pelletization Plant. Mr. Coates explained that the Board inherited more capacity due to the low bid price including a larger capacity system. We are now in a position to sell that extra capacity. Mr. Coates highlighted the bullets listed below:

- East Central Regional (ECR) is tentatively set to buy into the project.
- On the effective date of an Agreement with ECR, they shall pay Authority the amount of \$2.5M. The balance of \$7,931,017, plus interest at \$709,442 for a total amount of \$10,431,017 shall be paid by ECR.
- The Board's proceeds from the sale of excess capacity is estimated to be \$1M

c. Headworks and Stormwater System Improvements (ITEM F2c)

Mr. Coates stated that when we applied for a building permit for the Headworks Building and the stormwater improvements, a site review was performed by Lake Worth Drainage District (LWDD) at which time they informed us that we could have the permit, but we would have to provide them with a road for them to maintain the canal.

On November 3, 2009 a meeting was held between the Board Engineers, the LWDD staff and Dennis Coates. Upon LWDD's review of the plans for restoration work of the canal bank located at the Northwest corner of the Board's property, LWDD determined that they would require 25 feet of dry ground for maintenance operations on the north side of the Board's property.

Mr. Coates explained to the Board that in an effort to keep the headworks improvements moving forward, he made the decision to pull the improvements to the canal bank out of the Building Permit Plans.

During this time, Mr. Coates asked the Board Attorney, Roger Saberson to meet with the attorney from LWDD and see if there was some other alternative. Mr. Coates stated that he was looking for documentation that would show that we had to meet the requested requirements in order to obtain a permit.

Through the meetings that both Mr. Coates and Mr. Saberson had with LWDD it was determined that LWDD would not require the Board to provide the road at this time and that they would give us the permit for the original requested improvements.

Mr. Coates explained that Mr. Saberson had prepared various motions in reference to the Change Order for Intrastate Construction with regards to the removal of the canal bank restoration work. He stated that he preferred to wait until we reached that specific section of the agenda to review the various motions.

Commissioner Rodriguez left the meeting at 5:47 p.m.

d. Board's Property Liability (ITEM F2d)

Mr. Coates introduced Mike Bottcher and Connor Lynch of Plastridge Insurance. Mr. Coates asked Mr. Bottcher and Mr. Lynch to advise the Board of the insurance policies and the amounts of insurability for the Plant property.

Mr. Mike Bottcher spoke regarding the property insurance and the liability and professional liability coverage for the Board. Mr. Bottcher explained that the property policy became an issue due to increased re-insurance costs. The agent was first unable to offer the full \$79,170,143 total insured limits and offered a policy with a named-storm sub-limit of \$50,000,000. In order to "offset" this change, they also reduced the named-storm deductible to 5% per building, subject to \$250,000 minimum per named-storm occurrence. Last year's named-storm deductible was 5% of the total insured value or \$3,958,507. Mr. Bottcher indicated that this was a tremendous upfront improvement.

Our insurance program renewed with the same insurance carriers and contractual provisions as negotiated in conjunction with our consultant.

Mr. Bottcher went on to state that the agent ultimately offered the full \$79,170,143 limits for named-storms and the premium was \$41,441 more. Again, this high cost was due to the increased cost of re-insurance.

We did approach the League of Cities, and although they could entertain the full property limit, they would require that they write all lines of coverage and premium savings did not warrant a change at this time.

Mr. Coates wanted the Board to realize that at the time, he instructed Plastridge to go with the \$50,000,000 sublimit instead of the \$79,000,000 but it was ultimately up to the Board. Mr. Coates stated that in his opinion our plant is nothing but concrete and underground structures and to get to \$50,000,000 worth of damage there would not be much left in the surrounding area.

Mr. Koroshec, of Hazen and Sawyer, stated that the last time a storm went through the only things that were damaged were roofs and roof-mounted items, and palm trees.

MAYOR TAYLOR MADE THE MOTION TO FOLLOW THE EXECUTIVE DIRECTOR'S RECOMMENDATION TO GO WITH THE \$50 MILLION INSURANCE POLICY; MOTION WAS SECONDED BY COMMISSIONER ROSS. MOTION CARRIED 8-0.

e. Odor Complaint Log (October 16, 2009 – January 8, 2010)
(ITEM F2e)

Mr. Coates stated that during the last quarter there were four odor complaints made to the South Central Office. He indicated that the odor was due to the construction in the Headworks Building and that the doors to the building had to be open while the men were inside doing the construction. A new scrubber system for odor control is being put in place.

QUESTIONS

CITIZEN'S COMMENTS

Jerry Sadowsky, from the Pines, stated that he was very pleased with our effort to keep the odor under control.

MOTION TO ACCEPT EXECUTIVE DIRECTOR'S REPORT

MOTION WAS MADE BY COMMISSIONER FRANKEL AND SECONDED BY MAYOR MCDUFFIE. MOTION CARRIED 8 – 0.

3. ENGINEERS' REPORT

a. HAZEN AND SAWYER (ITEM F3a)

- 1. Headworks and Stormwater System Improvements**
- 2. Deep Injection Well System**
- 3. Plant "A" Secondary Clarifier Rehabilitation**

John Koroshec of Hazen and Sawyer, P.C. gave the Engineer's Report on the above listed items.

QUESTIONS

MOTION TO ACCEPT ENGINEER'S REPORT

MOTION WAS MADE BY COMMISSIONER GRAY AND SECONDED BY COMMISSIONER ROSS. MOTION CARRIED 8 – 0.

G. CONSENT AGENDA: Executive Director recommends approval (Board Members may request that any item be removed for discussion.)

1. Authorization to expend **\$103,406.44** on an emergency basis from repair and replacement funds to:
 - a. **Repaired Blower No. 4 500-Hp Motor (\$15,000.00 estimate) – Line Item Number S535806.145, Equipment Number 023-11004.** Motor tested bad, requiring a rewind.
 - b. **Replaced Dissolved Oxygen Instrumentation Probe (\$1,518.95) – Line Item Number S535806.146, Equipment Number 005-17000.** Probe was no longer providing accurate readings.
 - c. **Replaced Sodium Hypochlorite Water Booster Pumps (\$1,134.00) – Line Item Number S535806.147, Equipment Numbers 054-11107 and 054-11108.** Shafts in the pumps sheared damaging the units.
 - d. **Repaired Centrifuge No. 3 Feed Nozzles and Motor (\$7,004.00) – Line Item Number S535806.148, Equipment Number 030-11006.** During the 24,000 hour rebuild, it was determined that the feed nozzles were worn out and the backdrive motor bearings needed to be replaced.
 - e. **Repaired Generator Radiator Fans and Cores (\$55,000.00 estimate) – Line Item Number S535806.149, Equipment Numbers 023-11008 and 023-11009.** During generator run, radiator fan failed causing damage to the unit. It was determined that both radiators needed to be repaired.
 - f. **Repaired Sodium Hypochlorite Rectifier Control Board (\$547.51) – Line Item Number S535806.150, Equipment Number 054-11002.** Control board no longer operated.
 - g. **Replaced "A" RAS Transfer Valve and Blacktop Repair (\$3,664.25) – Line Item Number S535806.151, Equipment Numbers 060-11200 and 010-10000.** Valve located in roadway, would no longer close requiring replacement and roadway repair after replacement completed.

- h. Replaced Lo-Pro Odor Controllers and Probes (\$5,557.73) – Line Item Number S535806.152, Equipment Number 021-17002. Units had stopped working requiring replacement.**
- i. Repaired Centrifuge No. 1 Bearings and Seals (\$5,000.00 estimate) – Line Item Number S535806.153, Equipment Number 030-11101. Unit developed a vibration requiring the unit to be torn apart for inspection.**
- j. Repaired "B" RAS telescoping valves (\$3,500.00 estimate) – Line Item S535806.154, Equipment Number 033-11202. Valves not working properly, miscellaneous parts needed to repair.**
- k. Repaired "A" RAS Return Pump Motor (\$800.00) – Line Item S535806.155, Equipment Number 032-11103. Motor tested bad requiring a rewind.**
- l. Provide Engineering for installation of ocean outfall valve and associated telemetry (\$4,680.00) - Line Item S535705.34. Old isolation valve no longer functioning.**

It was noted that the following item should be listed as G2 instead of G3.

- 3. Authorization to extend the term of the contract between South Central Regional Wastewater Treatment and Disposal Board (SCRWT&DB" or "BOARD" with Florida Testing Services LLC, d/b/a XENCO LABORATORIES ("XENCO"), formally known as Genapure Analytical Services, Inc., formerly known as US Biosystems, Inc., for lab services from February 1, 2010 through April 30, 2010.**

H. ITEMS REMOVED FROM CONSENT AGENDA FOR DISCUSSION

MOTION TO APPROVE CONSENT AGENDA

MOTION WAS MADE BY COMMISSIONER ELIOPOULOS AND SECONDED BY COMMISSIONER ROSS. MOTION CARRIED 8 – 0.

I. NEW BUSINESS

1. EXECUTIVE DIRECTOR'S REVIEW COMMITTEE REPORT (ITEM 11)

Chairman Hay brought a recommendation to the Board that a 5% increase be put in the budget for Fiscal Year 2010/2011 for the Executive Director. Chairman Hay stated that the Executive Director is doing a phenomenal job.

MOTION WAS MADE BY COMMISSIONER WEILAND AND SECONDED BY COMMISSIONER ROSS. MOTION CARRIED 8 – 0.

2. Request to approve Change Order No. 001 to Intrastate Construction Corporation in the deduct amount of (\$90,000.00). (ITEM 12)

Mr. Coates explained that this is the Change Order due to the Lake Worth Drainage District's request as previously discussed. He stated that Roger Saberson had prepared a couple of motions to allow flexibility to proceed with Intrastate.

Motion No. 1 -- Motion to authorize but not require the Executive Director to execute Change Order No. 001 set forth in the agenda packet to Intrastate Construction Corporation in the deduct amount of \$90,000.00.

Motion No. 2 -- Motion to authorize the Executive Director to negotiate with Intrastate Construction Corporation to add back into the Contract Documents all Work associated with Bid Item No. 3 (Stormwater System Improvements) at such an amount as is determined by the Executive Director (in consultation with the Board's engineers) to be reasonable even if the amount is in excess of the amount originally bid for Bid Item No. 3.

Motion No. 3 -- Motion to authorize but not require the Executive Director, if a satisfactory amount is negotiated to add back all Work associated with Bid Item No. 3 (Stormwater System Improvements) to issue a Work Change Directive to add back all of such Work and to execute a composite Change Order that takes into account the net effect of the original Work Change Directive deleting the Work and the Work Change Directive adding the Work back. Alternatively the Executive Director may execute two separate Change Orders-one applicable to Work Change Directive deleting the Work and one applicable to the Work Change Directive adding the Work back.

COMMISSIONER ELIOPOULOS MADE THE MOTION TO MAKE THESE MOTIONS 1, 2, AND 3 A PART OF THE MINUTES OF THIS MEETING, MOTION WAS SECONDED BY COMMISSIONER FRANKEL. MOTION CARRIED 8-0

MAYOR TAYLOR MOTIONED TO APPROVE MOTION NO. 1, MOTION WAS SECONDED BY COMMISSIONER ROSS. MOTION CARRIED 8-0.

COMMISSIONER GRAY MOTIONED TO APPROVE MOTION NO. 2, MOTION WAS SECONDED BY COMMISSIONER ROSS. MOTION CARRIED 8-0.

COMMISSIONER FRANKEL MOTIONED TO APPROVE MOTION NO. 3, MOTION WAS SECONDED BY COMMISSIONER GRAY. MOTION CARRIED 8-0.

3. *Request to approve revised Procurement Policy.* (ITEM 13)

Mr. Coates distributed the Procurement Policy Revision, Article X, Paragraph D that he had received from Roger Saberson that morning. Mr. Coates stated that one of his goals was to update the Procurement Policy. Mr. Coates stated that he needs the authority to go up to \$25,000 for repair and replacement items; however, any purchase he makes between \$10,000 and \$25,000 will still come back to the Board to make them aware of the purchases. On Emergency Repairs over \$25,000 he will call the Chairman and try to get a quorum together for a meeting, if a quorum is not available, the Executive Director will get permission from the Chairman to go ahead with the repairs.

Chairman Hay agreed stating that the limit needed to be increased – that to put such restrictions on the Executive Director would be bad on the part of the Board.

MAYOR TAYLOR MADE THE MOTION TO APPROVE THE PROCUREMENT POLICY. MOTION WAS SECONDED BY COMMISSIONER FRANKEL. MOTION CARRIED 8-0.

Roger Saberson stated that he wanted the motion to read as that they move to approve the procurement policy as set forth in the agenda and the handout that had the procurement policy revisions that will include Article X, Paragraph D.

MAYOR TAYLOR MADE THE MOTION TO APPROVE THE PROCUREMENT POLICY AS STATED BY ATTORNEY ROGER SABERSON, MOTION WAS SECONDED BY COMMISSIONER GRAY. MOTION CARRIED 8-0.

- 4. Request for renewal of auditing services of Rachlin, LLP for fiscal year ending September 30, 2010, for an estimated amount of \$ 37,500.00.
(ITEM I4)**

As stated in Item D this Item was removed from the Agenda.

- 5. Consider motion to approve Conditional Consent to License for Clear Wireless LLC.
(ITEM I5)**

Mr. Coates explained that the Board has a lease agreement with T-Mobile for a Cell Tower on the back of the property. T-Mobile subleases a portion of their tower to various companies of which we get 50% of the revenue. T-Mobile is requesting to sublease a portion of the tower to Clearwire. Mr. Coates explained that with this addition, it will bring the amount that the Board receives up to between \$65,000 and \$70,000 a year. The documents had been forwarded to Roger to review.

Roger Saberson explained that the original language in the site lease agreement between T-Mobile and Clearwire exceeded the term limit of the original lease between T-Mobile and the Board. T-Mobile did change the language that was asked for. Roger stated that as far as he was concerned the conditional consent was ok with him. He wanted the motion to approve the conditional consent agreement and allow him to work with T-Mobile on the removal bond

MAYOR TAYLOR MADE A MOTION TO APPROVE THE CONDITIONAL CONSENT AGREEMENT FOR THE LICENSE ON THE CELL TOWER. MOTION WAS SECONDED BY COMMISSIONER ROSS. MOTION CARRIED 8-0.

J. UNFINISHED BUSINESS

THERE WAS NO UNFINISHED BUSINESS

K. PUBLIC AUDIENCE

Before the adjournment, Chairman Hay recognized Mayor Taylor for his vast experience and knowledge that he has brought to the Board over the years. This was Mayor Taylor's last Board meeting as a board member and in recognition of his years of service Chairman Hay presented him with wall clock plaque and golf shirt on behalf of the Board.

L. ADJOURNMENT

Meeting was adjourned at 6:15 p.m.