

**CITY OF RIVIERA BEACH
PALM BEACH COUNTY, FLORIDA
UTILITY SPECIAL DISTRICT SPECIAL MEETING MINUTES
MUNICIPAL COMPLEX COUNCIL CHAMBERS
WEDNESDAY, JULY 26, 2017 AT 6:00 P.M.**

(The following may contain unintelligible or misunderstood words due to the recording quality.)

[Before meeting chatter]

CALL TO ORDER

CHAIR PRO TEM DAVIS JOHNSON: Good evening, everyone.

ALL: Good evening.

CHAIR PRO TEM DAVIS JOHNSON: We'd like to call this...

[Gavel]

CHAIR PRO TEM DAVIS JOHNSON: ...meeting of the Utility Special District, Board of Directors meeting, to order. Madam Clerk.

ROLL CALL

INVOCATION

DEPUTY DISTRICT CLERK: Chair KaShamba Miller-Anderson? [Pause]. Pro Tem Tonya Davis Johnson?

CHAIR PRO TEM DAVIS JOHNSON: Here.

DEPUTY DISTRICT CLERK: Board Member Lynne Hubbard?

BOARD MEMBER HUBBARD: Here.

DEPUTY DISTRICT CLERK: Board Member Dawn Pardo?

BOARD MEMBER PARDO: Present.

DEPUTY DISTRICT CLERK: Board Member Terence Davis? [Pause]. *Ex officio* Board Member Mayor Thomas Masters?

MAYOR MASTERS: Present.

DEPUTY DISTRICT CLERK: City Manager Jonathan Evans?

CITY MANAGER EVANS: Present.

DEPUTY DISTRICT CLERK: Acting Executive Director Troy Perry?

ACTING EXECUTIVE DIRECTOR PERRY: Present.

DEPUTY DISTRICT CLERK: District Deputy Clerk Jacqueline Burgess is present.
Assistant City Attorney Lina Busby?

ASSISTANT CITY ATTORNEY BUSBY: Present.

PLEDGE OF ALLEGIANCE

CHAIR PRO TEM DAVIS JOHNSON: I would like to ask Councilwoman Pardo to lead us in a moment of silence and the Pledge of Allegiance.

[Moment of silence]

BOARD MEMBER PARDO: I pledge allegiance...

ALL: ...to the Flag of the United States of America and to the Republic for which it stands, one nation under God, indivisible with liberty and justice for all.

DEPUTY DISTRICT CLERK: Pro Tem Davis Johnson? Can I just do a roll call for Mangonia Park that's sitting at the table?

CHAIR PRO TEM DAVIS JOHNSON: Yes, ma'am.

DEPUTY DISTRICT CLERK: Mayor William Albury?

MAYOR ALBURY: Here.

DEPUTY DISTRICT CLERK: Vice Mayor Sarita Johnson?

VICE MAYOR JOHNSON: I'm right here.

DEPUTY DISTRICT CLERK: Councilperson Sonya Kelly?

COUNCILPERSON KELLY: Here.

DEPUTY DISTRICT CLERK: Councilperson Clarence McConnell?

COUNCILPERSON MCCONNELL: Here.

DEPUTY DISTRICT CLERK: Councilperson Earl Smith?

COUNCILPERSON SMITH: Here.

DEPUTY DISTRICT CLERK: City Manager Ken Metcalf?

CITY MANAGER METCALF: Here.

DEPUTY DISTRICT CLERK: Said it right? I'm sorry.

UNK: Metcalf.

DEPUTY DISTRICT CLERK: Metcalf.

[Inaudible dais discussion]

ADDITIONS, DELETIONS OR SUBSTITUTIONS

CHAIR PRO TEM DAVIS JOHNSON: Mr. City Manager, are there any additions, deletions or substitutions?

CITY MANAGER EVANS: No, Madam Chair.

DISCLOSURES BY COUNCIL

CHAIR PRO TEM DAVIS JOHNSON: Are there any disclosures by Council?

[Pause]

AGENDA APPROVAL

CHAIR PRO TEM DAVIS JOHNSON: Motion to adopt the Agenda?

BOARD MEMBER PARDO: So moved.

BOARD MEMBER HUBBARD: Second.

CHAIR PRO TEM DAVIS JOHNSON: It's been motioned and properly second. Madam Clerk.

DEPUTY DISTRICT CLERK: Board Member Lynne Hubbard?

BOARD MEMBER HUBBARD: Yes.

DEPUTY DISTRICT CLERK: Board Member Dawn Pardo?

BOARD MEMBER PARDO: Yes.

DEPUTY DISTRICT CLERK: Pro Tem Davis Johnson?

CHAIR PRO TEM DAVIS JOHNSON: Yes.

DEPUTY DISTRICT CLERK: Unanimous vote.

CONSENT AGENDA

AWARDS AND PRESENTATIONS

CHAIR PRO TEM DAVIS JOHNSON: We have no Consent Agenda and no awards and presentations?

DEPUTY DISTRICT CLERK: No, ma'am.

PUBLIC HEARINGS

CHAIR PRO TEM DAVIS JOHNSON: Public hearings?

DEPUTY DISTRICT CLERK: No.

REGULAR AGENDA

CHAIR PRO TEM DAVIS JOHNSON: Regular Agenda?

DEPUTY DISTRICT CLERK: No, ma'am.

DISCUSSION AND DELIBERATION

CHAIR PRO TEM DAVIS JOHNSON: Discussion and deliberation, Mr. Manager.

CITY MANAGER EVANS: Madam Chair, this particular Item... This particular Item that is before you this evening is to discuss the interlocal agreement between the City of Riviera Beach and the Town of Mangonia Park.

To provide a little bit of the historical background with regards to how we got to this joint meeting, I will defer to my counterpart, Mr. Metcalf, from the Town of Mangonia Park and then we have some..., a presentation that we would like to present to both Councils to be able to provide a little bit of update where we are with respect to the contact and some of the challenges that we will have to overcome in the event that the Council wishes to proceed forward with a modification in the agreement or looking to execute a future agreement. We also have our bond counsel here, as well as the firm that worked on our rate studies, to be able to provide some additional insight to provide some clarifications on this particular Item.

So, without further ado, I'm gonna turn it over to Mr. Metcalf.

CITY MANAGER METCALF: (Kristin see if this is the same man speaking at 35:12) Thank you, Mr. Manager. Mr. Mayor, Madam Chair, Members of the Council. We appreciate the opportunity to speak to you tonight.

As some of you may know, we're coming up on the end of our 10-year agreement for sewer service. And, beginning about two years ago when I first came to town, I was tasked with getting together with the previous City Manager, Ms. Jones, and starting the conversation about negotiating a new contract. And so, it's taken us a little while. We did have several conversations with Ms. Jones, Mr. Sherman and when Ms. Jones left, then Mr. Jones and now Mr. Evans, since he's come on board, so we're very appreciative that we're finally here and we would like to talk about our rates and see if there's anything we can come together on to make it beneficial for both the City and for the Town and if our Mayor would like to add to that but that's pretty much where we're at.

CITY MANAGER EVANS: Madam Chair, if I may, allow for our Finance Director, Mr. Randy Sherman to provide a presentation concerning the arrangement, as well as some Items that are certainly germane...

[Inaudible background whispering]

CITY MANAGER EVANS: ...to the discussion that we will have this evening and then some next step forward that we're looking to do, assuming that both parties are amenable

to what the approach consists of and entering into a real substantive dialogue concerning this matter.

So, Mr. Sherman.

FINANCE DIRECTOR SHERMAN: Yes. Good evening again. My name is Randy Sherman and I am the Finance Director for our Utility District.

Okay. A little, little bit of background and some of this has already been touched upon so I won't read every line here. But the agreement that we currently have in place, it's a 10 year agreement and it really..., we entered into it back in..., or the City Council [stammer] voted on it back in February of 2008. As Mr. Metcalf and Mr. Evans said, the agreement expires in March of 2018. It does have an automatic renewal provision unless either party provides 12 months notice of its intention not to renew. Now, Council Members, remember, earlier this year the Town requested and the District did approve to change that notice period to six months, which now puts us at September rather than March. Since 2016, the Town and the city officials have met a number of times about the adopted rate increases and the impact those increases have had on the Town's finances. Unless something has changed and the substance of those discussions is the Town was seeking some financial relief from the District either in elimination of the 25% out of the City surcharge that is assessed on the invoices or, potentially, even some deferral of those payments, again, to assist in, in the cashflow of the Town.

Just to give you an update, cause I know the Manager has sent out several emails along the way here. The current outstanding balance from the Town of Mangonia Park is \$68,407.97. That actually represents the month of October, 2016 and June of 2017. [Pause]. The agreement again, as we said, was adopted back in 2008 and I pulled out three key provisions that really relate to why we're here tonight and what we're, we're speaking about. The rates are to be paid by the Town will be the same rates adopted by the District for in-City customers and the rates are subject to increase upon notice by the District to the Town. So, every year as our rates increase, we send the Town a letter and say here's the new, new rates that, that you'll be under. The rates are subject to the District's rate tariff and service policies. And again, with the..., we have that 10 year renewal provision. Talked specifically about the surcharge. The District has the ability to assess the surcharge under state statute and that's state statute 180.191, Limitation on Rates, Charges and Customers Outside the City Limits. Under this statute, any municipality within the state operating a water or sewer utility, outside of the boundaries of such municipality, shall charge consumers outside the boundaries, rates and fees and charges determined in one of the following manners. Now, there are two and I'll explain what 'B' is but we actually operate under 'A' which means we charge them the same rates that we charge our in-City customers. And, as you see there, we may add a surcharge of not more than 25%. What 'B' is, we're actually allowed to actually go out and do a rate study and come up with specific rates for customers outside our boundaries. And then again, we still could charge the 25% surcharge but the City has elected to follow this Paragraph A.

The City adopted the surcharge provisions of 180.191 and by City Ordinance Section 20-69. As you can see, there's the section and it says that the outside City rate

shall be one and a quarter the inside City rates on all services including hydrants and fire lines. So, that one and a quarter is the 25% surcharge that we do charge.

Just a little bit more on the surcharge, just so as you know, as provided in the Ordinance, except for the water sold to the Town of Palm Beach Shores, all water and wastewater Utility customers located outside the corporate limits of the City, are billed an additional 25% surcharge. Areas subject to the surcharge include, Palm Beach Shores, wastewater only, and I'll address that in a moment, parts of unincorporated Palm Beach County and Mangonia Park. On average, we have about 1,278 retail customers who are billed the surcharge on a monthly basis. Now, Palm Beach Shores it'.., is a little bit different. In 1951, the City purchased a water treatment system from Palm Beach Shores. The contract between the Palm Beach Shores and the City requires that we furnish the services to the residents of Palm Beach Shores, the water services at identical rates and charges. We do not charge them the surcharge and that has actually held up in court to the benefit of the Palm Beach Shores residents. So again, let's see, the City does.., the last bullet there, the City does assess a surcharge on wastewater services provided to Palm Beach Shores. So again, it's just the water that they do not pay the surcharge on. All other customers outside our boundaries do pay the surcharge.

The surcharge revenues. Okay, the revenues realized from the surcharge derived from both water and wastewater customers located outside the boundaries. The actual revenues, obviously, vary from a monthly basis cause, as the usage changes, the surcharge will change. So, we went back and we looked at a year's worth of usage. And the surge charge revenues that were received for a 12 month period on water, were \$154,000, on wastewater was \$440,000 for a total of \$559,000. That's your one year revenues for the surcharge. Looking specifically at the wastewater line, during that same 12 month period, out of that \$440,928 for the surcharge, \$83,566 of it was provided to us by Mangonia Park's usage. The wastewater surcharge of the four forty four, represents about 5% of our total wastewater charges that we bill. And so therefore, the Town's component of that, their surcharge contribution is about 1% of our wastewater revenues.

Just to go back and compare, again, to Palm Beach Shores 'cause, again, they're outside our boundaries and they do pay the surcharge. The, the.., again, the intent of this now.., so it's really to see if what we were charging to Mangonia Park was really fair and equitable? Were we somehow, because one is a retail customer and one is a wholesale customer, whether we were, in essence, somehow gouging with our rates or, or really charging unfair rates. So, what we did is we went back and we looked at the usage for Palm Beach Shores and we looked at the usage for Mangonia Park and just divided 1,000 gallons and came up with the rate. For Mangonia Park for water, they're char'.., we charge them \$5.50 for wastewater.., and this is per 1,000 gallons. For wastewater, we charge Mangonia Park, \$5.21. Palm Beach Shores, during that same period for water, we were charging them \$5.75 and wastewater was \$5.64.

'Also looked at a separate way, I worked with Mr. Metcalf and we actually got a composition of their utility customers and we went back and recreated a time period, one month time period as if we were charging Mangonia Park on a retail basis, again, to try to compare it to Palm Beach Shores. And, as you can see on the third bullet up there, their uses.., their usage is actually fairly close. Mangonia Park used 7.6 million gallons

that month and Palm Beach Shores was 7.3. But looking at the table for that month, for Mangonia Park, and I categorize this as a wholesale rate, they paid including the surcharge, \$39,929. On a retail basis, they would have paid, or the customers would've paid \$54,500 and during that same period, Palm Beach Shores paid \$48,500. And again, they used 300,000 less gallons that month. [Pause]. The Town was billed 5% more usage, compared to Palm Beach Shores. Conversely, the Town was charged 18% less than Palm Beach Shores. And a real difference between the Town's billing and Palm Beach Shore billing is, effectively, the standby charge that Palm Beach Shores pays that Mangonia Park does not.

A key provision that, that really, as, as Mr. Evans said, the hurdles that we have in trying to really address this issue, is the provision that we have for no free service. And I'm gonna try to read this. And again, the key areas to focus on are those that are in bold and underlined. [Pause]. 'Unless other'..., unless otherwise provided by law, the District will not render or cause to be rendered, any free service of any nature by the system or any part thereof nor will any preferential rates or charges be established for uses of the same Class. That's key there. And, in the event the District or the City, any department, agency or instrumentality, officer, employee thereof, shall avail itself to the system or services provided by the system, or any part thereof, the same rates, fees or charges applicable to all other customers receiving like services under similar circumstance shall be charged the District..., or the City and such department, agency, instrumentality, officer or employee thereof.' 'Tell this was written by attorneys, can't we? 'Provided however, that this section shall not affect any rights of any person, firm or corporation under preexisting agreements or contacts,' so that's Palm Beach Shores, 'such charges shall be paid as they accrue and the District or the City, as applicable, shall transfer from legally available sources, sufficient monies to pay such charges. The revenue so received shall be deemed to be gross revenues and shall be deposited and accounted for in the manner as other gross revenues.

Notwithstanding any of the foregoing, the District may, from time to time, establish different classes and subclasses of users, with respect to rates and charges, provided that the District finds a rational basis for such classes or subclasses which would further the health, welfare or safety of the residents of the City and/or the users of the system.'

So, we went to bond counsel and we said, 'Okay. We need you to take a look at this.' We explained the, um, the request from the Town and this was bond counsel's opinion. 'The Utility Special District is authorized to impose a surcharge of not to exceed 25% on consumers outside the City limits. All customers located outside the City limits are currently assessed the 25% surcharge. To change the current approach of treating all customers outside the City limits equally, the Utility Special District can impose a surcharge on some, but not on all, outside users but only if, a) the Utility Special District finds there is a rational basis for eliminating or reducing the 25% surcharge and such rational basis would further the health, welfare or safety of the residents of the City and/or the users of the system. B) preferential treatment is not instituted and, c) the result in reduction of revenues will not cause the Utility Special District to fail to comply with the rate covenant contained the U'..., in the Utility Special District Bond Resolution.'

So, the conclusion that we have is that the surcharge is assessed consistently to

always water customers located outside the corporate limits of the City, revenues generated by the surcharge are included and expected to be collected in the District's most recently adopted rate study and, more importantly, the financial feasibility report prepared in support of the \$40,000,000 of Utility revenue bonds issued in September 2016. The District has two years of approved rates and is currently not in a position to provide rate relief to any Utility customer. The above analysis indicates that the rates charged to the Town are fair and equitable and we have to keep in mind the 'no free' provision of the District's Bond Resolution. However, if the Council is so inclined [chuckle] to give some consideration, um... I don't know, Mr. Manager, you wanna take it...

CITY MANAGER EVANS: Yes.

FINANCE DIRECTOR SHERMAN: ...from here?

CITY MANAGER EVANS: One of the things that we know, as part of the process that we'll undergo in the next couple of years, is a., an additional rate study so we know that we have to do that for our utility rates here in the next 12 to 18 months, we need to bring that back to the Utility District for consideration. Also, in the event that the Council wanted to., or the Utility District wanted to consider making some type of concession, we certainly have to be conscientious about the rational basis and when the rate study is conducted, that you would instruct those that are putting together the analysis, to look at a wholesale classification which is, in essence, specific to the Town of Mangonia Park and you would be able to, in fact, have some type of language to support a reduction in what that 25% surcharge would be.

The next component... Let me see where...

FINANCE DIRECTOR SHERMAN: Yeah. I lost it, hang on. Hang on. Current slide, there we go. Nope, alright.

[Pause]

CITY MANAGER EVANS: And then...

FINANCE DIRECTOR SHERMAN: [Inaudible] away from the podium.

CITY MANAGER EVANS: What, what we would propose is that, since there is still some years remaining on the contract, that we would work to formulate a long term agreement with the understanding, if it is the pleasure of the Council to look at that wholesale rate classification, and incorporate that into what a new agreement would be with the Town of Mangonia Park. So, what Staff has done is looked at ways to be able to accomplish that, if it is the pleasure of the Council, and we also are conscientious of the bond covenants and how we have to provide that specific declarative piece of information to make sure that we're not treating any of our entities differently but we believe that we can find a rational basis for that wholesale rate.

And at this time, Staff is prepared to answer any questions and to, to have the dialogue with the Town of Mangonia Park.

BOARD MEMBER HUBBARD: Question, Madam Chair.

CHAIR PRO TEM DAVIS JOHNSON: [Inaudible].

BOARD MEMBER HUBBARD: The Town of Palm Beach Shores... The Town of Palm Beach Shores, they don't pay the standby rate or do they?

FINANCE DIRECTOR SHERMAN: The Town of Palm Beach Shores pays the surcharge on wastewater, they do not pay it on water. Now, the bulk of the service that we provide to the Town of Mangonia Park is wastewater.

BOARD MEMBER HUBBARD: When you, when you spoke of the standby charge, what were you referring to?

FINANCE DIRECTOR SHERMAN: Well, when we charge retail rates, and, and we have to provide that water, there's a certain portion of your bill that is the fixed portion and then you have the variable portion. Mangonia Park's rate is only based on the variable portion.

BOARD MEMBER HUBBARD: So, they...

FINANCE DIRECTOR SHERMAN: So, if...

BOARD MEMBER HUBBARD: ...don't pay the standby charge?

FINANCE DIRECTOR SHERMAN: They do not pay the...

BOARD MEMBER HUBBARD: That was...

FINANCE DIRECTOR SHERMAN: ...standby charge.

BOARD MEMBER HUBBARD: Okay.

FINANCE DIRECTOR SHERMAN: Correct.

BOARD MEMBER HUBBARD: That was what I was asking. [Pause]. So, they don't pay the standby charge because we acquired the facility from them or...

FINANCE DIRECTOR SHERMAN: No. They, they don't pay the standby charge because they are a wholesale customer. So, we're not doing their billing, we're not collecting any money. I mean, they, they, they dump their wastewater into our system and then there'.., there's a read on that and it goes off to the ECR.

BOARD MEMBER HUBBARD: Okay. So still, we're re'...

FINANCE DIRECTOR SHERMAN: Right.

BOARD MEMBER HUBBARD: ...referring to...

FINANCE DIRECTOR SHERMAN: We're not dealing with meters or customers or any of that. Right.

BOARD MEMBER HUBBARD: So we're still referring to just the wastewater as far as Palm Beach Shores is concerned?

[Pause]

FINANCE DIRECTOR SHERMAN: I guess I'm confused now. Again, Palm Beach Shores, we have water and wastewater.

BOARD MEMBER HUBBARD: Right.

FINANCE DIRECTOR SHERMAN: Mangonia Park, we do'.., we primarily service wastewater. Occasionally, they buy water from us as well but it, it's, it's in rare occasions, that they purchase water from us.

BOARD MEMBER HUBBARD: So, does Mangonia Park pay a standby charge [inaudible]...

FINANCE DIRECTOR SHERMAN: Mangonia Park does not pay a standby charge. Correct.

BOARD MEMBER HUBBARD: Okay.

BOARD MEMBER PARDO: And is that because they're not getting water from us?

FINANCE DIRECTOR SHERMAN: No. It's because we're not maintaining their system. Again, what.., they are just bulk pouring their wastewater into our sy'.., into our pipe and then it just goes off to the ECR. So we are only charging them the variable rate for what they're dumping into our system. [Pause]. Again, that, that standby charge typically maintains all of your infrastructure. You know, that's your fixed costs. What that.., you have to pay for whether anybody uses the system or not so, because they're really outside and, again, they're not using our internal system... I mean, you gotta think, Palm Beach Shores collects their wastewater but then it comes through our system before it goes off to the ECR. And we do all the billing, we do all the metering, you know, so we have all of those costs. With Mangonia Park, we don't incur any of those costs.

BOARD MEMBER PARDO: Okay. So, you said that they're dumping their wastewater into our system?

FINANCE DIRECTOR SHERMAN: Correct.

BOARD MEMBER PARDO: Okay. So, who maintains the system?

FINANCE DIRECTOR SHERMAN: We would maintain it from [pause] the City, from Riviera Beach all the way to the ECR.

BOARD MEMBER PARDO: So, if there's any infrastructure repairs [stammer], that's on us? Right?

FINANCE DIRECTOR SHERMAN: It would...

BOARD MEMBER PARDO: To pay...

FINANCE DIRECTOR SHERMAN: ...be on us, correct.

BOARD MEMBER PARDO: Right. So, that's probably one of the reasons there's a surcharge?

FINANCE DIRECTOR SHERMAN: It, it goes into all of the Util'...

BOARD MEMBER PARDO: I wasn't here when they...

FINANCE DIRECTOR SHERMAN: Right. Yeah.

BOARD MEMBER PARDO: ...put this...

FINANCE DIRECTOR SHERMAN: But it, it...

BOARD MEMBER PARDO: ...agreement down.

FINANCE DIRECTOR SHERMAN: Again, all of our revenues go into that general revenue bucket and they're used for, for whatever. But yes, that does help maintain, you know, those costs and any payments we have to make to the ECR.

BOARD MEMBER PARDO: Which is substantial.

FINANCE DIRECTOR SHERMAN: Which is substantial.

BOARD MEMBER PARDO: And what's that number again?

FINANCE DIRECTOR SHERMAN: Next year, it'll be close to \$3.6M.

BOARD MEMBER PARDO: Correct.

CITY MANAGER EVANS: The...

BOARD MEMBER PARDO: Okay.

CITY MANAGER EVANS: The improvements would only incur on our side of the system. Mangonia Park is responsible...

UNK: Cannot hear you.

[Inaudible dais comment]

FINANCE DIRECTOR SHERMAN: Right.

CITY MANAGER EVANS: The repairs, with regards to the Utility infrastructure would occur on the City side of the system and the City would be responsible for that. Anything from the connection into the Town of Mangonia Park, Mangonia Park is responsible for that connection.

[Pause]

BOARD MEMBER HUBBARD: So, for the.., I'm trying to get the understanding of why we were able to remove the surcharge from Palm Beach Shores.

FINANCE DIRECTOR SHERMAN: [Inaudible].

CITY MANAGER EVANS: When we acquired the Utility in 1951...

UNK: '51.

CITY MANAGER EVANS: ...the Water Utility, it was memorialized in the contract.

FINANCE DIRECTOR SHERMAN: [Inaudible].

CITY MANAGER EVANS: And so, when we look to, in fact, institute that 25% surcharge, the courts did not find in our favor because we acquired the Utility with that provision in there and it specifically says rates and fees and so we were not successful in that particular endeavor.

FINANCE DIRECTOR SHERMAN: And...

CITY MANAGER EVANS: The courts ruled...

FINANCE DIRECTOR SHERMAN: ...and that's ...

CITY MANAGER EVANS: ...in their favor.

FINANCE DIRECTOR SHERMAN: ...just on water.

CITY MANAGER EVANS: Just on water.

FINANCE DIRECTOR SHERMAN: On wastewater, we do charge 'em.

CITY MANAGER EVANS: Right.

MAYOR MASTERS: Madam Chair?

CHAIR PRO TEM DAVIS JOHNSON: Yes, Mayor.

MAYOR MASTERS: Thank you. Mr. Manager and Administrator, what specifically do you need the Utility District to do tonight? What, what is the decision that needs, that needs to go forth from here?

CITY MANAGER EVANS: Thank you, Mr. Mayor. Staff is looking for direction as to how both Councils would like to proceed with respect to this particular issue. Is it something that the Council is amenable to looking at the next steps that we propose here or is Council consistent with the approach to still levy that 25% surcharge? One of the things that we have to do regardless of what decision the Council makes, is we have to proceed forward with the process of looking at our rates and doing a, a rate study. But one component that would part of the rate study, was looking at that wholesale rate classification and then looking forward in a subsequent contract to incorporate or look to give the Council some options with respect to the wholesale rate classification or the existing arrangement as it stands now as part of a, a renewal agreement 'cause the agreement, if I'm not mistaken, expires March of 2018. And it's at the conclusion of a, a 10 year agreement.

So basically, what Staff is looking for, is how you would like for us to proceed with respect to this and if it something that you would like the, the Administrator and myself and Finance to work at looking at this or is the Council comfortable with what the arrangement is currently?

BOARD MEMBER HUBBARD: Can you go back to the other slide prior to this?

CHAIR PRO TEM DAVIS JOHNSON: What...

BOARD MEMBER HUBBARD: It might be two more slides.

CHAIR PRO TEM DAVIS JOHNSON: Well, let me just say, I think that we should allow our guests to interject here to te'.., share with us what some of their challenges are and where they feel we need to make some adjustments or what would be beneficial to you? We understand that the agreement is the agreement, and perhaps we can look at, at the expiration of the agreement maybe making those.., making some adjustments to it but we need to hear from you. I, I would suggest.

MAYOR MASTERS: Welcome, Mr. Mayor.

MAYOR ALBURY: Thanks so much. We appreciate it and thanks so much for the meeting and the invite.

Ju'.., just before we do, just a few questions, if I may? Because, when we we're going through the presentation, there was information that I just need some clarification on. If, if that's okay, Madam Chair?

CHAIR PRO TEM DAVIS JOHNSON: [Inaudible].

MAYOR ALBURY: Okay. The first question would be, in terms of just making sure that we're comparing apples to apples and oranges to oranges, the current rate for Riviera Beach residents are how.., is how much per 1,000?

FINANCE DIRECTOR SHERMAN: Let me go back here.

MAYOR ALBURY: Okay.

FINANCE DIRECTOR SHERMAN: You want the, the wastewater rate?

MAYOR ALBURY: Uh, yes. Mhmm.

FINANCE DIRECTOR SHERMAN: [Inaudible]. I'll do a quick calculation. [Pause]. Alright. We're at about \$4.17 for wastewater.

MAYOR ALBURY: It's \$4.17? Okay. And the Town is at \$5.20?

FINANCE DIRECTOR SHERMAN: \$5.20.

MAYOR ALBURY: Okay.

FINANCE DIRECTOR SHERMAN: Which includes the surcharge...

MAYOR ALBURY: Okay.

FINANCE DIRECTOR SHERMAN: Correct.

MAYOR ALBURY: So, the rate that we are charged is not the same rate as Riviera Beach citizens? 'Cause I, I just wanna make sure that when I was..., when you were going through the presentation that I heard correctly.

FINANCE DIRECTOR SHERMAN: You're charged the same rate and then the..., plus the surcharge.

MAYOR ALBURY: Okay. Okay. Alright. Now, because what, what we basically have..., and, and just a few other questions and thanks. We also have a situation where..., in, in previous conversations we were trying to understand what category we fell into. For instance, you have your residential, your business and such. What is the category that Mangonia Park is currently...

FINANCE DIRECTOR SHERMAN: Well, again, we only...

MAYOR ALBURY: ...[inaudible]?

FINANCE DIRECTOR SHERMAN: We only charge the variable rate and all of our customers pay the same variable rates.

MAYOR ALBURY: Okay. But now, during the presentation I, I thought I heard something about customers and, and that sort of drove the rates a little bit. For instance, your, your residential customers are classified as residential customers and there's a certain rate attached to the residents and we fully understand that. Palm Beach Shores is classified as a municipal customer or wholesale customer or...

FINANCE DIRECTOR SHERMAN: No. Palm Beach Shores, again, has both residential and commercial. And the only difference between the two rates is the standby charge. Commercial accounts pay a higher standby charge than residential rates. But again, we charge the same variable rate, cost per 1,000, to all of our customers.

MAYOR ALBURY: Okay.

FINANCE DIRECTOR SHERMAN: So, you pay the \$5.21 for the variable rate, Palm Beach Shores pays \$5.21 on the variable rate.

MAYOR ALBURY: \$5.21?

FINANCE DIRECTOR SHERMAN: Unincorporated pays \$5.21 on the variable rate.

MAYOR ALBURY: Now also during the slide presentation, and, and again, these are just questions for clarification. You stated that the revenue to the City of [stammer] Riviera Beach, I think, was \$83,566 per year. Now, is that your net revenue? Because the actual amount that we pay every month is between 35 and \$45,000 a month.

FINANCE DIRECTOR SHERMAN: Yeah. The, the, the period that we looked at, which was April '16 thru March of '17, that \$83,566 was the revenue from the surcharge.

MAYOR ALBURY: Okay. That's your net revenue?

FINANCE DIRECTOR SHERMAN: No. That's the revenue..., that's the total of the surcharge.

[Pause]

MAYOR ALBURY: Okay. I'm sorry.

FINANCE DIRECTOR SHERMAN: That's a...

MAYOR ALBURY: What, what period...

FINANCE DIRECTOR SHERMAN: That's a...

MAYOR ALBURY: ...of time?

FINANCE DIRECTOR SHERMAN: ...gross... It was April '16 thru March of '17. So, we looked at a 12 month period. And when we...

[Pause]

MAYOR ALBURY: And..., and that was enough for the surcharge. Now, you..., and you had made mention of the court case, the situation. [Stammer], again, we're just going through the slides, you had stated that there has to be a rationale for certain things. So, the rationale for not charging Palm Beach Shores the 25%, or you're saying that they do pay the 25% on the wastewater?

FINANCE DIRECTOR SHERMAN: On wastewater they...

MAYOR ALBURY: [Inaudible].

FINANCE DIRECTOR SHERMAN: ...do pay the 25%. [Pause]. And, and again, the reason we don't charge on water is right there in the middle it says, 'does not affect any rights, person...[stammer], under preexisting agreements or contracts,' and under a preexisting agreement, a contract, we can only charge Palm Beach Shores the same rates that we charge in-City customers for water because we have a, we have a contract for that. A preexisting agreement.

MAYOR ALBURY: And that would be the court case or just, uh, the agreement that we have would not be considered a contract?

FINANCE DIRECTOR SHERMAN: It would but it doesn't precede any of this.

MAYOR ALBURY: Okay. Okay. Those are the questions for now. Alright, thanks.

CITY MANAGER METCALF: Madam Chair, if I may? In the conversation, Mayor Masters, Mayor Albury, Jonathan and myself had back in June, we did reference a previous meeting Staff had had with Treasure Coast and Mike Busha is here and, in one of those conversations, maybe six, eight months ago, we did introduce the idea of an interim agreement. We understand we need to do a rate study as well, we do but while

all of that is going on, we'd kinda like to throw out the idea of an interim agreement where the 25% goes away during that time and, I don't know if it's appropriate if Mike speaks on that or not but, that was a conversation, at one point anyway.

So, thank you.

[Inaudible background comment]

CITY MANAGER EVANS: Madam Chair?

CHAIR PRO TEM DAVIS JOHNSON: Mr. City Manager.

CITY MANAGER EVANS: I would like if, if we can have bond...

CITY MANAGER METCALF: Do you want Mike?

CITY MANAGER EVANS: Yeah. Yeah, if we can have our... Mike, and then also have bond counsel provide some insight with respect to if that is an opportunity and with regards to a, a interim agreement.

MR. M. BUSHA: Yeah. We, we just had a discussion, I guess, it was back in December or January and, uh, when Mr. Jones was the Assist'..., or Acting City Manager and we talked about a lot of things and one of those was to defer that surcharge for three years, defer it or eliminate it for three years in an interim agreement. So, that would allow the City to..., or, the Town to, to get their financial house in order to, to, to work on some things that they're working on related to the CRA, related to a master plan for 45th Street, find ways that they can generate revenue to address some of the issues related to this agreement. So, it didn't go anywhere from there.

The other piece was also, which you've already done, is give them a six month extension to, uh, to not have to hold them to the March 18, 2017 deadline to renew, you've given them to, to September to sorta work this out. So, [stammer], there should be no, no new revelations there. It was just..., we, we were talking about this, we thought there might be a way. You know, even with the 'no free' service, even with the different class, to work something out with the Town so they could, again address some of the issues they've been working on and, and give 'em some breathing room.

That's all. Okay?

CITY MANAGER EVANS: If we can have our bond counsel, as well as our rate consultant provide some, some insight with respect to this discussion, it certainly would be helpful.

MR. S. BULLOCK: Good evening. My name is Steve Bullock. I'm with the Law Offices of Steve Bullock. I work with Greenspoon Marder, which serves as your bond counsel, we work together on your bond transactions and helped your Finance Director prepare some of the information that he very effectively presented to you all early, [clears throat], excuse me, earlier. The question about an interim agreement has the same considerations that your Finance Director has already presented to you, to you. That is, the provision in your Bond Resolution that requires the rational basis for you creating a

separate set of rates for a different class of customer, you would have to do that for that interim agreement, just as you would if you were gonna do a permanent agreement and have a different rate structure for the Town of Mangonia Park. There's no provision in your bond documents that provides for a different rate structure for an interim period or for some short term period. You..., the same findings at the end of the presentation, when your Finance Director was going through the, the steps that you might consider if you wanted to do a different rate structure, you would have to do that same thing for an interim, interim agreement, if you wanted to give some short term relief.

CITY MANAGER EVANS: Question for you. With regards to situations where other...

[Ding]

CITY MANAGER EVANS: ...entities have had to, in fact...

[Ding]

CITY MANAGER EVANS: Whether entities had to, in fact, find that rational basis. What is an example of what a rational basis would be, to be able to invoke that to where you can have a different structure?

MR. S. BULLOCK: Yes. I mean, that's the determination that you all would make as your fact finders, to determine what considerations you think are significant and important enough to distinguish the service that you provide to the Town of Mangonia Park from the other, um, you know, customers outside of your, your geo'..., geographical boundaries. So, you would have to say that the service you provide is distinctive and different for these reasons and, as a result, you know, that it justifies creating a different class of customers. So, that's the kind of fact finding that you all would engage in to, to make sure..., 'cause currently, everyone's treated the same so you would have to say that for the Town of Mangonia Park, or any other customer outside of your, your jurisdiction, we think that the service is different for this class of customer versus these other customers so it justifies creating a separate class for that customer.

MAYOR ALBURY: Madam Chair, if I may? One of the things that we're not asking to have happen in, in, in all of the conversations that we've had up to this date, is that we've never asked for a, a reclassing or for the rate structure to change, what we were speaking about was the surcharge which, which is not part of the rate, is that correct?

MR. S. BULLOCK: Right, the..., but, in order for you to..., the, the surcharge is, is imposed by the statute.

MAYOR ALBURY: Correct.

MR. S. BULLOCK: Right. So, it is a, a..., it's part of your rate because it's some'..., you know, it's automatically imposed upon the, the, the base rate, the, the variable rate that, that your Finance Director said it char'..., is charged to everyone so the, the 25% is part of the rate that you pay. The..., in order to..., for you to pay something different from what everyone else is paying, who received the same 25% surcharge, you have to go through these considerations that we discussed.

MAYOR ALBURY: So again, if I can get clarification, because when I asked about the rates and, and one of the purposes for that, was that when I asked about what the Riviera Beach resident's rate was, I heard it was \$4.17. Then, when we got the Mangonia Park rates, it was \$5.20. Was that inclusive of the surcharge?

BOARD MEMBER PARDO: Yeah.

MAYOR ALBURY: Because we know that Riviera Beach does not...

MR. S. BULLOCK: [Inaudible], right. Right.

MAYOR ALBURY: That's...

MR. S. BULLOCK: I think, yeah...

MAYOR ALBURY: Okay.

MR. S. BULLOCK: You get charged the same rate as...

MAYOR ALBURY: So, the \$5.21 was...

MR. S. BULLOCK: Correct, correct.

MAYOR ALBURY: ...inclusive of that?

CITY MANAGER EVANS: Yes.

MAYOR ALBURY: Okay.

MR. S. BULLOCK: That's correct.

MAYOR ALBURY: Now also, in the document that was quoted in, in the, in the slide presentation, it state that., and the language of the contract stated that the City may impose. So, it wasn't a declarative article.

UNK: [Inaudible].

MAYOR ALBURY: It simply stated that they had the ability to, not that they have to...

MR. S. BULLOCK: Correct.

MAYOR ALBURY: ...impose.

MR. S. BULLOCK: Right. [Stammer], I mean, understand, you have two things that are operating here, you have the state statute...

MAYOR ALBURY: Mhmm.

MR. S. BULLOCK: ...which is what you're quoting, which says that the City may charge the 25% surcharge.

MAYOR ALBURY: Okay.

MR. S. BULLOCK: So, the City's not required to do that. If you did not have any bonds outstanding, if you didn't have this provision, which is a provision from your bond documents, then we'd only be talking about the state statute and whether the City needs to charge, the City desires to charge the 25% or not charge the 25%. Separate from the state statute, are your bond documents which, um, possess a different set of considerations from what the state statute provides. So, even after you get passed the language in the state statute that says the City may, meaning it's not required to but it can, the bond documents say, if you're going to charge something different, you have to have these things that you consider and find to be in compliance with those documents.

MAYOR ALBURY: I, I guess where I'm still not clear, is that there is a set rate that's charged...

MR. S. BULLOCK: [Inaudible].

MAYOR ALBURY: ...for the service, correct? Now, the surcharge is, is, is something different than what the rate would be. Riviera Beach, for instance, pays \$4.17 per 1,000. That's the set rate for residents, Riviera Beach citizens, correct?

[Pause]

UNK: Yes.

UNK: That's correct.

MAYOR ALBURY: Now, what happens, in addition to that, of course, is that we, if we're paying the same rate, the \$4.17, then something separate happens. There is a rate established. You have a rate study and we've taken a look at that. So, you have the rate. Then, in addition to that, something else happens for Mangonia Park. In fact, as stated, all, all, I think, it didn't say municipalities but entities outside of the borders, outside of the City limits, may be charged a surcharge, which is something totally separate. So, I, I'm just trying to [inaudible], get some clarification for myself, that I fully understand what you're saying in terms of [stammer], the language in, in the, in the, in the contract, in the agreement but I, I think what we're, we're doing is we're melding the two as, as if they're one and the same and they're two separate, two separate things. The rate that we pay and the surcharge that's imposed because we're outside of the City limits.

CITY MANAGER EVANS: Well...

MAYOR ALBURY: The 25%.

CITY MANAGER EVANS: [Inaudible] and, and certainly bond counsel correct me if I'm wrong, since we have invoked the 25% surcharge, in order for us to be able to move forward to make any modifications associated with the rate or the surcharge, it requires us to go through this particular process to make that modification. And so, if we didn't have a surcharge that was levied, it would be an entirely different discussion but since we have already gone forward with that 25% surcharge, we have to, if we're going to unwind this arrangement or look to structure a new arrangement, we have to be able to have that rational basis and to create that subclass. Is that...

MR. S. BULLOCK: Absolutely correct, yes.

MAYOR ALBURY: That would... [Pause]. That would..., could some of that rationale be that, and, as stated during the presentation, that you currently incur costs because now I, I think Palm Beach Shores [stammer], you had made mention that they do their own collection? And we're, we're simply talking about the wastewater, that they do their own collection or does Riviera Beach do that? And, while we're waiting for that answer, you also incur costs because you do the billing, the collections and, and so forth. You don't incur that charge for us, we do our own collections and billings and so forth. Because, just..., because what we're basically doing, as you stated, there's, there's a pipe that connects at the canal and that's it. And so, when it comes over, it comes over in mass and then it passes through the ECR. And so, there, there's really no charge other than what's being metered for the amount that we send through to the ECR. But, you don't have those additional costs that you do have, in terms of your billing and your collection and other related items that you have with Palm Beach Shores, correct?

CITY MANAGER EVANS: Mr. Sherman, if you want...

FINANCE DIRECTOR SHERMAN: Yeah. No, you're, you're correct, Mayor and that's why, when you look back at this screen, again, we only charge you \$39,929, where, if you were retail, you'd pay \$54,500. So the difference between those two is all those items that you're saying we don't [chuckle], we don't do for you, you're absolutely right but there still is a cost of, of collecting that, metering that, maintaining the system and paying the ECR to dispose of it. And that's what that \$39,000...

UNK: Right.

FINANCE DIRECTOR SHERMAN: ...covers.

MAYOR ALBURY: Again, and we [stammer]. [Pause]. The question, in terms of just how Palm Beach Co'..., Palm Beach Shores is..., how they're classified, categorized, are they wholesale customers? Because you've just made mention again about wholesale rates.

FINANCE DIRECTOR SHERMAN: No.

MAYOR ALBURY: Are they wholesale customers or [inaudible]...

FINANCE DIRECTOR SHERMAN: No. They're, they're retail.

MAYOR ALBURY: Oh, retail.

FINANCE DIRECTOR SHERMAN: And again...

MAYOR ALBURY: Okay.

FINANCE DIRECTOR SHERMAN: ...for the, for the less usage for this month, they actually paid \$9,000 more than Mangonia Park paid. Mangonia Park, for this month, used 7.6 million gallons, put 7.6 million gallons into our system. Palm Beach Shores put 7.3 million in and the City billed the Town of Mangonia Park, I guess it's about, what, \$8,500,

\$8,600 less. 'Cause again, we don't do your metering, we don't do your collections, we don't...

MAYOR MASTERS: Madam Chair?

MAYOR ALBURY: Okay.

CHAIR PRO TEM DAVIS JOHNSON: Yes, Mayor.

MAYOR MASTERS: What I [pause]. I don't want us to go around and around and around and we don't get to the, to the nitty gritty or, or the real deal. Many times they often say that the real meeting is in the parking lot and not up here. So we're here. I need the Town Manager, I guess, to tell me in a way that a third grade can un'.., a third grader can understand, exactly what does the Town of Mangonia Park want? Needs? What are you asking us to do? I just need to understand that from somebody and then we.., then I will have a better understanding 'cause, you know, we have a good relationship with our City and, and the Town of Mangonia Park through the years and we share shopping centers and schools, all kinds of things together so I can support something if I know exactly what you want, as long as it doesn't create any kind of hardship on our City and whatever we want, doesn't create a hardship on your Town. That will be a city one day, right? [Chuckle]. But tell me, exactly what you're asking for. I know the, the, you know, the extension, I know we're saying we can do this and study this and all that but I need a little bit more.

Thank you, Mr. Manager.

CITY MANAGER METCALF: Thank you, Mr. Mayor. Simply put, we've had quite a bit of capital expenditures over the past three or four years. We've got an older system. If we haven't been doing repairs, then we've been doing out and out capital projects. So, what we need is that 25% to go away. That's what, uh, that's what we need. We need to be able to...

UNK: Okay. How long?

CITY MANAGER METCALF: Well, if we could get a new... I mean, I'm... You know, Council can correct me, if we could get a new 10 year agreement, with that going away and we'd lock in a certain rate over that period, that would be great. I know that, based on what your Manager is saying and some things we've talked about, on our Council, we need to do a rate study, as well as, you know, your City Council needs to. So, with that in mind, if it were possible to do that three year interim agreement, where the 25% goes away, the surcharge, that would be great. If we could agree on that tonight, we would walk away pretty happy and then that would give everyone time to study their end of the agreement.

So, I hope that answered your question.

[Inaudible comments]

VICE MAYOR JOHNSON: Quick question, please?

UNK: Vice Mayor Johnson.

VICE MAYOR JOHNSON: Thank you. Once again, we're thankful to have this opportunity to discuss with you the water treatment process. My concern is this, when I came on Council eight year, nine years ago, we had no backlog of bills with Riviera Beach for water treatment. However, about four years ago, we had this big balloon bill that came into, into place. That was after we had already agreed on a contract in 2008 and the surcharge, I guess, is that what happened in..., about four years ago? Is that when the surcharge was invoked? When did that..., where did that come from?

[Inaudible background comment]

FINANCE DIRECTOR SHERMAN: No, the, the surcharge goes back long before that. Um, [pause], going back here. You can see, this is our, this our Ordinance, so the surcharge was put in in 1957 and I don't know wha'..., what the change was in 2002 but the surcharge been in years. Now, what the, the issue was with your rate increase was the Council adopted a 10 year rate increase in 20009 and the City failed to notify the Town of those rate increases and when that was caught, that provision in the agreement where, you know, you pay the same rates, your rates were then brought up to t he current rates. Our estimate was..., is the failure on the City's part cost the City about \$450,000 'cause we could never go back and recapture those rates under the agreement. So, that was a \$450,000 error on the City's part but, yes, when those rates then kicked in, and I wanna say it was in 2013, if, if I'm correct, and we found that you had never been notified and the rates had never been changed, you did see a significant jump but it was bringing you right back to where the City was. So again, there was a, a four or five year window where you didn't pay the rate increases.

VICE MAYOR JOHNSON: Okay. Thank you. That clears up most of my question.

The other part that, I guess, will get a little bit more into that in a moment but I was just trying to find out the error that occurred, when it occurred and why we, you know, not having the..., a prewarned notice, have suffered a, a, a [chuckle], a big adjustment in our budget, to meet this massive increase. And that's why we are mostly concerned about making a fair decision today that will not continue to infringe upon our budget and defr'..., and, and really put Mangonia Park at a disadvantage.

FINANCE DIRECTOR SHERMAN: Right. And again, when they adopted the rate increase back in '09, there were rate increases in twenty te'..., in '09, '10, '11, '12... And none of those rate increase were applied against, against your, your billings. Again, when they found the error in 2013, they immediately brought the Town up to the current 2013 rate. So yeah, all of those rate increases in between actually went to the benefit of the Town 'cause there was no attempt by the City to recapture that because, under the agreement, we have to give you notice of the rate increases and that notice was not provided by the Staff.

UNK: [Inaudible] the problem is, you...

VICE MAYOR JOHNSON: Thank you.

UNK: ...you did not notice [inaudible].

VICE MAYOR JOHNSON: We, we didn't have notice...

FINANCE DIRECTOR SHERMAN: Right.

VICE MAYOR JOHNSON: ...sir.

UNK: [Inaudible].

BOARD MEMBER HUBBARD: Mr. Sherman, if you could go back a few slides for me, please, and I'll tell you when to stop. [Pause]. We were [pause]. Okay. We can, we can stop here. Ju'.., we can just pause here for a minute but this isn't what I was looking for. We were talking about a, b and c, the different options and the things that, that we could choose from, it was in italics and it was a, b or c, if we wanted to [pause] okay.

FINANCE DIRECTOR SHERMAN: That slide.

BOARD MEMBER HUBBARD: Yes. [Inaudible whisper]. Okay. This is the page.

FINANCE DIRECTOR SHERMAN: Yeah. There, there's [stammer] if, if I may? There were, there were two methods that you can calculate rates for customers outside of your municipal boundaries. The City has chosen Option A, which is, it charges the same rates and you can charge the surcharge. So the City has chosen to charge the same rates and the surcharge. B, which I didn't put up here, is that you can go out and do an independent study of what it truly costs for service outside of your boundaries and you can charge the surcharge. So, in essence, what we're saying back as.., really what the solution is, is authorize the rate study and we'll go back and, in essence, for Mangonia Park, we're gonna call it a wholesale rate and I don't [pause] care what the term is that we use but, in essence, we would come up with a specific rate, calculate it solely for the Town of Mangonia Park. So we would actually take "b" out of that statute, section, and calculate our rates. So again, it's.., right now, we only charge the consumption rate and, again, if there are other rates or other fees or charges that maybe would need to be incorporated within that rate, but that's why you would do the rate study and have the rate consultant come with a, a fair and equitable rate, solely for Mangonia Park.

If.., and I'm gonna bind Council on my left here, so [chuckle], if we can come up with that section at the bottom, we need to still have that rationale to create that second.., that new class for the Town.

BOARD MEMBER HUBBARD: Okay. The [pause]. Truly, I want to help t he Town of Mangonia Park feel some sort of relief. I want to find out a couple of things. One, if we eliminate the surcharge for the remainder of the contract, until we can do a rate study, would that, um, one, would that help the Town and, two, I know that we have to find one of these.., we have to see which one of these would fit our willingness to do that. So, if we could go through here, find one of the reasonings that would support our not adding the surcharge to the invoices until after the rate study. I guess someone said three, it's three months or something?

CITY MANAGER EVANS: It., the arrangement expires in March 2018 and it's required a six month notice on both parties.

FINANCE DIRECTOR SHERMAN: You may need to say that into the microphone. I'm sure...

CITY MANAGER EVANS: The arrangement., the existing interlocal agreement expires March 2018 and requires a six month notice by either party should they not desire to continue in the arrangement.

BOARD MEMBER HUBBARD: [Stammer]... Okay. So if we, if we take that particular time, give them some relief through the surcharge, have our study and then, as you said, you'll come back together to discuss the new agreement. Wou'.., we need to pick one of the, we need to figure out which one of these arrangements that would, that would suffice for us to be., to legally do something like that.

UNK: Yeah...

BOARD MEMBER PARDO: Madam...

UNK: ...the...

BOARD MEMBER PARDO: ...Chair?

CHAIR PRO TEM DAVIS JOHNSON: Councilwoman Pardo.

BOARD MEMBER PARDO: Alright. Mr. Sherman, did I hear you correctly when you said the Town of Palm Beach Shores pays a 25% surcharge on wastewater?

FINANCE DIRECTOR SHERMAN: Yes. That is correct.

BOARD MEMBER PARDO: Okay. So, if we're gonna do that, we're opening up ourselves to Palm Beach Shores also. Because I'm sure they're sitting there right now watching this meeting.

BOARD MEMBER HUBBARD: They don't pay for water.

BOARD MEMBER PARDO: They pay the 25% surcharge...

BOARD MEMBER HUBBARD: [Inaudible]...

BOARD MEMBER PARDO: ...for the...

FINANCE DIRECTOR SHERMAN: The wastewater.

BOARD MEMBER PARDO: ...wastewater and that's what we're talking about here, wastewater. So, you know, I think, at the end of the day, the City of Riviera Beach, we need to protect ourselves and, you know, if these municipalities are dumping into our system, we are paying millions of dollars into the ECR, I think it's only fair that we charge a surcharge. If you're not comfortable with 25%, then perhaps we can lower it slightly but we're gonna have to do it across the board. You're gonna have to do it for Palm Beach

Shores also.

And, um, you know, at the end of the day, we need to remember that, Mayor, just like you said, you system is failing, the same with Riviera Beach. Our system is in, you know, close to total disrepair and that's why we started raising the rates almost 10 years ago so we could have the funds to start doing these infrastructure repairs in addition to paying our fair share to the ECR and that is an extraordinary am'.., you, you know, amount of money. What's the total, Mr. Sherman, that.., our share?

FINANCE DIRECTOR SHERMAN: Our...

BOARD MEMBER PARDO: I know we're...

FINANCE DIRECTOR SHERMAN: ...share next...

BOARD MEMBER PARDO: ...paying three'...

FINANCE DIRECTOR SHERMAN: ...year is \$3.6M.

BOARD MEMBER PARDO: Right. But what is our share...

FINANCE DIRECTOR SHERMAN: Oh...

BOARD MEMBER PARDO: ...in [inaudible]?

FINANCE DIRECTOR SHERMAN: It's just shy of 12%.., 11 plus percent.

BOARD MEMBER PARDO: Right.

FINANCE DIRECTOR SHERMAN: And, and they just issued \$100,000,000 worth of bonds for their plant and they've got another \$90,000,000 worth of projects that they're looking...

BOARD MEMBER PARDO: Right.

FINANCE DIRECTOR SHERMAN: ...to do.

BOARD MEMBER PARDO: It's a substantial amount of money and we, the taxpayers of Riviera Beach, are on the hook for that. And that's why we charge that surcharge. And I'm sure you can appreciate it and that's why we charge it to Palm Beach Shores also. So, I think, personally, if we eliminate the surcharge to, to Mangonia Park, we're gonna have to eliminate that surcharge to Palm Beach Shores and then, once again, this is all on the backs of the taxpayers of Riviera Beach. And I don't think it's fair. We're providing a service and, like any other service, you provide a service, you're getting a fee for that service.

So, you know, I hope everyone thinks about that. You know, we need to be fair across the board. And remember, you know, this isn't, you know, Riviera Beach [pause] shouldn't put this on the taxpayers. The taxpayers of Riviera Beach shouldn't take, you know, the total hit for this. There needs to be a surcharge.

Thank you.

MAYOR ALBURY: Madam Chair? To...

CHAIR PRO TEM DAVIS JOHNSON: Mr. Mayor.

MAYOR ALBURY: ...Councilwoman Pardo's remarks. And I do agree. [Stammer] you, you heard me earlier asking in terms of just class because I remember [inaudible] at this screen. You'll notice now, of course, one of the things that we're not asking is to get free service. We believe in paying what we're rightfully.., should be paying. So, to, to your point, and absolutely but just.., and, and you hea'.., also heard me say, 'Let's just make sure it's oranges to oranges.' When I remember reading this section here [clears throat], excuse me, you'll notice in that second highlighted sentence, 'the same rates, fees, or charges applicable to other customers receiving like service on the circumstances...' And then it goes on to talk about, uh, that very first one, 'charges be established for users in the same class...' That's why I asked how are we classified? Are we wholesale customers, [stammer], what is our class?

FINANCE DIRECTOR SHERMAN: Again, you're not in a class, perse.

MAYOR ALBURY: Correct.

FINANCE DIRECTOR SHERMAN: Because we are all... Now, wait a second.

MAYOR ALBURY: I'm sorry.

FINANCE DIRECTOR SHERMAN: Let me [chuckle]. Sorry, Mayor. Because we're only charging you the variable rate, as you, as you were putting 1,000 gallons in, we're charging you for that 1,000 gallons. That's the same rate that we pay all classes. All classes, whether residential or commercial, industrial, whatever you wanna call 'em, they are all paying that same variable rate. So, everyone is paying that rate. The issue is, is you are in.., I, I'll.., won't use the word class, I'll say category, of being located outside of the municipal boundaries for the City of Riviera Beach and, as a member of that category, you're all paying the same rates.

MAYOR ALBURY: [Stammer]...

FINANCE DIRECTOR SHERMAN: Which again, includes the surcharge. And the issue is, if.., is, is, as Councilwoman Pardo points out, if you change it for Mangonia Park without creating a new class to put Mangonia Park in, you really need to change it for Palm Beach Shores and for the unincorporated area. If you don't, our concern is, is they'll be the next one knocking [chuckle] on our door. So again, we think that the, the best solution is... Oops. Is again, to [inaudible] and try to create a wholesale class 'cause that's really what you're.., you're a wholesale customer, 'cause we don't do all of the, the service issues for you. But, in order to do that, we have to reach one of those findings. We have to come up with findings that justify creating this new rate category. And I think, you know, won't speak for bond counsel but I'll try [chuckle]. I think we said it, it's whether it's a temporary agreement or if it's a new 10 year agreement, you still have to come up with that finding to, you know, create a, a separate category.

And the other thing I would point out, because I, I know maybe we didn't talk deferral at this point, but if you notice in the middle there, it says, 'all charges shall be paid as a they accrue.' I don't believe we have the ability to do deferrals. The rate's the rate, it gets charged and it really, you know, needs to be paid at that time. But again, I don't know, Mr. Bullock, do you wanna say..., anything you wanna add to that or am I okay?

MR. S. BULLOCK: No, that's fine.

FINANCE DIRECTOR SHERMAN: Okay. [Chuckle]. that

CITY MANAGER EVANS: And, and, and also to Mr. Sherman's point, one of the things is, if we look at that wholesale rate and we try to find that rational basis, we also have to ensure that it's legally defensible...

FINANCE DIRECTOR SHERMAN: Right.

CITY MANAGER EVANS: ...because you do have unincorporated customers that are going to be looking at if we said to our municipal partners that you are, in fact, going to receive this rate, we wanna make sure that there's no particular challenge against the structure and how we established it. Also, another component associated with this is the capital that we have actually gone to market to acquire with the caveat that we will pay back those funds and some of the money that is incurred, occurred by the 25% surcharge is pledged to be able to pay back...

FINANCE DIRECTOR SHERMAN: Correct.

CITY MANAGER EVANS: ...those fees. So, we have those bond covenants and those loan documents that we have to adhere to as well so, from our standpoint, the only way, if it is the pleasure of the Councils to consider, would certainly be looking at doing something as part of going forward with the rate study and looking at that wholesale rate classification and, certainly from Staff's standpoint, we don't think that removing the surcharge is a wise fiscal decision but maybe looking at some type of modification but we need to have the data to support such an action and without going through that process and having that discussion with legal counsel, we could not say that a 20% or a 15% of an 18% was an equitable number to proffer to this group. We certainly need to do our due diligence and bring back some information and then recommend some sound public policy because, if we were just to move forward, we, we certainly would find ourselves in a vulnerable position.

MAYOR ALBURY: Madam Chair? And, and I would agree. And that's why [stammer] I continue to harp on classes because, once again, because, when you're looking at the contract or, uh, the document... If we can go back to the 'No Free Service', that caption. It's referencing all throughout there as it relates to class. We currently are not in a class. So, if indeed it was the City's pleasure to, as you stated, establish a class, the City has the ability to do, at that point in time, to establish a rate for that class that we would fall into. Would that be correct?

CITY MANAGER EVANS: [Inaudible].

MAYOR ALBURY: Okay. And so, therefore, you're avoiding the preferential rates to be charged because we're in a different class altogether. So that would be correct. Correct?

FINANCE DIRECTOR SHERMAN: But, but you're, you're asking for a different variable rate. And not to pay the surcharge. So it's the..., whether you pay standby or not, you're asking for a different rate.

MAYOR ALBURY: No.

FINANCE DIRECTOR SHERMAN: And because it's a different...

[Inaudible comment]

FINANCE DIRECTOR SHERMAN: ...rate, you have to find the rational basis to charge a different...

MAYOR ALBURY: No. We're...

FINANCE DIRECTOR SHERMAN: ... A different rate.

MAYOR ALBURY: ...we're not asking for a different rate.

CHAIR PRO TEM DAVIS JOHNSON: I didn't hear...

MAYOR ALBURY: No.

CHAIR PRO TEM DAVIS JOHNSON: ...a different rate, I heard the surcharge.

MAYOR ALBURY: Correct.

FINANCE DIRECTOR SHERMAN: But everyone outside the municipal boundaries pays the surcharge. So again, to, to change that for one customer outside versus all customers outside, you still have to find that rational basis to do so.

MAYOR ALBURY: One, one of the things that would happen if I were on the other side and had the appetite to do this, there is rationale because, once again, there is no additional cost being incurred on Mangonia Park's part. What we're basically doing, again, is just sending the wastewater to Riviera Beach, who then passes it through pipes to the ECR. Conversely, for Palm Beach Shores, you're actually doing the collection, the billing and, and everything...

FINANCE DIRECTOR SHERMAN: [Inaudible]...

MAYOR ALBURY: ...associated with it, correct? Right, right. And then there's a cost to the City, in terms of their, their...

BOARD MEMBER PARDO: They're paying us. {Inaudible}.

MAYOR ALBURY: So when, when you do..., there's somebody here in Riviera Beach that..., some Staff... And so, you have Staff salaries and, and the compensation packets that go along with the Staff, that's doing the billing and [stammer], collections and such,

correct? [Pause]. That doesn't happen on Mangonia Park side, there is no such associated costs.

FINANCE DIRECTOR SHERMAN: Right. And again, if we go back to this table, that's why you see that difference between what you pay and what Palm Beach Shores pays.

MAYOR ALBURY: Correct. Now, one of the things that I've never understood un'.., until tonight, was that Palm Beach Shores paid a surcharge. My understanding in all of the meetings previous to this, was that that they paid a standby.

[Inaudible background comment]

MAYOR ALBURY: Thi'.., this is my first hearing of a...

FINANCE DIRECTOR SHERMAN: They pay...

MAYOR ALBURY: ...a surcharge.

FINANCE DIRECTOR SHERMAN: ...they pay both.

UNK: [Inaudible].

FINANCE DIRECTOR SHERMAN: They pay a standby fee...

MAYOR ALBURY: We...

FINANCE DIRECTOR SHERMAN: ...and they pay the surcharge on top of the standby...

MAYOR ALBURY: Okay.

FINANCE DIRECTOR SHERMAN: ...fee.

MAYOR ALBURY: And I, I'm not disputing that, I'm just saying [stammer], from all of our previous meetings that go.., date back to Dr. Sierra [sp] have never understood that they paid a surcharge.

CHAIR PRO TEM DAVIS JOHNSON: Thank you, Mr. Mayor. What I would suggest is we conduct the rate study. I don't believe that we're going to be able to leave here tonight with the request as made by the Town of Mangonia, as it relates to the removal of the surcharge. I think that the language that I saw was that the surcharge could be no more than 25 % so perhaps we can look at an overall reduction for those services outside of the borders, for those cli'.., those customers. We may need to consider that but I believe that it would be prudent for us to have the rate study, have Staff do some further due diligence, bring some suggestions back to us that we would be able to then consider and reconvene with the Town of Mangonia to further this conversation because I don't believe that we will be able to resolve the request that's being made tonight. And I would ask my colleagues to support that if that is the direction that we want to go.

[Inaudible background comment]

CHAIR PRO TEM DAVIS JOHNSON: Mr. City Manager.

CITY MANAGER EVANS: [Inaudible].

FINANCE DIRECTOR SHERMAN: [Chuckle]. We need to purchase more microphones.

CITY MANAGER EVANS: That's alright. Budget cuts. What we will do is, based on the direction of the Council, Staff will proceed forward with looking to conduct a rate study and looking at what that wholesale rate classification consists of and then, working with my counterpart in Mangonia Park, as well as Palm Beach Shores, as we make progress on that and then bringing that information in a workshop form to the Council to get any additional direction and then schedule subsequent joint meetings to have that discussion with respect to what this new classification would look like, what would the rates consist of and then look to, hopefully, memorialize it in long term agreements with both communities, if that's the pleasure of the City Council, as well as the, the Town Council from Mangonia Park.

BOARD MEMBER HUBBARD: [Inaudible], Madam Chair?

CHAIR PRO TEM DAVIS JOHNSON: Councilperson Hubbard.

BOARD MEMBER HUBBARD: If we are doing more for Palm beach Shores.., I just wanna get this clear, we're doing more for Palm Beach Shores than we're doing for Mangonia Park, how do we [pause] assess or delineate the services that we provide to them that we're not provide for Mangonia Park? Do we couple that into the surcharge or how are we charging and assessing that the...

FINANCE DIRECTOR SHERMAN: That, that...

BOARD MEMBER HUBBARD: ...for them.

FINANCE DIRECTOR SHERMAN: ...would be in the standby rates. And, and again, if we go back to this one, this schedule, for this month, Town of Mangonia Park used 7,663,000 gallons of wastewater. That's how much wastewater they delivered into our system. Palm Beach Shores delivered 7,300,002, so, you know, 361,000 less gallons, okay.., we billed Mangonia Park \$39,929.44, we billed the customers of Palm Beach Shores \$48,557. So, they both include the surcharge, so that's not the issue. The difference between the two, really, is the standby, the standby rate. Which again, covers all of those items that we do not provide to Mangonia Park. Now again, as you go and do a rate consultant and the rate consultant's going to come and they will look at specifically the services, assuming we can meet all of those.., of the criteria [chuckle], they will look specifically at the services we provide to Mangonia Park, take into account what we pay the ECR, take into account the transportation between the two, um, and come up with, again, a rate to, to be charged to this one customer.

BOARD MEMBER HUBBARD: Do we know the cost for all those individual services that you mentioned? If we were to develop a, a spreadsheet or a table, would you be able to tell us what the cost is for those individual services that we provide?

FINANCE DIRECTOR SHERMAN: There, there are... I can pull out the rate study, 'cause the rate study does break out all of those costs, so I could provide you, and the whole Board, I could provide both Boards with t he., a copy of the, the rate study.

BOARD MEMBER HUBBARD: You're speaking of the last rate study?

FINANCE DIRECTOR SHERMAN: The rates of the last one, yes.

BOARD MEMBER HUBBARD: The last one that was ...

FINANCE DIRECTOR SHERMAN: Yeah.

BOARD MEMBER HUBBARD: ...done?

FINANCE DIRECTOR SHERMAN: Yeah.

BOARD MEMBER HUBBARD: So, do you know the difference between what you're paying now and what the last rate study was for those services? For those individual categories?

FINANCE DIRECTOR SHERMAN: Back to the 2009 study?

BOARD MEMBER HUBBARD: The, the study that you have now, it's the...

FINANCE DIRECTOR SHERMAN: Right.

BOARD MEMBER HUBBARD: ...the one you're referring to...

FINANCE DIRECTOR SHERMAN: Yeah.

BOARD MEMBER HUBBARD: ...as opposed to the one that you're suggesting we have done.

FINANCE DIRECTOR SHERMAN: No. I mean, until they do the, the rate study, we won't know what those differences are. So, as, as, as costs change, again, they're gonna take all of our current costs and they will project all of those costs out for the next five years and, and be able to tell you exactly what each one of those services costs.

BOARD MEMBER HUBBARD: You., so, so you don't know what we're paying for each one of those., what those individual services are costing us?

FINANCE DIRECTOR SHERMAN: Without., again, I can pull out the rate study and tell you what they've broken out our costs as.

BOARD MEMBER HUBBARD: Thank you.

FINANCE DIRECTOR SHERMAN: Yeah.

CHAIR PRO TEM DAVIS JOHNSON: Any further comments from the Town?

CITY MANAGER METCALF: Madam Chair, if I... Would it be reasonable to ask what timetable., could we set a goal for the rate study?

CHAIR PRO TEM DAVIS JOHNSON: Mr. City Manager?

FINANCE DIRECTOR SHERMAN: I, I talked to the rate consultant yesterday and again, depending on..., again, they have our database and we use the same one. We obviously have to get a contract with them. I don't know, nine months maybe? Six to nine months, depending on, you know..., and we could see if we could get it expedited. 'Cause again, then have all of our formulas and calculations. It's not like they have to build everything from scratch, they just need to refresh all of the numbers, the usage, the customer accounts and those types of things. Again, I can see how fast they could do it but I would say, at the outside, nine months, at the best, six.

[Pause]

CHAIR PRO TEM DAVIS JOHNSON: Any further questions, Mr. [stammer], Metcalf?

MAYOR ALBURY: We, we were just talking amongst ourselves. There was a, a metrics that was shared with us in one of the previous meetings that basically has all of the rates and, I think, the information that Council woman Hubbard is asking for. Would it be possible that, just based upon conversation and to try and have forward conversation, if we could just use that, at least, as a beginning, as a basis to, to continue? That way we're not waiting nine months out?

UNK: [Inaudible].

FINANCE DIRECTOR SHERMAN: I'm not sure.

CITY MANAGER EVANS: I think you have to u'..., the rate consultant ha'..., you have to go through the entire process. I don't think they can use exi'..., they utilize the, the addresses and the flows and those kind of things but I..., you have to go through the entire process to be able to have the rationale when we do say we're gonna charge a resident 10% more and if they challenge and they say we didn't go through the process, we then run the risk of remitting back that funding. So, I think it's a very specific, prescribed process you need to follow, especially as it relates to utilities.

MAYOR ALBURY: I'm sorry, maybe I, I wasn't clear.

BOARD MEMBER HUBBARD: [Inaudible]...

MAYOR ALBURY: So, a question. When was your last rate study done?

CITY MANAGER EVANS: 2015.

FINANCE DIRECTOR SHERMAN: '15.

MAYOR ALBURY: Yes. And that's the one I'm referring to. Now, and that rate study is gonna be renewed at what point?

CITY MANAGER EVANS: We are actually..., this..., I think, this fiscal year...

FINANCE DIRECTOR SHERMAN: We have two more years.

CITY MANAGER EVANS: Years, yeah.

MAYOR ALBURY: So, we have two years in which we can now [stammer], because if that rate study is not going to be done for two more years, why can't we use it for our, our discussion purposes?

CITY MANAGER EVANS: Well, our intent is to expedite and move forward with the rate study sooner rather than later, not to wait to the two year mark.

MAYOR ALBURY: Okay.

CITY MANAGER EVANS: So, we'll move forward with the new rates.

FINANCE DIRECTOR SHERMAN: Right.

[Inaudible dais comment]

BOARD MEMBER HUBBARD: [Inaudible]. I was mentioning to the City Manager, after your comment, Mr. Sherman, that, if we have a formula, if there's a formula in place that was already used in 2015 that had all the things listed that you're going to calculate and it's now 2017, we have got to know the difference between what we're paying for this sheet of paper in 2015 and what we paid for this sheet of paper in 2017. Okay? And say that we don't know what the cost is, you were stating that there is a formula that is used to calculate the cost of that sheet of paper. So, there's something else that must be, being calculated outside of what the calculation of the formula that the rate study company put in place in 2015. What is that, that I'm missing, based on your explanation?

FINANCE DIRECTOR SHERMAN: I'm trying to figure out what it is [chuckle] that I'm missing but 'cause I'm not sure I understand your question but let me see, see if I can get, get to where you're trynna get an answer here.

When, when the rate consultant does a rate calculation.., again, they're making [pause] an extreme number of estimates moving forward 'cause they're trying to project not only what your expenses are gonna be moving forward, they're also trying to project what all of your revenues are going to be moving forward. So when they look at, for example, at the cons'.., at construction, they say, [stammer], 'You're adding another 1,000 residential units. Well, on average, a residential unit uses 'x' amount of gallons. So now I can take part of the fixed cost and I can allocate it to those 1,000. So they have to go through and update all of their estimates. So, when they came out with that '15 report, the numbers that they were using go all the way back to '13 and '14. So, if you think of what's happened in the City since 2013 and '14, that they use to create the '15 numbers, projecting all the way out too 2019, they now will go in and update all of those numbers. For example, a good example is, when they were doing that rate calculation, FPL was not fully up and; operational. Now, they have good numbers for FPL to be able to drop in to the calculations and, and those types of issues.

So, they.., they're very specific in how they break out all the, the costs. They have a cost for a meter, they have a cost for, you know, the service, they have costs for the wastewater, they have... They break out all of those individual costs. We've also made

staffing changes, we've given raises, we have pension changes. All of that now needs to be incorporated in that study. So, can I tell you what their numbers were in 2015? Yes, we can pull up the report 'cause those are pretty close to actual, at that point. Are we at those same numbers that they projected in 2017? Probably not. Now again, they might be close but there's always gonna be, you know, shifts, shifts in those numbers. So again, what we're saying is, in a couple years, we have to do a rate study anyway, let's do it now, um, because I'll tell you, the last rate study did not include those high costs at the ECR which, if you'll recall, Mr. Evans and I [chuckle] and Mr. Perry, we went down to the ECR and said, 'They're not in our rate study, we can't afford 'em.' We made the same pitch at the ECR [chuckle], that the, you know, the Town's making here. So, that's why we think it's, it's the right time to do that rate study. Again, they, they know the City, there will be some changes, obviously, in their database, again, to bring things up to current but I think that, you know, we know what information they need,, we can get them the information fast. And again, my hope would be, is, by the time we're really.., one contract expires and we're really ready to move into the next, is that we've got those, those numbers. And we can ask them to look at the rate for Mangonia Park upfront so maybe the full study won't be done but maybe they'll at least have a good idea where the Town's rate would be.

Did I hit it? I tried [chuckle]. Okay.

CITY MANAGER METCALF: Madam Chair?

CHAIR PRO TEM DAVIS JOHNSON: Yes, Mr. Metcalf.

CITY MANAGER METCALF: Thank you. One final question from Staff. The agreement is gonna expire in March of '18. So, if we're looking at nine months and, you know how that goes, if you say nine months, it's gonna be a year. So, if we're.., our agreement is gonna expire in March, how do we navigate that? Wouldn't.., we're waiting on the rate study, our expires, what do we do with that? I'm not sure where we go.

[Inaudible background comment]

CHAIR PRO TEM DAVIS JOHNSON: Mr. City Manager, do you have a proposal?

CITY MANAGER EVANS: I would have to defer to legal counsel but I think if there's a contract in place and it, it expires, the assumption is that the contract continues on unless either party provide notification or as that...

ASSISTANT CITY ATTORNEY BUSBY: The contract terms will dictate so we gotta look at the terms of the contract.

FINANCE DIRECTOR SHERMAN: Yeah. You, you can actually ter'.., terminate the contract at any time. So, and, and I'm not saying...

CITY MANAGER EVANS: No...

FINANCE DIRECTOR SHERMAN: ...we necessarily go...

CITY MANAGER EVANS: No.

FINANCE DIRECTOR SHERMAN: ...to a 10 year contract...

CITY MANAGER EVANS: No. They're, they're talking about from the extension standpoint, is that October 18th gets here...

FINANCE DIRECTOR SHERMAN: Right.

CITY MANAGER EVANS: ...and we don't have the rate study completed and the information has not been provided, where does that leave the re'.., the relationship between...

FINANCE DIRECTOR SHERMAN: Yeah.

CITY MANAGER EVANS: ...both entities.

FINANCE DIRECTOR SHERMAN: I, I think you'd have to..., and, I don't wanna..., but I think, wouldn't you have to enter...

CITY MANAGER EVANS: [Inaudible].

FINANCE DIRECTOR SHERMAN: ...into a new agreement? They could extend it [inaudible]and then again, because you can terminate it at any time...

CITY MANAGER EVANS: So, it would be an addendum...

FINANCE DIRECTOR SHERMAN: Addendum [inaudible]...

CITY MANAGER EVANS: ...to the, to the contract for a period of, you know, 30, 60, 90...

FINANCE DIRECTOR SHERMAN: Right [inaudible]...

CITY MANAGER EVANS: ...days, wherever until we get to a point where we can then have that substantive discussion about the negotiating of a long term...

FINANCE DIRECTOR SHERMAN: Right.

CITY MANAGER EVANS: ...contact, with the information that would be provided as.., from our rate consultants.

CHAIR PRO TEM DAVIS JOHNSON: Any further comments from the Town? [Pause].

UNK: Thank you, Madam Chair. Uh, sitting here listening to this, basically, the Town has a.., all we have is a pass through. Nobody has mentioned, nor talked much about pass through. In other words, the only thing Riviera Beach does, our Master Lift Station dumps 'x' amount of gallons into your system, which goes to the regional plant. That's all Rivera's.., that, that's all you do. You don't do anything else, just pump it from there. So, if your gonna compare with Palm Beach Shores, you're pumping it from the beach all the way through Riviera Beach's system and out to the plant. So, I think that's where the problem is with the rates. We're in a, I don't know, a dark hole. It's kind of.., I mean, it's just, just, just the way I see it. We're one little unique Town that has one little problem. And I don't, I don't understand why it costs so much when it's just a pass through. I, I just

[pause]. We, we came here tonight, I'm pretty sure all of us, was looking to see the surcharge go away. But the rate study..., will the rate study be able to tell what our part is? You know, I mean, how much..., because we're, we're in a unique situation. and we're on...

[Inaudible background comment]

UNK: ...and we're on maybe not the farthest west but we're on the west end of your system, where Palm Beach Shores, is all the way over on the beach. So why do we..., how do we compare one another? I don't, I don't, I don't understand it.

CITY MANAGER EVANS: I'm gonna actually have our rate consultant to provide some, some insight.

MR. P. VARONA: I just wanna clarify that..., my name is Pete Varona. I'm the financial advisor to the City, I'm actually not the rate consultant but I can, I can speak to that point is that, certainly, you could have, you know, the rate consultant come up with a [inaudible]rate for you guys. That is possible.

CHAIR PRO TEM DAVIS JOHNSON: And while we appreciate your thought process as to having the surcharge removed, you do have to consider, although it is simply a pass through, there is still strain and pressure that is [stammer] placed on our infrastructure and so, therefore, we are trying to make sure that, as we pay our fees into the ECR, that we are recouping some cost to assist us with providing that service. We are certainly..., it..., I don't believe that this Board is adverse to your concerns and the issues that you face, we just need to work towards an amicable situation and solution that will allow us to address either reducing or finding some other means by which those, those descriptions were placed on the screen so we need to be able to have an opportunity to look at that and to reconvene and have further discussion. And it's unfortunate t hat, you know, we placed you on tonight with several other Items and we are now an hour behind and we don't want to push you out but it, it sh'..., I think what needs to happen is, moving forward, when we plan this joint meeting, there will be nothing else scheduled on that evening providing for sufficient time for us to dialogue and come to agreement.

MAYOR ALBURY: Yeah, certainly. And to that point, Madam Chair, again, on behalf of the Town, we thank you guys so much for entertaining us. The last thing that I will say, the 10 second, is that we understand that for you and for..., not for you, I mean, but for the City, that we're just beginning this dialogue, prob'..., what, the last six months or so? But, for the Town of Mangonia Park, we've been involved in this dialogue for 10 years so it's not new in terms of...

CHAIR PRO TEM DAVIS JOHNSON: Of course.

MAYOR ALBURY: ...trying to get something mitigated. So.

CHAIR PRO TEM DAVIS JOHNSON: Of course...

MAYOR ALBURY: Okay? And again...

CHAIR PRO TEM DAVIS JOHNSON: Well, we thank you so much...

MAYOR ALBURY: ...thanks so much. We appreciate it.

CHAIR PRO TEM DAVIS JOHNSON: ...for joining us.

MAYOR ALBURY: Thanks.

CHAIR PRO TEM DAVIS JOHNSON: Enjoy your evening.

UNK: Than you, [inaudible].

ADJOURNMENT

CHAIR PRO TEM DAVIS JOHNSON: Motion to adjourn?

BOARD MEMBER HUBBARD: So moved.

[End of video/audio]

City Employees, Public Speakers and Others

DISTRICT DEPUTY CLERK JACQUELINE.....DISTRICT DEPUTY CLERK
BURGESS BURGESS

ASSISTANT CITY ATTORNEY LINA BUSBY.....ASSISTANT CITY ATTORNEY
BUSBY

MANGONIA PARK MAYOR WILLIAM ALBURYMAYOR ALBUR
Y

MANGONIA PARK VICE MAYOR.....VICE MAYOR JOHNSON
SARITA JOHNSON

MANGONIA PARK COUNCILPERSON.....COUNCILPERSON KELLY
SONYA KELLY

MANGONIA PARK COUNCILPERSON.....COUNCILPERSON
CLARENCE MCCONNELLMCCONNELL

MANGONIA PARK COUNCILPERSON.....COUNCILPERSON SMITH
EARL SMITH

CITY MANAGER KEN METCALFCITY MANAGER METCALF

FINANCE DIRECTOR RANDY SHERMANFINANCE
.....DIRECTOR SHERMAN

MICHAEL BUSHA.....MR. M. BUSHA

STEPHEN BULLOCK, ESQ.MR. S. BULLOCK

FINANCIAL ADVISOR PETE VARONA.....MR. P. VARONA

APPROVED:

KaSHAMBA L. MILLER-ANDERSON
CHAIRPERSON

ATTEST:

CLAUDENE L. ANTHONY
CERTIFIED MUNICIPAL CLERK
CITY CLERK

TONYA DAVIS JOHNSON
CHAIR PRO TEM

LYNNE L. HUBBARD
BOARDMEMBER

DAWN S. PARDO
BOARDMEMBER

TERENCE D. DAVIS
BOARDMEMBER

MOTIONED BY: _____

SECONDED BY: _____

L. HUBBARD _____

K. MILLER-ANDERSON _____

T. DAVIS JOHNSON _____

D. PARDO _____

T. DAVIS _____

DATE APPROVED: OCTOBER 16, 2017