

**CITY COUNCIL MINUTES
SPECIAL MEETING**

NOVEMBER 29, 2010

Mayor Joe LaCascia called the meeting to order at 7:10 p.m.

ROLL CALL

Mayor Joe LaCascia, Vice Mayor Trudy Block, Councilor Nancy Adorno, Councilor Mike Blethen, Councilor Don Kimsey, City Attorney Tom Cloud and City Clerk Patricia Jackson were present.

A quorum was established.

PUBLIC HEARING

**ORDINANCE 1270, AN ORDINANCE OF THE CITY OF POLK CITY, FLORIDA;
AMENDING THE FINAL BUDGET; REALLOCATING AND REAPPROPRIATING
MONIES WITHIN THE BUDGET FOR FISCAL YEAR 2009-2010; PROVIDING FOR
ALL OTHER ITEMS IN THE BUDGET OF EXPENSES TO REMAIN UNCHANGED;
PROVIDING FOR SEVERABILITY; PROVIDING AN EFFECTIVE DATE**

Mayor LaCascia read Ordinance 1270 in short title; this is second and final reading.
Mayor LaCascia opened the Public Hearing; there being no public comment, Mayor LaCascia closed the Public Hearing.

Councilor Blethen made a motion to accept Ordinance 1270; the motion was seconded by Councilor Adorno.

Roll Call: Mayor LaCascia-aye, Vice Mayor Block-aye, Councilor Adorno-aye, Councilor Blethen-aye, Councilor Kimsey-aye

5-ayes

0-nays

The motion carried,

NEW BUSINESS

1. Approval of temporary extension for Utilities Management Services with GSG (Frank Sanderson) until January 11, 2011

Vice Mayor Block made a motion to extend the GSG Contract (Frank Sanderson) until January 11, 2011; the motion was seconded by Councilor Adorno.

Roll Call: Councilor Blethen-aye, Mayor LaCascia-aye, Councilor Kimsey-aye, Councilor Adorno-aye, Vice Mayor Block-aye

5-ayes

0-nays

The motion carried.

2(a). Outsourcing of Operations for Water and Wastewater

Mayor LaCascia turned the meeting over to Vice Mayor Block. Vice Mayor Block advised the City has received two proposals; one from FGUA and one from Woodard and Curran. Each Councilor has received a copy of each. Each company will make a 10 to 15 minute presentation, and both have agreed to step out of the room while the other is making their presentation.

Vice Mayor Block advised FGUA would make their presentation first. At this time Mr. Charles Sweat, who is with FGUA, came forward and introduced a representative from US Water (who would be contracted by FGUA to operate the system). Mr. Sweat gave a brief overview of the following (a copy is attached and made a part of these minutes):

- History of FGUA
- Structure of FGUA
- FGUA Today
- The Team, FGUA, GSG and U.S.W./WT
- Public/Private Partnerships
- FGUA Services
- US Water Services
- City of Polk City Utility Experience
- Accomplishments
- What's Next
- System Recap
- Summary

The total estimated cost to the City of Polk City for outsourcing with FGUA is \$665,904 per year. Mr. Sweat advised the cost savings to the City could be \$100,000 to \$300,000 a year; however, based on the numbers submitted, the cost savings to the City would be estimated at \$84,547 to the City per year.

Vice Mayor Block then asked for Woodard and Curran to come forward with their presentation. Representatives from Woodard and Curran came forward (Steve Niro, Paul Adams and Mike Cherniak), and made their presentation to the Council as follows (a copy is attached and made a part of these minutes):

- Company Overview
- Their Florida Projects
- Local Management and Support Team
- Diverse Service Offerings
- Nationally Recognized Firm
- Staffing and Start-Up Plan
- Water Distribution
- Wastewater Collection
- Wastewater Treatment
- Cardinal Hill WW Treatment Plant
- Customer Service/Billing/Collection
- Five Year Cost
- Open Book Financials a Foundation of Partnership
- Benefits of Contract Operations
- Why Select Woodard & Curran

The total estimated cost to the City of Polk City for outsourcing with Woodard and Curran is \$478,300 per year, which would save the City an estimated \$272,061 per year.

2(b). Comparison of outsourcing versus in-house

Mayor LaCascia commented that FGUA has a contractual relationship with GSG and US Water, whereas Woodard and Curran is a single source provider. The Mayor has some concerns with layering – there is a profit for each entity with FGUA/GSA/US Water.

2(c). Legal Review of Contracts

Attorney Cloud advised the contracts will be about the same; he would request the indemnity clauses be removed from each contract, and include a termination for convenience run on a 90 day notice.

2(d). Review of Finances for Operations

Mr. Hartman advised he is knowledgeable of both providers, each with excellent services. After breaking down the cost for operations, the biggest difference on the water side is the evaluation of full-time requirements of staff. The City system is not a difficult system to run with experienced people, and a piggy-back is commonly done with purchasing and Interlocal agreements.

Vice Mayor Block advised the cost savings with FGUA is \$84,000 per year; with Woodard and Curran it is \$272,000 per year. It is her opinion not to base it on just cost.

Discussion then took place between City Council, FGUA, Woodard and Curran, Jerry Hartman and the City Attorney. Councilor Kimsey asked about increase in utility rates of 100% suggested by Mr. Sweat; Vice Mayor Block advised it was suggested an increase of 80% to 90% would have take place if FGUA acquired the system and assumed all of the debt. FGUA advised they would not acquire the system. Mayor LaCascia advised the 80% - 90% was also based on expenses. Mr. Hartman went over the services that would be provided. He also advised that both entities are very good firms. Mayor LaCascia then discussed the situation the City is currently in with the County and how that would effect whatever action is taken this evening. He was advised both companies would go along with the contract even if the County took back the Mt. Olive System.

At this time public comments were received from the following audience members:

- Laura Lambert, 552 Meandering Way – what would happen if County took back Mt. Olive System – discussion of 90-day termination clause, rates, debt service, etc.
- David Prins, 129 Appaloosa Hill Rd – asked about Cardinal Hill Plant; Mr. Hartman advised he is doing studies for the City
- Joseph Duncan, 408 rosewood Lane – asked about the Cardinal Hill Plant and lease
- Al Schneider, Teaberry Trail – mentioned Cardinal Hill vs. Mt. Olive System (taking down one of the plants) and cost involved.
- Lisa Shifflett, 234 Bayberry Drive – rerouting sewer, repair of clay pipes, options for the City to consider. Mr. Hartman’s reports will have the necessary information
- Councilor Blethen – have two companies with a lot of numbers; get professionals who know the system then go forward when we get accurate numbers
- Mr. Hartman advised the quotations are for contracting and do not involve any of the changes that have been talked about (Cardinal Hill / Mt. Olive Plant)
- Lisa Shifflett, asked about agreements with Auburndale; Mr. Hartman advised it would be part of his study
- Kelly Downing, 128 Sunshine Blvd., commented there are two companies that appear to offer wonderful services; however, it seems very costly and doesn’t want the residents/customers to pay more. Vice Mayor Block advised there are no discussions to raise rates, but to find ways to reduce costs and lower the rates. Attorney Cloud gave some background history of each company and how much experience they have in utilities. Mayor LaCascia advised the City will continue to own the system, but outsource the operations of it.

Discussions then took place regarding repairs and maintenance; with the FGUA contract there is a cost of \$7,500 per incident; with Woodard and Curran the cost is \$500 per incident. Discussion followed with an example of the number of events that could occur and the cost difference between the two. Discussions also took place regarding Frank Sanderson’s position and if he would be part of the deal with either company. Mr. Hartman advised a management person is provided in both proposals. Councilor Blethen commented about the difference in \$7,500 vs. \$500 regarding repairs and maintenance. More discussion took place regarding both proposals.

Councilor Kimsey made a motion to approve Woodard and Curran's proposal for City Utility Contract Operations, subject to City Manager and City Attorney signing off on specific language in the Contract; the motion was seconded by Councilor Adorno.

Roll Call: Councilor Blethen-aye, Mayor LaCascia-aye, Councilor Kimsey-aye, Councilor Adorno-aye, Vice Mayor Block-aye.

5-ayes

0-nays

The motion carried.

The meeting adjourned at 10:25 p.m. upon voice vote.

Patricia R. Jackson, City Clerk

Joe LaCascia, Mayor