

MINUTES OF THE MEETING

GOVERNING BOARD SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT

NEW PORT RICHEY, FLORIDA

DECEMBER 12, 2017

The Governing Board of the Southwest Florida Water Management District (District) met for its regular meeting at 10:00 a.m., on December 12, 2017, at the Starkey Environmental Education Center, 10500 Wilderness Park Boulevard. The following persons were present:

Board Members Present

Randall S. Maggard, Chair
Jeffrey M. Adams, Vice Chair
Bryan Beswick, Secretary
Ed Armstrong, Treasurer
Kelly S. Rice, Member
John Henslick, Member
Michelle Williamson, Member
Mark Taylor, Member
Joel Schleicher, Member
Rebecca Smith, Ph.D., Member
James G. Murphy, Member

Board Members Absent

H. Paul Senft, Member
Michael A. Babb, Member

Staff Members

Brian J. Armstrong, Executive Director
Amanda Rice, Assistant Executive Director
Karen E. West, General Counsel
Kurt P. Fritsch, Inspector General
John J. Campbell, Division Director
Ken L. Frink, Division Director
Alba E. Más, Division Director
Michael Molligan, Division Director
Jennette Seachrist, Division Director

Board's Administrative Support

Cara Martin, Board & Executive Services Manager
Lori Manuel, Administrative Assistant

A list of others in attendance, who signed the attendance roster, is filed in the permanent records of the District. Due to electronic communication constraints associated with the location, Internet streaming was unavailable. Approved minutes from previous meetings can be found on the District's website (www.WaterMatters.org).

PUBLIC HEARING (Audio – 00:00)

1. Call to Order

Chair Maggard called the meeting to order and opened the public hearing. Secretary Beswick stated a quorum was present.

2. Invocation and Pledge of Allegiance

Chair Maggard offered the invocation and led the Pledge of Allegiance to the Flag of the United States of America.

Chair Maggard introduced each member of the Governing Board. It is noted that due to electronic communication constraints associated with the location, Board Members that were not in attendance were unable to teleconference. He noted that the Board meeting was recorded for broadcast on government access channels, and public input was only taken during the meeting onsite.

Chair Maggard stated that anyone wishing to address the Governing Board concerning any item listed on the agenda or any item that does not appear on the agenda should fill out and submit a "Request to Speak" card. To assure that all participants have an opportunity to speak, a member of the public may

submit a speaker's card to comment on agenda items only during today's meeting. If the speaker wishes to address the Board on an issue not on today's agenda, a speaker's card may be submitted for comment during "Public Input." Chair Maggard stated that comments would be limited to three minutes per speaker, and, when appropriate, exceptions to the three-minute limit may be granted by the chair. He also requested that several individuals wishing to speak on the same issue/topic designate a spokesperson.

3. Employee Recognition

Chair Maggard recognized employees who have reached at least 20 years of service with the District and thanked them for their service. The following staff were recognized: Philip Rhinesmith.

This item was provided for the Board's information and no action was required.

4. Additions/Deletions to Agenda

Mr. Brian Armstrong, executive director, stated there were no changes to the agenda.

Board Member Schleicher asked that the following item be moved to discussion:

Consent Agenda

8. FARMS – KLM Farms, LLC – (H757) Polk County

Chair Maggard said there is good cause to amend the published agenda as allowed by Section 120.525, Florida Statutes. A motion was made to approve the amendments to the published agenda, as amended, which was seconded. The motion carried unanimously. (Audio 00:05:47)

5. Public Input for Issues Not Listed on the Published Agenda

Chair Maggard stated there were no request to speak cards.

CONSENT AGENDA

Chair Maggard asked that before the Board considers action on the Consent Agenda whether there is anyone in the audience who wishes to address the Board regarding an item listed on the Consent Agenda.

Resource Management Committee

6. Authorize Submission of Preliminary Flood Insurance Rate Maps (FIRMS) for the Bushnell Watershed in Sumter County to the Federal Emergency Management Agency (N441)

Staff recommended the Board authorize submittal of the preliminary FIRMs for the Bushnell watershed in Sumter County to FEMA.

7. Initiation and Approval of Rulemaking to Amend Rule 40D-8.624, Florida Administrative Code, to Adopt Revised Minimum and Guidance Levels for Lake Alice in Hillsborough County (P256)

Staff recommended the Board:

- A. Accept the report entitled, "Revised Minimum and Guidance Levels for Lake Alice in Hillsborough County, Florida."
- B. Authorize staff to make any necessary minor clarifying edits that may result from the rulemaking process and to complete report finalization.
- C. Initiate and approve rulemaking to amend Rule 40D-8.624, F.A.C., to replace the previously approved Minimum and Guidance Levels with the proposed Minimum and Guidance Levels for Lake Alice in Hillsborough County, as shown in the Exhibit

8. FARMS – KLM Farms, LLC – (H757) Polk County

Staff recommended the Board:

- 1) Approve the KLM Farms, LLC – H757 project for a not to exceed project reimbursement of \$221,938 with \$221,938 provided by the Governing Board;
- 2) Authorize the transfer of \$221,938 from fund 010 H017 Governing Board FARMS Fund to the H757 KLM Farms, LLC project fund;
- 3) Authorize the Assistant Executive Director to sign the agreement.

Finance/Outreach & Planning Committee

9. Budget Transfer Report

Staff recommended the Board approve of the Budget Transfer Report covering all budget transfers for November 2017.

Operations, Lands and Resource Monitoring Committee

10. Easement Donation – Central Florida Water Initiative (CFWI) Project, North Lake Wales, SWF Parcel No. 20-020-145

Staff recommended the Board accept the donation of the Easement from the City of Lake Wales for the CFWI Project.

Regulation Committee

11. Individual Water Use Permits Referred to the Governing Board – None

General Counsel's Report

12. Administrative, Enforcement and Litigation Activities that Require Governing Board Approval

a. Independent Auditor Engagement Period Policy

Staff recommended the Board approve the attached Independent Auditor Engagement Period Policy.

13. Rulemaking - None

Executive Director's Report

14. Approve Governing Board Meeting Minutes - November 14, 2017

Staff recommended the Board approve the minutes as presented.

A motion was made and seconded to approve the Consent Agenda as amended. Motion carried unanimously. (Audio 00:06:26)

Chair Maggard relinquished the gavel to the Resource Management Committee Vice Chair Rice who called the meeting to order. (Audio 00:06:36)

Resource Management Committee

Discussion

15. Consent Item(s) Moved for Discussion

8. FARMS – KLM Farms, LLC – (H757) Polk County

Board Member Schleicher presented his concerns regarding the percentage of funding as related to benefit to the District.

Chair Maggard stated that District policy allows an increase in District funding, if the projects are of greater benefit to the District. Mr. Armstrong added that this is also done to incentivize projects where there is a specific need for water quality and water quantity.

Board Member Williamson stated that this is part of the Central Florida Water Initiative and direction was given by the legislature to reduce groundwater usage in this area.

Staff recommended the Board:

- 1) Approve the KLM Farms, LLC - H757 project for a not-to-exceed project reimbursement of \$221,938 with \$221,938 provided by the Governing Board;
- 2) Authorize the transfer of \$221,938 from fund 010 H017 Governing Board FARMS Fund to the H757 KLM Farms, LLC project fund;
- 3) Authorize the Assistant Executive Director to sign the agreement.

A motion was made and seconded to approve the staff recommendation. The motion carried with ten in favor and one against. (Audio 00:11:30)

16. City of Punta Gorda Reverse Osmosis (RO) Facility Third Party Review (N600)

Mr. JP Marchand, water resources bureau chief, provided a presentation on the City of Punta Gorda (City) reverse osmosis facility. He outlined the policy associated with third-party review process. Mr. Marchand stated there is no financial commitment of the final design/construction until after the 30 percent design and Third-Party Review (TPR) has been completed.

Mr. Marchand presented updated information on TPR projects and their status. He stated there are 16 pending TPR projects.

Mr. Marchand provided a description of the Punta Gorda reverse osmosis facility and the review process associated. He stated this project will provide four million gallons of alternative water supply and will reduce withdrawals and increase flow to the Shell Creek estuary. Mr. Marchand stated the total project cost is \$32.2 million and that the project requires construction of an interconnect with the Peace River Manasota Regional Water Supply Authority to the Shell Creek water treatment plant. This project will require two TPRs. Mr. Marchand provided that the current cost estimate for this project is \$39.4 million. He outlined factors that are considered which include: cost effectiveness, resource benefit, original conceptual estimate, percentage change and cooperator performance. Mr. Marchand indicated that up to 20 percent is usually the percentage change. However, 22 percent change is considered for this project. Chair Maggard asked why the difference. Mr. Steve Adams, City of Punta Gorda engineering manager, stated that increased costs are due to the complexity of the project and competitiveness associated with construction projects. Mr. Adams stated he is optimistic that the costs associated with this project are under control.

Board Member Smith asked what the contingency was for this project. Mr. Marchand stated \$300,000. Ms. Smith asked if the Board could review the Guaranteed Maximum Price (GMP) estimate prior to funding. Mr. Marchand responded that staff will review the GMP.

Board Member Schleicher asked if the cost exceeds \$39.4 million who pays the increase. Mr. Marchand responded the City. Board Member Schleicher asks if the City has the resources to cover additional costs. Mr. Adams stated in the affirmative.

Board Member Schleicher asked if there were other opportunities for the City to purchase water. Mr. Marchand responded this is a backup source for the region.

Board Member Taylor asked about the utilization of the four million gallons of alternative water. Mr. Tom Jackson, City of Punta Gorda utilities director, responded that this is more a water quality project than water supply. He stated that the purpose of the project is to blend water with the Shell Creek water treatment plant to provide eight million gallons of alternative water. This is to comply with the Florida Department of Environmental Protection (FDEP) standards

Board Member Murphy asked if the two TPRs were completed by the same consultant. Mr. Marchand responded in the negative. He stated that the first review was completed by a wellfield study expert and the second review was completed by a design firm. Board Member Murphy asked how many of these type projects has Wharton Smith, the Construction Manager at Risk firm, completed.

Mr. Billy Logan, Wharton Smith, stated they competed a project with the city of Tarpon Springs in 2013. He stated it was completed under the guaranteed maximum price. He stated they did approximately 36 Owner Direct Purchase (ODP) items with an approximate million dollars in savings.

Board Member Smith asked if there is split shared savings or ODP. Mr. Logan responded that it is returned to the owner. Board Member Smith asked if savings are split or returned to the owner. Mr. Logan responded he was unable to respond to this question.

Staff recommended the Board authorize continuation of the project and reimbursement to the City for the RO water treatment facility expenses in accordance with the cooperative funding agreement.

Board Member Smith said that she cautiously supported the project but has concerns on possible cost increases.

A motion was made and seconded to approve the staff recommendation. The motion carried unanimously. (Audio 00:47:30)

17. Fiscal Year 2018-19 Cooperative Funding Process

Mr. Jay Hoecker, project manager 2, provided an overview of Fiscal Year 2018-19 cooperative funding process which included a schedule for the review and ranking of requests, comparison of funding requests, preliminary funding requests by region, types of projects not recommended for funding, regional subcommittee structure, and the cooperative funding meeting schedule for February and April. Mr. Hoecker noted that the Northern region meeting for April will occur on Friday, April 6.

Board Member Taylor asked about facilitating a discussion regarding the length of time it takes to finalize a cooperative funding agreement for a project. He used the time frame associated with the Punta Gorda reverse osmosis plant as an example. Board Member Smith added that she would like to see the conditions of the terms of the agreement reviewed and understood by all parties prior to the funding allocation.

Mr. Armstrong stated that the contracts are provided with the application to the cooperators, and cannot be modified. However, he indicated the negotiations for the Punta Gorda reverse osmosis facility were lengthy due to circumstances that were unique to that project.

Staff recommended the Board approve the proposed February and April subcommittee meeting schedule and agenda topics staff proposed for the February regional subcommittee meetings.

A motion was made and seconded to approve the staff recommendation. The motion carried unanimously. (Audio 00:58:31)

Submit & File Reports – None

Routine Reports

The following items were provided for the Committee's information, and no action was required.

18. Minimum Flows and Levels Status Report

19. Significant Water Resource and Development Projects

Vice Chair Rice relinquished the gavel to the Finance/Outreach & Planning Committee Chair Armstrong who called the meeting to order. (Audio 00:58:55)

Finance/Outreach & Planning Committee

Discussion

20. Consent Item(s) Moved for Discussion – None

21. Preliminary Fiscal Year (FY) 2019 Budget

Mr. John Campbell, management services director, provided a presentation that included FY2019 budget calendar, expenditures goals/outcomes, expenditures by category, expenditures by program, revenues by source and projected available reserves.

The development of the District's final budget will begin in February 2018. All budget requests will be subject to Governing Board review and approval during the development of the final budget for FY2019. At the June 26 Governing Board meeting, staff will present and request approval of the Recommended Annual Service Budget. At the July 24 Governing Board meeting, staff will present a budget update, including information regarding the results of the Certifications of Taxable Value, and will request approval to submit the FY2018-19 Tentative Budget Submission to the Governor and Florida Legislature on August 1, 2018.

Board Member Schleicher provided a handout that outlined financial analysis he developed. He addressed some concerns he had regarding the use of proceeds from land sales.

Committee Chair Armstrong addressed the market to market losses outlined in Board Member Schleicher's handout.

Board Member Rice stated that the District's participation associated with the Polk Regional Water Cooperative funding needs to be addressed.

Board Member Smith asked why the total cost for the network storage replacement fund was removed from the FY2019 budget. Mr. Campbell explained that the replacement will be accomplished in increments, so funding will be budgeted each year.

Board Member Murphy asked if there were more properties the district is interested in acquiring. Mr. Frink stated there are properties that are eligible through the Florida Forever plan. He explained that the Board set land purchase criteria to address infill properties.

Staff recommended the Board approve the submittal of the FY2018-19 Preliminary Budget Submission to the Florida Legislature on or before January 15, 2018.

A motion was made and seconded to approve the staff recommendation. The motion carried with ten in favor and one against. (Audio 001:40:13)

22. Strategic Plan Update

Mr. Michael Molligan, employee and external relations director, provided a presentation that outlined the draft 2018-2022 Strategic Initiative Plan. Mr. Molligan outlined the main components which included: strategic initiatives, regional priorities and core business processes. The four areas of responsibilities include: water supply, water quality, natural systems and flood protection.

The District's Strategic Plan is updated annually and included as part of the District's Consolidated Annual Report (CAR) which is submitted to the Governor, Department of Environmental Protection, President of the Senate, and Speaker of the House of Representatives, along with chairs of appropriate legislative committees and local county governing bodies.

The Strategic Plan identifies the District's mission, vision, values, goals, strategic initiatives for each of the District's four areas of responsibility, regional priorities, and core business practices. The Strategic Plan 2018-2022 includes several significant changes from the previous plan, including direction provided by the Governing Board at its August workshop.

Mr. Molligan provided an overview of the strategic initiatives related to the District's mission and the regional priorities associated with these initiatives. These regions include the Northern, Tampa Bay, Heartland and Southern.

Mr. Molligan explained the District had previously identified improving first-magnitude springs as a priority in the Northern region. This year the District added conversion of septic systems to sewer collection and treatment systems as a critical action in the restoration of springs. The Board prioritized combining District funds with state and local funds in an efficient manner that incentivizes these projects. The Board also identified the need to protect District investments by ensuring controls are put in place to prevent additional pollution from new septic systems.

A robust watershed plan development program, combined with flooding in recent years, has led to an increased number of stormwater management project funding requests. These projects are expected to be mainly focused in the Tampa Bay area, but may increase in other regions over time. To address these needs, the District has created a new flood protection priority for the Tampa Bay region.

Mr. Molligan stated a maintenance and improvement initiative has been added to the flood protection section to more accurately capture the scope of our watershed management, environmental permitting, structure operations and land acquisition programs in addressing flood protection.

The District has long been a leader in the beneficial reuse of reclaimed water. Currently, reusing about 42 percent of the available wastewater flows compared to a national average of seven percent. The District's goal is to beneficially reuse 75 percent of the available reclaimed water. To help reach that goal, language has been added to the water supply section prioritizing funding for direct and indirect potable reuse projects implemented by regional entities. Mr. Molligan stated in the Heartland region, the Southern Water Use Caution Area recovery has new language added to the narrative that references the initial funding of phase one of three projects and the Board prioritizing phase two of one or more of these projects.

Mr. Molligan stated that part of the core business process updated was knowledge management. This involves how data/processes are collected, stored and shared. This becomes critical with the loss of institutional knowledge due to staff attrition.

Mr. Molligan outlined a timeline for the Strategic Plan and the inclusion into the CAR.

This item was presented for the Board's information and no action was requested today. Staff will incorporate any additional Board discussion or direction into future drafts of the Strategic Plan.

23. 2018 Legislative Preview

Ms. Katie Kelly, government and community affairs manager, presented a preview of the 2018 Florida Legislative session.

Ms. Kelly stated that Florida will have a record \$33.8 billion of general revenue for 2018. The Governor has proposed a \$87.4 billion budget, which is an increase of 2.8 percent from the current budget.

Ms. Kelly stated that \$55 million is proposed for Florida's springs. This is a \$5 million increase from the previous year.

Ms. Kelly provided an overview of key Senate and House chairs.

Ms. Kelly indicated the following bills have been filed: 1,029 policies, 34 environmental, four for the Southwest Florida Water Management District. She highlighted bills associated with the sale of surplus lands. Ms. Kelly indicated that 1,169 appropriation bills have been filed and 33 bills for water projects in the Southwest Florida Water Management District.

Ms. Kelly provided an update on the Governing Board confirmations for Board Members Bryan Bewswick, John Henslick, James Murphy, Joel Schleicher, Rebecca Smith, Mark Taylor and Michelle Williamson.

Board Member Williamson asked if the District had reviewed Proposal 23 as related to the Constitutional Revision Committee. Ms. Kelly responded that she was unaware if this had occurred. Ms. Karen West, general counsel, responded she would research this issue.

This item provided for the Board's information and no action was required.

Submit & File Reports

24. Follow Up Report on Disaster Recovery Test: Internet Fail-Over

Routine Reports

The following items were provided for the Committee's information, and no action was required.

25. Treasurer's Report and Payment Register

26. Monthly Financial Statement

27. Monthly Cash Balances by Fiscal Year

28. Comprehensive Plan Amendment and Related Reviews Report

29. Development of Regional Impact Activity Report

Committee Chair Armstrong relinquished the gavel to the Operations, Lands and Resource Monitoring Committee Chair Beswick, who called the meeting to order. (Audio 01:59:01)

Operations, Lands and Resource Monitoring Committee

Discussion

30. Consent Item(s) Moved for Discussion – None

31. Hydrologic Conditions Report

Mr. Granville Kinsman, hydrologic data manager, provided a presentation on the hydrologic conditions. Mr. Kinsman stated that overall conditions remain healthy. Groundwater levels for the Northern, Central and Southern regions remain in the upper range of normal with usual signs of declining. Lake levels for northern areas have again fallen below normal, while Tampa Bay, Polk Upland and Lake Wales Ridge lakes are in the normal range but showing slight declines. Flow on the Withlacoochee River remains above normal, while Hillsborough, Alafia and Peace Rivers

remain within the normal range. The Hillsborough, the Bill Young and the Peace River Reservoirs are at capacity. The climate forecast indicates we are currently experiencing La Niña, and should expect a drier than normal winter and spring.

This item was presented for the Board's information and no action was required.

Submit & File Reports - None

Routine Reports

The following items were provided for the Committee's information, and no action was required.

32. Surplus Lands

33. Structure Operations

34. Significant Activities

Board Member Henslick asked for an update on Orange Hammock. Mr. Frink responded the District has met with Sarasota County regarding options associated with a proposed partnership. Mr. Frink indicated there were some fundamental differences, but the District is continuing communication with the county.

Committee Chair Beswick relinquished the gavel to the Regulation Committee Chair Adams, who called the meeting to order. (Audio 02:05:10)

Regulation Committee

Discussion

35. Consent Item(s) Moved for Discussion - None

36. Denials Referred to the Governing Board

If any denials were requested to be referred to the Governing Board, these were presented at the meeting.

37. Continuous Improvement Initiative Overview

Ms. Michelle Maxey, regulatory support bureau chief, provided a presentation on the continuous improvement initiative, also known as Project DIVE. Her overview provided information on what Project DIVE is, what has been accomplished, what changes have been made and steps going forward.

Ms. Maxey explained that the District launched Project DIVE in 2016. DIVE stands for: Define, Investigate, Verify and Enact.

Ms. Maxey explained that staff defines problems and provides project suggestions that are reviewed and grouped into four categories: just do it, education opportunities, go forward for improvement and future projects.

During the investigation, staff validates the concern, maps the current process, identifies bottlenecks, brainstorms solutions, maps a new process and plans implementation and communication.

In the first year of DIVE, four analyses were done. Major gains were achieved by establishing electronic implementation.

In the second year of DIVE, eight analyses have been done. These are in different stages of deployment. Ms. Maxey highlighted two projects that resulted in savings of staff time.

This item was provided for information only and no action was required.

Submit & File Reports - None

Routine Reports

The following items were provided for the Committee's information, and no action was required.

- 38. Dover/Plant City Water Use Caution Area Flow Meter and Automatic Meter Reading (AMR) Implementation Program Update**
- 39. Overpumpage Report**
- 40. Individual Permits Issued by District Staff**

Committee Chair Adams relinquished the gavel to Chair Maggard. (Audio 02:11:39)

General Counsel's Report

Discussion

- 41. Consent Item(s) Moved for Discussion – None**

- 42. Governing Board-Advocacy Policy**

Board Member Henslick explained he would like to get support from the Board to recommend that the Charlotte Harbor National Estuary Program (CHNEP) Policy Committee adopt an advocacy policy like the policies of the Tampa Bay Estuary Program (TBEP) and Sarasota Bay Estuary Program (SBEP). This will promote consistency among the estuary programs in which the District participates.

Board Member Henslick asked for a motion to authorize him to recommend that the CHNEP Policy Committee adopt an advocacy policy like the TBEP and SBEP policies at the next CHNEP meeting in January 2018.

Chair Maggard asked Ms. West if the proposed language is sufficient. Ms. West responded in the affirmative. Chair Maggard asked what occurs if CHNEP does not accept the proposed language. Board Member Henslick responded that it could result in a funding issue.

Ms. Jennifer Hecker, CHNEP executive director, thanked the District for its continuing partnership. Ms. Hecker stated that any advocacy would have to be by consensus of the full policy committee, which the District is a member. CHNEP encourages this agreement with all partners.

Treasurer Armstrong asked if there is a concern that the CHNEP will not adopt the proposed policy language. Ms. Hecker responded she did not anticipate an issue, however, the CHNEP would probably like to maintain advocacy for funding for research and restoration projects.

A motion was made and seconded to approve Board Member Henslick's request. The motion carried unanimously. (Audio 02:15:56/2:21:38)

Submit & File Reports – None

Routine Reports

The following items were provided for the Committee's information, and no action was required.

- 43. December 2017 - Rulemaking Update**
- 44. December 2017-Litigation Report**

Committee/Liaison Reports

- 45. Committee/Liaison Reports**

None were provided.

Executive Director's Report

46. Executive Director's Report

Mr. Brian Armstrong, executive director, thanked the District staff for their submittals to the DIVE program.

Mr. Armstrong thanked Mr. John Campbell, management services director, and the appropriate staff for their successful efforts in development of the FY2019 preliminary budget submittal.

Chair's Report

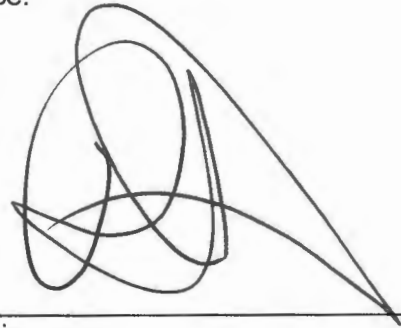
47. Chair's Report

The next Board meetings are scheduled for January 23 at the Tampa Office, February 27 at the Sarasota Office and March 27 at the Brooksville Office.

48. Other

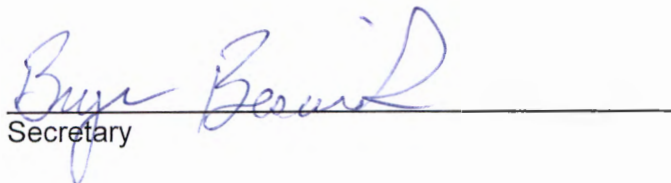
49. Employee Milestones

The meeting was adjourned at 12:25 p.m.



Chair

Attest:



Secretary