

Minutes of the City Commission Workshop Meeting of the City of Auburndale held March 8, 2021 at 12:00 p.m. in the Community Room of the Police Department, after having been properly advertised, with the following members present: Mayor Tim Pospichal, Commissioners: Dorothea Taylor Bogert, Keith Cowie, and Jack Myers. Commissioner Richard Hamann was absent.

Also present were: City Manager Robert Green, Finance Director/City Clerk Shirley Lowrance, Deputy Finance Director Chris Reeder, Community Development Director Amy Palmer, Public Works Director John Dickson, IT Tech Gustavo Caucayo, City Attorney Fredrick J. Murphy Jr., City Auditor Mike Brynjulfson, City Manager of Lake Alfred Ryan Leavengood, Assistant County Manager Ryan Taylor.

City Manager Green said the purpose of the Meeting was to discuss the Polk Regional Water Cooperative (PRWC) projects and proposed Phase II Implementation Agreement. He told of the development of the PRWC and described the involvement of Ryan Taylor, Former City Attorney Pat Kee, and Ryan Leavengood. Ryan Taylor was named the Executive Director of the PRWC and Mayor Tim Pospichal has served as the past Chair of the PRWC. The Water Supply Plan was evaluated for the City and determined to be about 7% of what the other city's needs are going out to 2035. Three priority projects were selected for the PRWC and now it is time to select which project we hang our hat on going forward. We need about 1.75 MG going forward and the cost will be approximately \$15 million. We will have to use that water first as it comes out of the well. He said this presentation was made at the PRWC Board Workshop and now being presented to each of the municipalities in the County to buy into the Implementation Agreement that moves the project forward. He went over the historical commitment and Resolutions related to the PRWC and Southwest Florida Water Management District (SWFWMD) commitment. He discussed the SWFWMD Commitment of \$240 million being at risk to other multi-jurisdictions unless there was a PRWC Agreement on the commitment from the area cities.

Assistant County Manager Ryan Taylor said the projects have to be regional in nature, supply regional benefit, and supply multi-jurisdictions. The listing displayed the PRWC with \$240 million third on the list of projects. He told about CFWI – it is the Central Florida Water Initiative and it is a Governor initiated movement that coordinated five Counties to work together to identify this water shortage. The CFWI report shows the Water Management District permits 1.3 BGD and the science is beginning to tell us there is only about 760 BGD available before true impacts are felt in the environment. We always knew that one day the rules would change and we would have to reduce the water permits. He said the demand will have to come from another source. He explained the "rule change" has been filed in Tallahassee and we will know more about it in the summer of 2022 as to how it might affect permitted water supply.

Public Works Director John Dickson said we are permitted for 7.5 MGD and use about 5.5 MGD and have 2 that is permitted for. He said per the "rule change" the permits will be cut off at the projected 2025 demand. We are projecting 6 MGD in 2025 for our demand.

City Manager Green said the "rule change" may cut out what the City is not using. Lakeland has ample capacity at +30 MGD available to lose. He said we do not want to lose our capacity as this is for growth. He said the "rule change" will get challenged. The PRWC three projects are in place and everyone knows about their estimated costs. The City participated in the State Borrowing for the design of the projects at our estimated share cost of \$166,000. He said we at the point that in order to get the funding secure, we have to know who is in for each project and that is what the Implementation Agreement is about.

Assistant County Manager Ryan Taylor explained the Water Infrastructure Financing Innovation Act (WIFIA), which is a Federal Government loan program.

City Manager Green said we had to compete to be invited throughout the nation and the PRWC has been invited to apply for a \$235 million loan through WIFIA. He said Auburndale and Lake Alfred are in a unique position being in the center of the count for the projects. He said we have the option for either project and we have to decide which one was going to be more reliable, which one was going to be ready first to meet

the City's needs. He and Assistant County Manager Ryan Taylor displayed and explained the future funding timeline with WIFIA, which totaled \$333.29 million by November 2021. He said the Mayor at the next PRWC Board Meeting on March 17 has to raise his hand as to which project the City of Auburndale wants to hang their hat on.

Assistant County Manager Ryan Taylor said he explained to the Haines City Commission last Thursday night, after the presentation, that we need the Mayor to have consensus by the Board to raise his hand and say, "my Commission has instructed me to bring this Agreement back for consideration". He said you are not committing to anything and you are not saying you are going to sign it – all you are doing is saying you want to hear it and take it to a Commission Meeting for consideration.

City Manager Green discussed the three single projects proposed by the PRWC and their proposed water productions: Southeast Wellfield (12.5 MGD); West Polk Wellfield (10 MGD); and Peace Creek (5-8 MGD). He said the Single Project Implementation Agreement the Commission will hear at the April meeting does three things: establishes your water supply circuit, establish the cost at some point in the future, and establishes implementation in stages. He said the Mayor will ask for the consensus to bring the Agreement for consideration – not commitment. He said the Single Project Implementation Agreement is 5 to 6 years out, preliminary design is underway in 2021. He explained how a City may come out of the PRWC Implementation Agreement through the "Off Ramp" process and what their costs would be to come out of the Agreement.

Assistant County Manager Ryan Taylor said Team One has been the group of firms that has got us to where we are today. With the initial projects, we had a group of about 15 engineering firms who came together and became Team One. Chastain Skillman is one of these engineers. He said typically an engineering firm does not have the staff necessary for all the projects being vetted. Our scope of work will be completed this year with Team One. The next step is hiring someone to take the projects to the 60% design phase, where we will have a better cost estimate and rate estimates. We will be able to true up the numbers with the 60% design phase.

City Manager Green said the City of Auburndale has Raftelis Consulting working on a Water Supply Study for the City related to utility rates for the next 5 years. Team One also has Raftelis Consulting contracted and looking at the overall water rates, which go out to 2045.

#### **Southeast Wellfield:**

City Manager Green went over the approximated Southeast Wellfield Capital Costs looking at the Haines City costs, as Auburndale was not on the chart. The Haines City numbers were 2.42 MGD water delivered in 2045, \$61 million with no grant, and \$32.8 million with the grant, and the Capital Costs for 40 years projected at \$820,218. He said Bartow and Lake Wales had lower costs and it may suggest they do not want to grow.

Assistant County Manager Ryan Taylor went over the chart related to proposed costs for the Alternative water for the Southeast Wellfield with no grant at \$2.28, Southeast Wellfield with transmission line and no grant \$3.27, and with the grant the cost goes down to \$2.19. He said this gives an example of why it is so important to have the grant to help offset the expensive water costs. He said for the West Polk Wellfield the grant takes the cost down almost \$1. He went over the typical customer bill for 10,000 gallons of water and showed it ranged from \$23.45 to \$70.42 for agencies using Alternative Water Supply. In the Haines City discussion, for 10,000 gallons of water the bill was \$26 for water only. He said several years ago, Polk County added .30 per 1,000 gallons as a surcharge for Alternative Water.

City Manager Green said the Alternative Water is expensive and early estimates were that the water bill would be \$3 more monthly. He said it has been in Polk County's planning for several years.

Public Works Director John Dickson said the cost will be a different amount for each City depending upon their percentage of Alternative Water used. We may use 20% Alternative Water and 80% ground water. Davenport may be 50% Alternative Water and 50% groundwater.

Ryan Taylor said Senator Kelli Stargel is in a key appropriation position this year and Senator Ben Albritton is as well.

City Manager Green said Auburndale is at 1.74 in our water needs and Haines City was at 2.42. The hypothetical Southeast Wellfield blended production cost for Haines City showed a 47% increase in water charges. He said the increase could be phased in over time. The cost for Haines City for design fees of the Southeast Wellfield was \$2.1 million at the 60% design. He said Davenport per the projection will see a 53% increase in their water costs. Because of where Auburndale sits and the route to the Auburndale Plant, Team One decided that one of the best options for Auburndale would be to go with the West Polk Wellfield, the Lakeland Project. We have two interconnects with Lakeland and we have this for reliable water backup.

**Peace Creek:**

City Manager Green said the Peace Creek project has not been sold completely to the Water Management District, because is it an Alternative Water Supply project that would meet the intent of the funding. The PRWC bought into it, but the Water Management District has not. The project is highly dependent on rain flow.

**West Polk Wellfield:**

City Manager Green went over the West Polk Wellfield participants: Auburndale, Lakeland, Polk City, and Polk County. Auburndale was projected to need 1.74 MGD water in 2045, the cost with no grant was \$32 million, the cost with the grant was \$16.5 million, and the Capital Costs for 40 years was \$413,373. He said the City of Lakeland was not in a hurry for the project and their 6.31 MGD by 2045.

City Manager discussed the City could tie into the Southeast Wellfield and Polk County could build their own. He said as soon as they had the last PRWC Meeting, he and Public Works Director John Dickson got with Ryan Taylor and said that Auburndale by its location really should look at tying into the Southeast Wellfield if we can. We are not Davenport or Lakeland – we do not need the water yesterday and we also do not have 30 million sitting in permitted capacity that is threatened. If they take the capacity from Lakeland and they file suit, we might put ourselves in a higher risk because Lakeland may not build that West Polk project. If they take the Off Ramp, we have to take the Off Ramp. He said as result of George Lindsey raising his hand at the last PRWC workshop, Polk County will build the Southeast Wellfield on their own, if they have to. He said it did not take Winter Haven, Lake Hamilton, and Haines City to step up and say we are in. There is a certainty for the Southeast Wellfield. He said our 1.75 will get blended in with the other participants.

Commissioner Jack Myers asked the need for 30 million to get the grants. If Lakeland bails out, that takes away that capacity.

City Manager Green said they are still a part of the PRWC and their stand alone project would also meet a County and Polk City need.

Assistant County Manager Ryan Taylor said one of the key components is that the Southeast Wellfield is permitted at 37.5 MGD and we are only developing 12.5 MGD. He said the 37.5 MGD counts toward the 30 MGD.

City Attorney Frederick J. Murphy, Jr., asked about the distribution system, if the Southeast Wellfield becomes the only game in town.

Assistant County Manager Ryan Taylor said that was part of the discussion and that this would have to be revised. Last year it was discussed at a 17.5 MGD size and we will review the needs.

City Manager Green said we got with Assistant County Manager Ryan Taylor to discuss if Auburndale could raise our hand for both projects and do we really want to do that. He said there was an Interconnect that had been in the works for years with Auburndale, Winter Haven, and the County. He suggested adding the proposed Interconnect with that was near Sonny's BBQ on Recker Hwy. to the PRWC projects. He said if it costs more for our share it would be fine, as we would not have to run that large of a trunk line all around the County for the water supply. He asked Public Works Director John Dickson the four largest water users in Auburndale.

Public Works Director John Dickson said Coca Cola (900,000 gallons), KIK (100,000), Florida Brewery (45,000 gallons), and Bynum (30,000 gallons).

City Manager Green said in two customers we have 1 million gallons of water. He described the requirement of the Water Management District to use the Alternative Water Supply water first. The thought was to do the Interconnect with Auburndale, Winter Haven, and Polk County somewhere in the vicinity of Sonny's BBQ, possibly on County property at Simmers-Young Park. The Interconnect gives Auburndale a more reliable source and we could supply Coca Cola and KIK their water supply. We could transfer the capacity off the Atlantic Plant and transfer the capacity to the Berkley Plant to supply the North Auburndale needs in the future. If we need additional water supply, we could go to the Lakeland Interconnect, as they have plenty of capacity.

Public Works Director John Dickson displayed the proposed location of the Interconnect at Simmers-Young Park. He said the Interconnect will have a storage tank and pumps to help boost the water through our system, if we are taking it as Alternative Water. He discussed the benefit of the Interconnect, as we do not have a looped line in the area. He said it was a need for reliability and could serve for PRWC needs. He discussed water supply lines from the Winona Water Plant to enhance flow and said we also have it in our Five-Year Capital Improvement Plan to expand the pumping capability of Berkley Water Plant. He said we will have Raftelis look at the needs here.

City Manager Green said we are reaching out to Team One and the PRWC. If we are not in the West Polk and we are not having to come from the Interconnect in the North Auburndale line to the Berkley Treatment, there are some savings there and can that be refactored for the Gapway Project or the Interconnect Project on the Auburndale side. He said the 2045 estimate from Chastain Skillman is 8.5 MGD and the 2025 demand is projected at 6.2 MGD. He said Team One had some initial concerns related to the Interconnect and what we wanted to do for our growth on the North Side. We met with Chastain Skillman last week and they endorse the change to the Southeast Wellfield. He said the Southeast Wellfield Project will be owned by the Water Cooperative as will the infrastructure at the Interconnect, if the PRWC funds it. He asked Assistant County Manager Ryan Taylor if he saw an issue with Auburndale raising their hand for both projects, as the situation is unique to Auburndale. He said we are not going to run 60% on both projects. He said the Implementation Agreement may offer the option of West Polk.

Assistant County Manager Ryan Taylor said he did not see an issue. We could get the Agreements prior to the March 17<sup>th</sup> meeting for your review and consideration. He said the Southeast Wellfield is permitted and we do not have to go through the process. It is a sure thing, as it is permitted, and the West Polk Wellfield was not.

City Manager Green said you have given the Mayor a great boost in proposing the Southeast Wellfield because of what we now know today for certain.

Commissioner Jack Myers asked if there was a real chance that Lakeland would say we are out of here.

Assistant County Manager Ryan Taylor said he thought Lakeland would do the West Polk Wellfield.

City Manager Green said he thought Lakeland would possibly finance the West Polk Wellfield on their own like Polk County and pull the George Lindsey card.

Mayor Tim Pospichal said by Auburndale looking at the Southeast Wellfield that gives it a little more strength behind the Southeast Wellfield to get the other cities the ability to invest in the project. If they are debating on it, this may help them make their decision. He said it will cut their costs, as there will be more participants.

City Manager Green said there will be an Implementation Agreement that will come to the Commission. He said the transition from him to the next City Manager has been very important to him. He said Jeff Tillman and he have been highly engaged in this project. Jeff has attended the last three PRWC meetings, just getting his hands around all things Water Cooperative. Community Development Director Amy Palmer has been engaged with the planning side of it and Public Works Director John Dickson has his hands around it on the utility side. He said he feels very comfortable. He said he felt the only way to bring this information was in this type of a setting for the Staff presentation. It is the Staff recommendation to raise the hand to show interest in the Southeast Wellfield for all the reliable options, knowing when the Lakeland option does come up, we will have that available. We have the interconnects already in play with Lakeland and all they are going to do is open the valves and we would tap into it through the Interconnects. He asked Assistant County Manager Ryan Taylor if he saw any issue with this going forward.

Assistant County Manager Ryan Taylor said he did not see any issue with it. He said for reliability this has been considered. He said the rule change will affect the City and if you do not do this then what will happen for future development. Future development will go where someone has bought into the project and has the capacity.

City Manager Green said he wished he could have had for presentation today the Auburndale numbers blended into the cost of the Southeast Wellfield. He said Friday they met with Chastain Skillman and Team One with their follow-up to our suggestion of the Interconnect. They came in and recommended this to us. They suggested if we are only looking at a million gallons and you can get the reliability for your four biggest users and then transfer the water from the Atlantic Plant to the North Plant that puts us in a great spot in the North Auburndale area.

Commissioner Jack Myers asked how the rates would be adjusted to the customers. He said he thought we would need to gradually increase the rates.

City Manager Green said as the County did the surcharge, this may be something you want to put in place. He said all the projects are phased and it might be the time for a rate increase when you get to the 60% phase. He said this phase will come three years before we get to the new water. He said he would provide the area City rates.

Mayor Tim Pospichal said we have great people – Mr. Green and John Dickson – working on this for the City of Auburndale and taking such a great interest in the projects. They know this. He said John Dickson told him that 350 homes equals 100,000 gallons of water, so when you think about the 2,800 homes in the pike, think about how much more water we will have to have. He said we have to move on this and make these strong decisions. He said he felt the Southeast Wellfield was solid. We can move right into that project. He said we have to look at the future and he thought this would take care of us very well into the future.

City Manager Green said he appreciated City Auditor Mike Brynjulfson being here with us today. He said Mike is the PRWC auditor. He said he invited City Attorney Fredrick J. Murphy, Jr., as he represents other cities and they will be looking at their Implementation Agreement also. He said the Mayor has his directive and kind of consensus on where to run on March 17. He said the Commission will probably hear the

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Implementation Agreement on April 5. We did not want to catch the Commission off guard. He thanked the Commission for their time. He thanked City Manager Ryan Leavengood for attending the Work Shop.

City Manager Ryan Leavengood said we have only gotten to this point in the last couple of months.

City Attorney Fredrick J. Murphy, Jr., said on March 6, 2020 we had a meeting at the Board of County Commission Chambers with all the cities. Due to Covid we were delayed. What you will see before you is a good product that reflects a lot of work.

City Commissioner Jack Myers said when he was on the Board of County Commission in 2006 and this was talked about, it was like we will vote for it, but there is no way everybody will stick together on this. He said he wanted to commend everybody.

City Manager Green said he has actually used the water cooperative as an example of how good government can work. He said if we could also come together on issues such as mental health, transportation, and homelessness and the like, we could really come together with some good solutions. When you approved the formation agreement to create the Polk Regional Water Cooperative, you also approved a form agreement of a Project Implementation Agreement, which is exactly what you are going to see now. The form agreement was part of the Formation Agreement. We have tweaked it to reflect all the needs that have happened over the 10 years with input from attorneys, input from the technical team, comments from the managers, etc. He said he thought the Implementation Agreement was a far better document than was when the PRWC was created.

The meeting was adjourned at 1:44 p.m.

I HEREBY CERTIFY that the foregoing Minutes are true and correct.

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Shirley A. Lowrance, Finance Director/City Clerk

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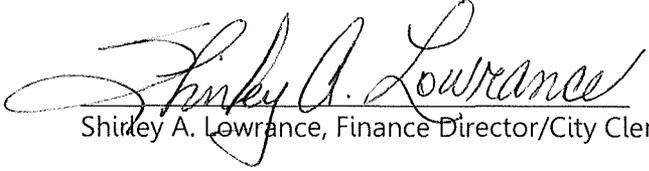
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