

**UTILITY SPECIAL DISTRICT
BOARD OF DIRECTORS WORKSHOP
February 5, 2018
6:00 p.m.**

PRESENT AT MEETING¹:

BOARD CHAIRPERSON KaSHAMBA MILLER- ANDERSON	BOARD CHAIRPERSON MILLER-ANDERSON
CHAIR PRO TEM TONYA DAVIS JOHNSON	CHAIR PRO TEM DAVIS JOHNSON
BOARD MEMBER LYNNE HUBBARD	BOARD MEMBER HUBBARD
BOARD MEMBER DAWN PARDO	BOARD MEMBER
PARDO	
BOARD MEMBER TERENCE DAVIS	BOARD MEMBER DAVIS
MAYOR THOMAS MASTERS, <i>Ex Officio</i> Member	MAYOR MASTERS
CITY MANAGER KAREN HOSKINS.....	CITY MANAGER HOSKINS
EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT	WILLIE HORTON EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON
DISTRICT CLERK CLAUDENE ANTHONY	DISTRICT CLERK ANTHONY
.....	
DISTRICT ATTORNEY ANDREW DEGRAFFENREIDT	DISTRICT ATTORNEY DEGRAFFENREIDT
DISTRICT FINANCE DIRECTOR RANDY SHERMAN	DISTRICT FINANCE DIRECTOR SHERMAN

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¹ List of Public Comment Speakers and Others on Page 115

**CITY OF RIVIERA BEACH
PALM BEACH COUNTY, FLORIDA
UTILITY SPECIAL DISTRICT JOINT WORKSHOP
WITH TOWN OF MANGONIA PARK MINUTES
MONDAY, FEBRUARY 5, 2018 AT 6:00 P.M.**

CALL TO ORDER

BOARD CHAIRPERSON MILLER-ANDERSON: We'll call to order our Utility Special District Board of Directors Workshop joint meeting with the Town of Mangonia Park.

ROLL CALL

INVOCATION

BOARD CHAIRPERSON MILLER-ANDERSON: Madam, roll call.

DISTRICT CLERK ANTHONY: Chairperson KaShamba Miller-Anderson?

BOARD CHAIRPERSON MILLER-ANDERSON: Present.

DISTRICT CLERK ANTHONY: Chair Pro Tem Tonya Davis Johnson?

CHAIR PRO TEM DAVIS JOHNSON: Here.

DISTRICT CLERK ANTHONY: Board Member Lynne L. Hubbard?

BOARD MEMBER HUBBARD: Present.

DISTRICT CLERK ANTHONY: Board Member Dawn Pardo?

BOARD MEMBER PARDO: Present.

DISTRICT CLERK ANTHONY: Board Member Terence Davis? [Pause]. Mayor Thomas Masters? [Pause]. City Manager Karen Hoskins?

CITY MANAGER HOSKINS: Present.

DISTRICT CLERK ANTHONY: Executive Director of Utility Special District Willie Horton?

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Here.

DISTRICT CLERK ANTHONY: District Clerk Claudene Anthony is present. District Attorney Andrew Degraffenreidt?

DISTRICT ATTORNEY DEGRAFFENREIDT: Here.

DISTRICT CLERK ANTHONY: District Finance Director Randy Sherman?

DISTRICT FINANCE DIRECTOR SHERMAN: Present.

DISTRICT CLERK ANTHONY: On behalf of the Town of Mangonia Park, when I call your name, if you would answer present, please. Mayor William Albury?

MAYOR ALBURY: Present.

DISTRICT CLERK ANTHONY: Vice Chair..., Vice Mayor Sarita Johnson?

VICE MAYOR JOHNSON: Present.

DISTRICT CLERK ANTHONY: Councilperson Edward Smith?

COUNCILPERSON SMITH: Present.

DISTRICT CLERK ANTHONY: Councilperson Sonja Kelly.

COUNCILPERSON KELLY: Present.

DISTRICT CLERK ANTHONY: Councilperson Clarence McConnell?

COUNCILPERSON MCCONNELL: Present.

DISTRICT CLERK ANTHONY: City Manager Ken Metcalf?

CITY MANAGER METCALF: Present.

DISTRICT CLERK ANTHONY: City Attorney Keith Davis?

CITY ATTORNEY DAVIS: Present.

DISTRICT CLERK ANTHONY: You may proceed.

BOARD CHAIRPERSON MILLER-ANDERSON: Okay. Let the record reflect Councilman Davis is on the dais.

PLEDGE OF ALLEGIANCE

BOARD CHAIRPERSON MILLER-ANDERSON: We'll have a moment of silence followed by the Pledge of Allegiance led by Councilman Davis.

[Moment of silence]

BOARD MEMBER DAVIS: Shall we pledge?

ALL: I pledge ...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.

AGENDA Approval

Additions, Deletions, Substitutions

Disclosures by Board of Directors

Adoption of Agenda

Comments From the Public on Consent Agenda (Three Minute Limitation Total)

CONSENT AGENDA

ALL MATTERS LISTED UNDER THIS ITEM ARE CONSIDERED TO BE ROUTINE AND ACTION WILL BE TAKEN BY ONE MOTION. THERE WILL BE NO SEPARATE DISCUSSION OF THESE ITEMS UNLESS A BOARD MEMBER SO REQUESTS, IN WHICH EVENT, THE ITEM WILL BE REMOVED FROM THE GENERAL ORDER OF BUSINESS AND CONSIDERED IN ITS NORMAL SEQUENCE ON THE AGENDA.

MINUTES

RESOLUTIONS

END OF CONSENT AGENDA

AWARDS AND PRESENTATIONS

1.

BOARD CHAIRPERSON MILLER-ANDERSON: We have our Item No. 1.

BOARD CHAIRPERSON MILLER-ANDERSON: **JOINT WORKSHOP WITH MANGONIA PARK TO REVIEW THE RATE STUDY.**

BOARD CHAIRPERSON MILLER-ANDERSON: Ms. Hoskins.

CITY MANAGER HOSKINS: Madam Chair, this Board, along with the Town of Mangonia Park held a joint workshop in July of 2017 and from that workshop, Staff was directed to complete a rate study. At this time, the rate study is completed and will be presented to you tonight. The presenters are Public Resource Management Group, Mr. Ryan Smith, along with Rob Orrie. At this time, we'll call them to the podium.

BOARD CHAIRPERSON MILLER-ANDERSON: Do we have a microphone for everyone over there? He doesn't have any extra? Okay.

MR. R. SMITH: Does this one not work? Oh.

CITY MANAGER HOSKINS: Yeah. That one...

BOARD CHAIRPERSON MILLER-ANDERSON: Good evening.

[Chuckles]

MR. R. SMITH: My name is Ryan Smith. I'm with Public Resources Management Group. We are a financial consulting firm that specializes in water and wastewater utilities. Primarily, we provide management consulting, financial and rate consulting. We were tasked to produce a, a rate study. It was two components. The first component was a revenue sufficiency study to look at the overall financial picture of the Utility. And then, the second part was to evaluate the existing and come up with proposed wholesale rates for both water and sewer. That's what we're gonna discuss as this first component.

[Pause]. I apologize. We're having a little issue with fitting the slides onto the screen. I think we should be able to..., once we get this by this first slide, I think everything else is more condensed.

[Inaudible discussion]

BOARD CHAIRPERSON MILLER-ANDERSON: We'll take a five minute recess. At 6:25 we'll, if they're ready, we'll start back.

[Inaudible comments]

[Video cuts off and returns]

BOARD CHAIRPERSON MILLER-ANDERSON: Thanks you. We're calling our meeting back to order.

MR. R. SMITH: Everyone, if you have the presentation printed out, we're actually gonna jump to slide number 21. We're actually gonna do the wholesale portion first and then we'll reconvene and then do the revenue sufficiency second. So, once again, that was Page 21.

The purpose of the wholesale rate analysis is to segregate the cost for providing wholesale water and sewer into costs that benefit everyone of the system, that'd be all of our users, all of our retail customers, residential customers and wholesale customers and then costs that are really secondary and only benefit or provide a use to the retail customers of the, of the District. So, we're trying to remove those costs so that way we can come up with what's the, the cost of actually just providing service to, you know, a potential wholesale customer. To do that, we use several different components. The first thing is, we start with the 2018 operating budget for our operating expenses. Those are our, you know, our annual operating costs to run the system. Additionally, we look at our debt requirements and, additionally, capital as well. We take those three components and we've allocated them in between, you know, which items would benefit all users and then which items would benefit just the, the retail customers of the District. For instance, for..., on the operating expenses, a primary cost would recogn'..., recognize, you know, treatment, you know, water treatment, for instance or chemicals where secondary costs would be, you know, customer service, bad debt, credit card expenses, any sort of water conservation programs and what not.

On the capital side, you know, a primary main force main to, you know, the East Central Regional wastewater facility would be a, a primary cost. Everyone benefits from that main force main and we have to have it to be able to provide that to, you know, wastewater service where, for instance, a secondary capital item would be, like, neighborhood lift station. You know, it would be a lift station that was located inside a, you know, a residential neighborhood, really, it only provides benefit to that specific neighborhood. It doesn't provide any benefit to a potential wholesale customer.

On the next slide, what I'm showing you now is the summary of the allocation results. As you can see, there's several different components. The first one on there is the operating and maintenance cost. You can see, for the water system, there's roughly 7.2 million that was identified as primary, 1.3 million as secondary and, on the wastewater side, only 1.3 million as primary and 1.3 million as, as secondary. The next item down is the wastewater treatment at the ECR. We've broken that cost out independently from the remainder of the, the cost of the District of providing wholesale wastewater service, specifically because it's, it's such a large item and it's outside of the District's control. As far as the District, there's only one of five members of the ECR and there's a potential that that cost could go up or down in any potential.., in any year, depending on, you know, what the, the ECR Board [stammer] adopts for that year, as far as their capital funding and if they issue debt or, or what not. So, we're identifying and showing that as a separate cost. It does represent the cost of treatment, so it is all considered primary. The next item down is our debt service payments. Is what we did, is we took.., we looked at each debt issuance and, based on the nature of the, the debt and what the debt was issued for, we allocated that proportionality to the water and wastewater system, and then to the primary and secondary functions. The largest and most recent portion was the 2016 bonds which we, you know, have a, a specific listing of each project that was.., that debt was issued for, so that's how we've allocated the debt. Then the, the last item is the capital cost. That represents our annual deposit to the R&R fund for annual capital reinvestment. It was allocated based on our total assets of the system. In general, roughly 65% of the assets were identified as providing benefit to all users of the system were considered primary.

When you take all those costs and you add them together.., and then also, you'll see indirect expense allocation, those would be items that kind of benefit everyone but don't have a, a direct link between, you know, primary and secondary service. So, they've been reallocated based on the total allocation of everything above it. Based on that analysis, we've identified that roughly 79% of the water revenue requirements were identified as primary and 76% of the wastewater revenue requirements were identified as primary. That's generally what we see in the, in the industry and typically, you know, that, that's, you know, 80% arc is, is pretty standard in the utility industry.

The next slide that we're looking at is the calculation of the wholesale water rate, so what we've done here is we've taken the total identified primary costs, we've identified the total units of service that those costs represent and produced. In this case, it was 2.9 million billing units, or 1,000 gallons. Calculated cost was roughly \$3.82. So, that's the cost that we're assuming was attributable to producing water. Additionally, on top of that cost, we did adjust the rate up for the payment in lieu of tax, since that cost is a, is set by

Resolution and it must be charged to all retail and wholesale customers of the District. When you add those items together, you come up with a rate of \$4.06. Overall, that does represent a reduction, as compared to the existing rate, it's roughly 10.5% less. Additionally, I would like to note that that.., the rate that's been calculated and is shown here, is, is without the outside City surcharge.

The next item.., the, the slide you're seeing here now is the calculation of the wholesale wastewater rate. As you'll notice, there's two portions here. The first portion is the District's cost and then we're gonna go into the second portion which is the ECR treatment costs. The District's costs that were identified as primary were roughly \$3,000,000. The units of service was \$1.8M, that was the total wastewater that was treated at the ECR facility. That comes up with a calculated cost for us, \$1.74. We did the same thing as we did on the, the water side, grossed up for the payment in lieu of tax, which is based on, on a Resolution to come up with a District cost of \$1.85. Additionally, on there we wanted to recognize the cost associated with the ECR. The ECR, for the total payments of the ECR for FY18 is assumed to be \$3.8M. We took the budgeted flow to the ECR, that \$1.8M number and we come up with a, a calculated cost of treatment for \$2.10. Additionally, we bump that up for the, the payment in lieu of tax and come up with a, a rounded rate of \$2.24. When you add those two components together, you get \$4.09 as our, our proposed wholesale wastewater rate and, like I mentioned on the water side, that is [stammer], that is exclusive of the outside City surcharge but it does represent a reduction in the rate of 12.2%.

The reason that we wanted to break out the ECR cost into a separate component is because the, the ECR is a separate entity, it's, it's governed by four other members, along with Riviera Beach. The ECR can do several things, they can, they can issue debt which is a portion.., which is included as a portion of the operating expenses to the District. And then, additionally, the ECR annually adopts a R&R funding deposit. Typically, it ranges around 2% of the total estimated plant value which has been attrib'.., a portion of that has been attributed to the District. However, each year, the District can readopt, or the, the ECR can readopt that percentage, and so, to provide some flexibility and, and reduce some risk for the District, we've, we've recognized a pass through that would be recalculated annually based on the budgeted costs for the ECR facility. So basically, you would take the budgeted operating expenses for the District, at the ECR, the budgeted R&R deposit, divide by the annual flow and you come up with a cost per 1,000 gallons and then that would just be grossed up by the pilot and added, and the rate would be recalculated. So, in each year, this rate could fluctuate.., really, and also depending on the, the R&R fund deposit as that goes up and down.

So, our wholesale rate recommendations, we would like the District to adopt a rate of \$4.06 for water. That represents a 10.5% decline compared to the existing rate. The second part is, we'd like the District to consider adopting a wholesale wastewater rate of \$4.09, which represents a 12.2% reduction compared to the existing rate. We would like that wholesale wastewater rate to have a, a two component piece, the first component being the, the District's portion which would be attributable to just the District's cost and then the second portion would be for the ECR, which would be reevaluated each year, based, based on the operating budget of the ECR. Additionally, we'd like to recommend,

you know, minimum criteria for the determination of any potential wholesale users. They should sign a contractual agreement, have a capacity reservation and, obviously, pay for the cost of connections.

[Inaudible comment]

MR. R. SMITH: Okay.

Additionally, you know, we do wanna mention that both rates here that are shown are, are.., exclude the outside City surcharge. The City does.., or the District right now does impose outside City surcharges on all, all out'.., all users of the, of the District that are located outside City limits. And then, we would like the District to implement the, um, review this rate every two to three years.

Thank you.

BOARD CHAIRPERSON MILLER-ANDERSON: Okay. Do we have anyone with any questions?

BOARD MEMBER PARDO: Madam Chair?

BOARD CHAIRPERSON MILLER-ANDERSON: Go ahead.

BOARD MEMBER PARDO: Okay. So, I'd like to hear from our bond counsel.

MR. S. MILLER: Good evening. Skip Miller with Greenspoon Marder. We're the District's bond counsel, along with Steve Bullock.

BOARD CHAIRPERSON MILLER-ANDERSON: Good evening.

BOARD MEMBER PARDO: So, my question is, if we follow the recommendations, are we.., will we stay in compliance with all of our bond documents?

MR. S. MILLER: Well, I, I can't answer the rate part of it. That's gonna determine.., that's gonna depend on whether the projected revenues are sufficient to cover the debt service by the amount that the bond Resolution requires. But, as far as the structure of it, yes, it's legal. You're creating a new class of customers but you have a rational basis for doing it so, I mean, we're comfortable that what you're doing is legal.

BOARD MEMBER PARDO: Thank you.

BOARD CHAIRPERSON MILLER-ANDERSON: Anyone else? [Inaudible].

BOARD MEMBER HUBBARD: Excuse me. The last part of your presentation about the outside City surcharge, can you go back to that for me? [Pause]. Your recommendation concerning the outside City surcharge was what?

MR. R. SMITH: Well...

[Inaudible discussion]

MR. R. ORRIE: The outside City surcharge is a, is a rate that's, or a provision, that's allowed by Florida Statutes, Chapter 180 and the City has the right to charge the surcharge. Many utilities that I know has outside service, whether it's retail or wholesale, do charge it. It's, it's really up to the City if they wanna charge it.

BOARD MEMBER HUBBARD: Okay.

MR. R. ORRIE: And that's the basis for the, for the surcharge is Florida Statute, Chapter 180. [Pause]. And that's the reason why, just to let you know, why we broke the two apart to show you what the costs were, with and without the surcharge as [stammer], the other one's set by statute, one's set by cost.

BOARD MEMBER HUBBARD: Basically, based on, based on this presentation, we are able to afford a decrease in the cost of water to our residents?

MR. R. ORRIE: For wholesale service. That's, that's what we're talking about today. Those., right now, the existing rate, I believe for whole'., for water, I believe, is four dollars...

[Inaudible comment]

MR. R. ORRIE: Hold on a second.

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: I, I don't want you to get... [Pause]. I think it's important that you not get it mixed up between residential customers...

MR. R. ORRIE: Right.

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: ...and wholesale customers, or customers outside of the City limits. We're talking two different things.

MR. R. ORRIE: Right.

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: The City of Riviera Beach customers do not pay a surcharge.

BOARD MEMBER HUBBARD: Right. Okay.

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: So... Okay.

BOARD MEMBER HUBBARD: But, but the savings that he showed, not talking about the surcharge, just talking about the rates, the reduction in rates, this would afford us an opportunity to offer the residents a decrease in the water...

MR. R. ORRIE: No, ma'am.

BOARD MEMBER HUBBARD: No? Okay.

MR. R. ORRIE: No, it will not.

BOARD MEMBER HUBBARD: So, this is just for wholesale. This also...

MR. R. ORRIE: Just for wholesale.

BOARD MEMBER HUBBARD: This also does not apply to residential?

MR. R. ORRIE: Not this rate in particular.

BOARD MEMBER HUBBARD: Okay.

MR. R. ORRIE: What does apply to residential, are some of the costs that are in this rate. The difference is, for wholesale there're, there're certain costs that you incur for everybody in the system, whether it's retail or whether it's wholesale, and Ryan made a mention, water treatment for example, wastewater treatment. Those are really easy identified. Everybody should pay for those. But in addition to those costs, for you, you have your own., your pipes in front of your houses, your meters, your service lines, all that infrastructure that you've built for inside the City, inside the City, inside the District, those are your costs. They don't pay for those costs, they have their own costs for the same thing on this...

BOARD MEMBER HUBBARD: Yes, yes.

MR. R. ORRIE: ...side of the ledger. And, and that's why I'm saying, well, I'm coming back to you and saying, they're two., Mr. Orrie's talking about two different things, that's what they are. But the costs are included in both but when we talk about residential rates, we're recommending some adjustments, to recommend the rates going up but wholesale, we're recommending that., those costs on the., inside, without the surcharge, would actually go down a little bit.

BOARD MEMBER HUBBARD: Okay.

MR. R. ORRIE: Based on the cost allocation analysis.

BOARD MEMBER HUBBARD: Thank you.

BOARD CHAIRPERSON MILLER-ANDERSON: Okay. Anyone else?

BOARD MEMBER PARDO: Madam Chair?

BOARD CHAIRPERSON MILLER-ANDERSON: Go ahead.

BOARD MEMBER PARDO: Okay. So, Mr. Horton, would this also apply to Palm Beach Shores?

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Palm Beach Shores is not a wholesale.

BOARD MEMBER PARDO: They're not a wholesaler?

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: They're, they're a retail customer.

BOARD MEMBER PARDO: Okay.

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: So...

BOARD MEMBER PARDO: So, Mangonia Park is the only wholesaler? That...

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Yes.

BOARD MEMBER PARDO: ...we have?

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Yes, ma'am.

BOARD CHAIRPERSON MILLER-ANDERSON: Are there any other questions?

[Inaudible dais comment]

BOARD CHAIRPERSON MILLER-ANDERSON: It's open up to everyone, yes. Mangonia Park, you have any questions or concerns?

VICE MAYOR JOHNSON: I, I., yes. I just want to get a clarity on the recommended rate for wholesale. You said it does not include surcharge?

MR. R. SMITH: Yes, ma'am. That's correct. When we calculate it, we're calculating it based on just the identified operating costs.

VICE MAYOR JOHNSON: Should we find a, a formula for calculating the surcharge?

MR. R. SMITH: I did calculate it with the surcharge, was for wastewater service, was \$5.11, as compared to the existing rate of \$5.82.

VICE MAYOR JOHNSON: Thank you.

MR. R. ORRIE: Give them water.

MR. R. SMITH: And then, let me give you the water rate as well. [Pause]. The calculated rate for water was five., \$5.08 with the surcharge and the existing rate is \$5.67.

BOARD CHAIRPERSON MILLER-ANDERSON: And what was that for?

MR. R. SMITH: Water.

BOARD CHAIRPERSON MILLER-ANDERSON: I missed the beginning... Okay.

MR. R. SMITH: The second one was for water.

BOARD CHAIRPERSON MILLER-ANDERSON: Alright.

BOARD MEMBER PARDO: Madam Chair?

BOARD CHAIRPERSON MILLER-ANDERSON: Go ahead.

BOARD MEMBER PARDO: Again, Mr. Horton. So, on average, how many gallons a month go over to Mangonia Park?

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: We, we don't provide...

BOARD MEMBER PARDO: No. I know. Occasionally they'll open up [inaudible]...

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Correct.

BOARD MEMBER PARDO: So, we went through this.

[Inaudible comment]

BOARD MEMBER PARDO: So...

[Inaudible comment]

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: On an average, about 7.2 million for the wastewater but do we have a number on the water?

MR. R. ORRIE: [Inaudible] really low. It's mostly emergency service.

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Yeah. It's only emergencies services when they need it.

BOARD MEMBER PARDO: So, do we, by any chance, have the number, the last year's number? How many gallons...

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: [Inaudible].

BOARD MEMBER PARDO: ...were provided?

MR. R. ORRIE: We run [inaudible].

BOARD MEMBER HUBBARD: Wastewater [inaudible].

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Give us a second, we're [chuckle], we're looking that up for you.

BOARD MEMBER PARDO: Yeah. Just so we can get an idea of, you know, what we're talking about and really...

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Mhmm.

BOARD MEMBER PARDO: ...how much money we're talking about.

[Pause]

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: If we were to average it out over the year, it'll be approximately 218 gallons per day.

MR. R. SMITH: Thousand gallons.

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Eighteen...
Two hundred...

MR. R. SMITH: [Inaudible] thousand.

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: 218,000?
Per day? 218,000 gallons per day.

UNK: For water?

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: For water.

MR. R. SMITH: Oh, I'm sorry. That was [inaudible]...

[Inaudible comments]

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Okay.
Correction.

[Chuckles]

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: He gave me the wastewater number.

UNK: Yeah.

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Sorry.

MR. R. SMITH: Water was only 89,000 gallons for the year.

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Okay. So...

MR. R. ORRIE: The entire year.

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: The whole year was 89,000. So, if we take that and divide it by 365, we get [pause]...

MR. R. SMITH: 250 gallons a day.

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: 250 gallons a day.

BOARD MEMBER PARDO: [Inaudible].

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Okay.

[Inaudible comments]

BOARD CHAIRPERSON MILLER-ANDERSON: Are you finished?

BOARD MEMBER PARDO: Alright. No. One more thing. Alright, just so we can clarify everything, so, we're providing a minimal amount of water but all of the wastewater is going through the system?

MR. R. ORRIE: That is correct.

BOARD MEMBER PARDO: Right. And that's where we get to the..., how much was it? 7,000,000 gallons?

MR. R. ORRIE: 7,000,000 a day. It's...

BOARD MEMBER PARDO: 7,000,000 gallons a day?

MR. R. ORRIE: Yeah. You bill in thousands.

VICE MAYOR JOHNSON: Not a day.

MR. R. ORRIE: And so, it's...

UNK: Not a day.

MR. R. ORRIE: A month, I'm sorry. A month.

BOARD MEMBER PARDO: Right. A month.

[Chuckles]

MR. R. ORRIE: You don't 7,000,000 in the ECR. [Chuckles].

[Inaudible comments]

MR. R. ORRIE: No. It's 7,000,000 gallons a month. It's roughly, per day, 218,000, I'll use 218,000 gallons a day. And that's continuous. They're pretty much a full

requirement, all their flow is treated through you, through ECR [inaudible] water..., it's, I think it was mostly during the hurricane, that Randy said that...

DISTRICT FINANCE DIRECTOR SHERMAN: Right.

MR. R. ORRIE: ...the last time, it's...

BOARD MEMBER PARDO: Right.

MR. R. ORRIE: Several years ago, there was actually more water but it's really..., there's no water we can use now.

BOARD MEMBER PARDO: And we said the ECR number was \$2.10 per 1,000 gallons?

MR. R. ORRIE: It's on the screen right there. The third line up from the bottom would be \$2.24 with the...

BOARD MEMBER PARDO: That would be the...

MR. R. ORRIE: ...adjustment for the payment in lieu of tax.

BOARD MEMBER PARDO: The adjustment.

UNK: 10,000 gallons.

MR. R. ORRIE: Yeah. Right, three lines up from the bottom.

BOARD MEMBER PARDO: [Inaudible]. So, that's the adjustment number?

MR. R. ORRIE: Right.

BOARD MEMBER PARDO: Okay.

MR. R. ORRIE: And again, as Ryan mentioned, while we're doing that, is ECR can fluctuate so much and it's such a large cost, it's good to.., if it goes up, you recover, if it goes down, we charge what it is, that way it promotes fairness to the customer. And, and we did the same thing to.., with the retail rates as well.

BOARD MEMBER PARDO: Sure, and the City of Riviera Beach is on the hook with the ECR for millions of dollars?

UNK: That's correct.

MR. R. ORRIE: That's correct. That's correct.

BOARD MEMBER PARDO: Okay. Thank you.

BOARD CHAIRPERSON MILLER-ANDERSON: Alright.

MR. R. ORRIE: There can be significant changes in the ECR, as you well know, that.., they can, they can...

BOARD MEMBER PARDO: Sure.

MR. R. ORRIE: ...change dramatically.

BOARD MEMBER PARDO: Sure. But all of those figures need to be out there.

MR. R. ORRIE: Yeah. I thi'.., that's why we, we did that...

BOARD MEMBER PARDO: Right.

MR. R. ORRIE: ...so you could...

[Inaudible comment]

MR. R. ORRIE: ...see it. That, that's...

BOARD MEMBER PARDO: Right.

MR. R. ORRIE: ...definitely..., that's correct.

BOARD CHAIRPERSON MILLER-ANDERSON: Go ahead, Ms. Hubbard.

BOARD MEMBER HUBBARD: Okay. So, so to.., this evening, we're here, I guess, Mr. Horton, Mr. Metcalf, to, to hear the re'.., the situation...

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Yes, ma'am.

BOARD MEMBER HUBBARD: ...that we have with Mangonia Park, the recommendation of us coming up with something amicably and to find.., to see, you know, what the City can afford, what the City, you know, wants to do and what we can do to resolve this.

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Yes, ma'am.

BOARD MEMBER HUBBARD: Okay. So, let's have it, the recommendations.

BOARD CHAIRPERSON MILLER-ANDERSON: Go ahead.

CITY MANAGER METCALF: Madam Chair...

BOARD CHAIRPERSON MILLER-ANDERSON: Yes.

CITY MANAGER METCALF: ...just for clarification, I'd like Randy, if he would.., we were talking the other day. I was thinking that our current rate for wastewater was \$521 and I think the gentleman just quoted \$5.82 but I think we had determined it was \$5.21. Clarification.

BOARD MEMBER HUBBARD: Confirm that, please.

DISTRICT FINANCE DIRECTOR SHERMAN: Yeah. The, the, the \$5.21 I quoted you was the '16 – '17 numbers, the other day when we were speaking. So, right.

[Inaudible comment]

CITY MANAGER METCALF: And for Mr. Horton, a comparison, the amount of gallons Riviera Beach to Mangonia Park, on a monthly basis. Since we're talking about the capital costs for the ECR.

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Right.

CITY MANAGER METCALF: Just a comparison.

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Our, our total number that we sent in, I don't have that to EC'..., to ECR. It, it includes, not only Mangonia Park and the City of Riviera Beach, but the surrounding communities that we also take wastewater from. So, we have not extracted out of that, the number that's just applicable to the City of Riviera Beach but you represent..., it was about... What was the percentage?

MR. R. ORRIE: I think around a little over [inaudible].

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: What was their percentage to the, to the total? It was like one or two percent, wasn't it?

UNK: Yeah. [Inaudible].

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Yeah. It, it was [stammer], the, the Town of Mangonia Park represents less than 2% of, of the overall flow that we send to ECR.

BOARD MEMBER HUBBARD: Okay.

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: It's quite significantly smaller.

BOARD CHAIRPERSON MILLER-ANDERSON: Okay. So...

BOARD MEMBER HUBBARD: With that...

CITY MANAGER METCALF: Madam Chair? If...

BOARD CHAIRPERSON MILLER-ANDERSON: Hold on one minute. Were you...

CITY MANAGER METCALF: Sorry.

BOARD CHAIRPERSON MILLER-ANDERSON: ...getting ready to say something?

BOARD MEMBER HUBBARD: I didn't know whether he...

[Inaudible comment]

BOARD MEMBER HUBBARD: ...was finished...

BOARD CHAIRPERSON MILLER-ANDERSON: Oh, you were...

BOARD MEMBER HUBBARD: ...or not.

BOARD CHAIRPERSON MILLER-ANDERSON: ...pointing to him to...

BOARD MEMBER HUBBARD: You go right ahead.

BOARD CHAIRPERSON MILLER-ANDERSON: ...go ahead and start? You wanted him...

BOARD MEMBER HUBBARD: [Inaudible].

BOARD CHAIRPERSON MILLER-ANDERSON: Okay. Go ahead, Mr...

CITY MANAGER METCALF: I, I was.., Madam Chair, if Mr. Horton or Randy could take what I, what I'm thinking is gonna be their recommendation for our new rate, what would be the savings monthly and annually? Just to give Council an idea...

BOARD CHAIRPERSON MILLER-ANDERSON: Mm.

CITY MANAGER METCALF: ...of the actual dollars.

[Inaudible dais comments]

CITY MANAGER METCALF: Monthly and annual basis.

CHAIR PRO TEM DAVIS JOHNSON: It looks like 12%?

[Inaudible comments]

MR. R. ORRIE: Very quickly, the rate with the surcharge would be about a \$56,000 a year reduction in cost to you, divided by 12 is \$4,8000 by \$1,000. And that's.., the rate reduction's about .71 a thousand.

MAYOR ALBURY: Madam Chair, if we may? If we could sort of segregate that.

MR. R. ORRIE: Sure.

MAYOR ALBURY: So we actually have the actual amount as it relates to per, per thousand? That we're, that we're...

MR. R. ORRIE: Oh, oh. I'm sorry.

MAYOR ALBURY: Okay.

BOARD MEMBER HUBBARD: Is that with...

MAYOR ALBURY: That would be...

BOARD MEMBER HUBBARD: ...or without the surcharge?

MAYOR ALBURY: ...that would be absent of the surcharge.

MR. R. ORRIE: With and without the surcharge?

BOARD MEMBER HUBBARD: With or without.

MR. R. ORRIE: With the...

MAYOR ALBURY: Without the surcharge.

MR. R. ORRIE: Okay. Without the surcharge, the sewer's \$4.09.

MAYOR ALBURY: \$4.09.

MR. R. ORRIE: With the surcharge, it's \$5.11.

MAYOR ALBURY: I'm sorry, just, just for clarity, Madam Chair, [inaudible]...

BOARD CHAIRPERSON MILLER-ANDERSON: Yes.

MAYOR ALBURY: ...represent the amount that Mangonia Park pays or is that your...

MR. R. ORRIE: Uh-uh.

MAYOR ALBURY: ...in City?

MR. R. ORRIE: That would be the wholesale rate prior to the...

MAYOR ALBURY: Wholesale rate.

MR. R. ORRIE: ...application of the surcharge. That's what Mangonia would pay. The cost you see on there for the primary cost, the \$3,000,000 on slide one, the \$3.8M on about line six, those costs are also billed to, to the retail rates, that the District customers will also pay, just so you're aware. That cost of \$4.09 prior to the surcharge represents about 76% of the total wastewater costs. And personally, my experience has been, on a cost allocation basis, between 65, 70, 85%. It's about where wholesale rates tend to fall "cause not all the costs are applicable to wholesale service. Again, maintenance, the meters, service lines, some customer service billing. You have that in your own costs, we don't have.., we don't, we don't allocate those costs. And that's, that's..., would be the rate that she just mentioned, sir, about what would the rate be? It'd

be \$4.09 on the, on the, the wastewater side. I mention that one 'cause that's the one where really all your costs are. There's not much water, as you well know.

MAYOR ALBURY: Thanks so much. Madam Chair, a few questions [inaudible].

BOARD CHAIRPERSON MILLER-ANDERSON: Go ahead.

MAYOR ALBURY: Okay. If I may, because I think it's germane to the conversation, at least for me to get full understanding. How do you [stammer] distinguish between your retail and wholesale customers? What is the definition? Read the definition of each.

MR. R. ORRIE: Well, actually, it's the cause of the cost itself. What we did, is we looked at each line item in the budget, what costs being incurred, O&M, capital, deposits for renewals and replacements. And by way of example is probably the easy way to tell you, is, is we, we looked at the, the nature of the cost, wastewater treatment is a costs that benefits everybody. Whether you're wholesale or retail, you need to pay for the cost of wastewater treatment. That's wha'.., that's how the allocational cost was done. Examples of cost of.., that will also be included, will be your.., the primary transmission system, the, the lines to get to the ECR plant. That, that, that benefits everybody as well. We call those system or primary costs. This is the first thing we did, we didn't say customers at all right, right away. We also looked at other costs that may or may not benefit you. Again, customer service was a good example, bad debt expense and things of that nature. Those are retail costs, not wholesale costs. We excluded those costs, in the analysis. So then, when we got all those costs, what you see here for wastewater, the, the.., we then divided by the flow to get a, a unit cost. Since everybody benefits form these dollars, whether wholesale or retail, we then divide it by the flow applicable to all customers and here we use wastewater treated flows, not billed sales based on water meter, we use actually what's treated at the wa'.., at the [stammer] the ECR facility, that gave us our unit rate so everybody pays...

BOARD MEMBER DAVIS: [Inaudible] same thing. Right.

MR. R. ORRIE: ...for the same amount of treatment, that's applicable to all customers. And that's how we got the wholesale rate. So, when we look at customers, you're the only customer but the cost are spread based primarily on gallons. In setting the rate.

MAYOR ALBURY: I, I guess to add specificity to it, earlier I, I, I.., during the presentation, it was made mention that Palm Beach Shores is not.., is a retail customer. Correct?

MR. R. ORRIE: That's what I [inaudible]...

MAYOR ALBURY: Another municipality?

[Inaudible dais comment]

MAYOR ALBURY: A retail customer? So, there has to be some type of definition as it relates to... I, I understand the variables are included but there would have to be some type of definition that distinguishes...

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: I, I...

MAYOR ALBURY: ...them different than Mangonia Park.

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Yes, sir, Mr. Mayor. I think the, the best way to describe it is that for all other customers who are retail, we actually serve the individual customer. For you all, it's a master meter. We have one meter for the entire C'.., Town of Mangonia. So that, that's what makes you a wholesale customer.

MAYOR ALBURY: So, within the retail customer, if I may, Madam Chair? So, within the retail customer agreement, you do the billing, the...

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Yes, sir.

MAYOR ALBURY: ...meter reads and everything else?

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Yes, sir.

MAYOR ALBURY: You maintain the lines as well?

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Yes, sir.

MAYOR ALBURY: Okay. So, all of the associated costs of the system is something that Riviera Beach does for Palm Beach Shores?

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Yes, sir.

MAYOR ALBURY: Okay.

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: It, it, it is a system that's owned by the District.

MAYOR ALBURY: Okay. Got it.

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Yes.

MR. R. ORRIE: And those costs are not allocated.

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: And those costs are [tamer] allocated to the Town of Mangonia Park.

MAYOR ALBURY: So, now what is, if I may, because we're looking at comparison, what is Palm Beach Shores', if we may, just for discussion purposes, what, what is their rate? [Stammer] because they're not a wholesale, is it just a retail rate? Is what they're paying?

[Inaudible discussion]

BOARD MEMBER DAVIS: The same as the City.

MAYOR ALBURY: Same as the City?

BOARD MEMBER DAVIS: Oh yeah.

[Inaudible discussions]

MAYOR ALBURY: Alrighty.

MR. R. ORRIE: They pay retail rates.

BOARD MEMBER DAVIS: Yeah.

[Inaudible comment]

MAYOR ALBURY: Okay. So, they pay the retail rate...

MR. R. ORRIE: Hold on a second.

MAYOR ALBURY: But now, if I, if I understand [inaudible – chime] don't pay a retail rate?

BOARD MEMBER DAVIS: [Inaudible] confirm that.

BOARD CHAIRPERSON MILLER-ANDERSON: Hold on one minute. Let'.., he's gonna...

MR. R. ORRIE: I'm trying to find something... [Pause]. This is the retail rates for the District. I'm sorry for it being a little small but there's residential and commercial customers there and [inaudible] water and sewer for example. Oh, sorry. Yeah.

UNK: You can pick it up and carry it.

MR. R. ORRIE: Oh, I could. I can do that. [Chuckle]. What I was gonna show you hear was.., this is the retail rates, this is what the District customers would pay and this is what that customer of yours referring would pay. You can see the flow charges here. Let me go to here, \$2.59. The reason why the \$4.06.., go there 'cause I think you're gonna go there probably next, [chuckle], trying to anticipate, is you got a base charge.., we're not charging a base charge for wholesale service. All the costs are rolled into a flow chart and that's pretty common. We didn't think it was right to charge a reservation of capacity type charge. You, you pay for what you use. And, and you can the rates and flows. And you can see on [stammer] commercial, their rate is actually higher than, than your rate and these rate structurers were set many years ago through a detailed causal service study done by a prior rate consultant but you can kinda get a feel when you look at the total cost in the District, so it's a little bit different rate structure and all these costs are built in, where applicable, to the wholesale rate.

MAYOR ALBURY: Alright. And, earlier you stated that Mangonia Park's usage is about 2%?

[Inaudible comment]

MR. R. ORRIE: [Chuckle]. Walk back over here.

MAYOR ALBURY: About 2%?

MR. R. ORRIE: Yeah. About 2%. If.., I can kind of show you.

VICE MAYOR JOHNSON: A little under 2%.

CHAIR PRO TEM DAVIS JOHNSON: And what would that figure be?

MR. R. ORRIE: If you look, um, [pause]. I don't have my calculator or I would do that. This is the flow for everybody, right here. The 1.8M, and that's annual flow. I think that's total flow [inaudible] 79,000, total gallons at 1.804M. I think that's where Randy got the 2%. Kinda give you a feel. This is all the flow to the ECR plant, delivered by the District, by, by the City. Including you all. And so, if your metered flow based on metering, it's 79,000 gallons.., 79,000,000 million, you know.., 79,000 billing units and that's 1.804. I can go divide 79 by that. I can give you the exact percentage. So, I can do that real quick. That's where, that's where it's coming from, just so you know.

MAYOR ALBURY: Okay. And, and again, for, for me it's, it's relev'.., it's relative. You, you have a pilot that's also included. Just for information, the pilot is being paid for what purpose?

MR. R. ORRIE: Well, it's set by Resolution. What's the pilot for? It's, it's right there.

DISTRICT FINANCE DIRECTOR SHERMAN: [Inaudible] taxes.

MR. R. ORRIE: What?

FD To pay for [inaudible] taxes.

MR. R. ORRIE: To pay [inaudible] tax.

DISTRICT FINANCE DIRECTOR SHERMAN: [Inaudible] services that aren't focused in the ratio.

MAYOR ALBURY: I, I.., Madam Chair, I understand the definition of a pilot...

BOARD CHAIRPERSON MILLER-ANDERSON: Right, right.

MAYOR ALBURY: ...but, for the purpose that we're discussing here tonight, the pilot would be for the purpose of...

BOARD CHAIRPERSON MILLER-ANDERSON: Randy?

DISTRICT FINANCE DIRECTOR SHERMAN: Yeah. The, the pilot payment goes to the City to cover all of the City services that are included within the rates structure. So, for example, when the water treatment catches on fire, our Fire Department still goes out and puts that fire out but the plant itself is not paying any property taxes. The pilot is permissible under the, the bond documents, it's permissible under the District's Charter. Matter of fact, it's specifically specified under the, the Charter and the Board has adopted a Resolution that'll be 6%.

BOARD MEMBER HUBBARD: So would...

MAYOR ALBURY: [Inaudible]...

BOARD MEMBER HUBBARD: Sorry. So we're charging a pilot and a surcharge?

DISTRICT FINANCE DIRECTOR SHERMAN: The sur'..., the surcharge is to, is to cover for outside services. So again, the..., those business..., or those recipients of the City's services, outside of your municipal boundary, pay the surcharge. Because again, they're not paying any of the, or absorbing or losing property taxes, with inside your boundaries. They're not covering any of those costs. So, the fact that you have that, that facility within your boundaries and you're providing that to someone outside of your boundaries, you're permitted to charge that surtax. And the pilot is charged Citywide.

BOARD MEMBER HUBBARD: And I understand that we are permitted to charge the surcharge, as well as the pilot, but based on the, based on the presentation, my understanding is that the charges broken down to, to what were common, for everybody that everybody would take part in, i.e., customer service was not included because they're doing their own customer service, for example. So, what I'm trying to get back to is, how is that a substantial explanation for why we would charge a surcharge and charge the pilot as well?

MR. R. ORRIE: Well, many, many utilities in Florida actually charge both. My experience has been almost all of them that have customers outside, usually charge some sort of outside the City surcharge. The pilot first is, again, set by resolution to apply to retail and wholesale customers, per your Resolution. And, and that's in lieu of private utility providing service. If a private utility was providing this service, Robert Orrie Utilities, Inc., you know, I'm a private company, you would get property taxes from me and you'd franchise fees from me. You have the right to get those, I'd be paying those. You're not a, a private utility, you're a public utility. You know, not for profit type of utility, you're a munic'..., you're a local government. So, many utilities charge a pilot to recognize that there's a benefit..., that, by the fact that you're a public utility, you have the..., you should have the right to 'recur some of those costs and that's what I believe this is here, is payment in lieu franchise fees. Again, many, many [chuckle] utilities charge this. The surcharge is, is generally..., was set by statute, many years ago to help cover the costs of providing service outside the City customers, running lines, being responsible for infrastructure to serve them, all sorts of reasons. And that's on top of the..., of, of the pilot,

which is how I see it. And you can charge 25%. Actually, some.., the statute does say you can go up to 50%, based on cost of service, you're not doing that. You can get the 25% but...

BOARD CHAIRPERSON MILLER-ANDERSON: Are you finished, Ms. Hubbard?

BOARD MEMBER HUBBARD: For now, yes. Thank you.

MAYOR ALBURY: If I may...

BOARD CHAIRPERSON MILLER-ANDERSON: So...

MAYOR ALBURY: ...because I... Councilwoman Hubbard was eluding to the question and I guess, again for clarity, so for the, the pilot, and I've seen two lines represented by pilots, so my question would be, based upon your, your explanation and I fully understand what's allowed and such and, and the purpose for it. So that I'm clear and understanding of what's being explained as it relates to the pilot and, and what happens with the dollars that are, that are actually taken in, that's in order to help with, as you stated, in the event some emergency takes place? Some, something happens? There's a fire at a, at a facility, it helps to go to the repair cost and such, is what I'm hearing?

MR. R. ORRIE: That's what Mr. Sherman said.

MAYOR ALBURY: Okay.

MR. R. ORRIE: [Stammer]...

MAYOR ALBURY: Okay. Now...

MR. R. ORRIE: Correct me if I'm wrong, Randy, the, the pilot is transferred to the, to the general fund.

MAYOR ALBURY: Mhmm.

MR. R. ORRIE: The surcharge stays within the Utility system to defray costs, fund infrastructure. It, it does not leave the general.., leave the Utility and go to the general fund, only the pilot.., 'cause that would be what a normal tax would be in terms of a, a private utility being here. Those dollars would be earned by the general fund and that's what's transferred and that is another difference.

MAYOR ALBURY: Okay. So, my last question on this Item then, is that, when, when we're looking at the calculations, is part of what Mangonia Park, what Mangonia Park is being assessed in terms of its fees, also inclusive of the pilot?

MR. R. ORRIE: I'm sorry. What was the last part of that?

MAYOR ALBURY: Is it also inclusive of the pilot?

MR. R. ORRIE: Inclu'..., it's inclusive of the pilot. If you look at that chart right there, the [stammer] fourth line down, you're se a .1111 and if you drop a little further, about four lines from the bottom, you'll see a .1344...

[Inaudible comment]

MR. R. ORRIE: ...those are both payment in lieu of tax. Why they're split apart, is one links to the District cost and then one links to the, to the East Central Regional Wastewater Reclamation Facility. They're combined together as a single rate but, since the pilot is based on a, a, a gross revenue application, we had to mark it up so that when you charge the \$4.09 and take 6% of that, you get those two numbers added together..

MAYOR ALBURY: So, the correlation, I guess, then is that Mangonia Park then is being assessed a, a tax or a fee and...

MR. R. ORRIE: It's being charged...

MAYOR ALBURY: ...that that something [inaudible].

MR. R. ORRIE: ...a payment in lieu of tax being charged.

MAYOR ALBURY: In the event that something happens to a, a facility in Riviera Beach.

MR. R. ORRIE: Well, a facility...

[Inaudible comments]

MR. R. ORRIE: A facility that benefits...

BOARD MEMBER PARDO: [Inaudible].

MR. R. ORRIE: ...all customers, including Mangonia Park.

BOARD MEMBER HUBBARD: Question. Now, this sta'..., okay. You said it's allowing for payment in lieu of taxes.

MR. R. ORRIE: That's the 6% pilot.

BOARD MEMBER HUBBARD: That's the 6%?

MR. R. ORRIE: Yes.

BOARD MEMBER HUBBARD: So that..., that's where the pilot is located, in that...

MR. R. ORRIE: Yes, ma'am. That is this provision you see right there in the last green bullet, indented bullet, Resolution 14-14UD.

[Inaudible comment]

MR. R. ORRIE: That, that's 6% that you just referred to. That's, that reference is those two numbers I just mentioned, the .1111 and the .1344, those are what links to that 6%. And they're added into the \$4.09. [Mummer]

BOARD CHAIRPERSON MILLER-ANDERSON: Alright.

[Inaudible comments]

MR. R. ORRIE: This is the allocated cost of the District, your O&M, that'd be labor, chemicals, power, insurance, maintenance of transmission lines, pumping, those type of cost would be in, in this number right here. What's not in this number is, basically, customer service, maintenance of the, the frontage lines, in front of your house for example, that's not in the... Yes, ma'am.

BOARD MEMBER HUBBARD: So, if you, based on your, based on your explanation just now, maintenance of lines and the like, are in that number?

MR. R. ORRIE: For the lines that benefit the system. The big ones...

BOARD MEMBER HUBBARD: That benefit the...

MR. R. ORRIE: The big ones.

BOARD MEMBER HUBBARD: ...system? That benefit the...

MR. R. ORRIE: The big giant ones. Not the ones in front of your house.

BOARD MEMBER HUBBARD: That...

MR. R. ORRIE: The big ones.

BOARD MEMBER HUBBARD: ...benefit the system?

MR. R. ORRIE: Yes.

BOARD MEMBER HUBBARD: So, that means, that's the number that you used to calculate with, right?

MR. R. ORRIE: Yes, ma'am.

BOARD MEMBER HUBBARD: And that's how you came up with the...

MR. R. ORRIE: Yes.

BOARD MEMBER HUBBARD: ...79, which turned out to be the 2%. So, if it.., so, did you add it back in again? [Inaudible].

MR. R. ORRIE: No. This, this does not include the pilot right now.

BOARD MEMBER HUBBARD: Right. But you said the, the reason for..., you said...

MR. R. ORRIE: This...

BOARD MEMBER HUBBARD: ...the reason for charging the pilot for maintenance of the lines. And one of the examples was in, in case there was a...

MR. R. ORRIE: A fire.

BOARD MEMBER HUBBARD: Fire or what have you.

MR. R. ORRIE: That would be the general fund costs that are outside the, the District maintained with the City that Randy was talking about, if there was a fire, security, what not, is this provision right here and it's set by Resolution. Those type of costs, the payment in lieu of tax, that's 6% of your gross revenue are not in this number. We pulled them out on purpose to calculate this fee, then we grossed it up for the 6%. So, if you take 6% of this number, you'll get this number right here.

BOARD MEMBER HUBBARD: And I, and I, I understand that...

MR. R. ORRIE: Yeah.

BOARD MEMBER HUBBARD: ...but based on your own definition for what was included in the total primary cost components, as far as maintenance and upkeep of the, of the line...

MR. R. ORRIE: That's correct.

BOARD MEMBER HUBBARD: ...I would..., if there was a fire and those lines damaged, that already taken care of...

MR. R. ORRIE: The, the, the maintenance of the lines is here. The governmental services, outside any indirect cost, is, is basically here and it's..., again, it's, it's also a provision you see... If a private utility was here, they'd be paying you 6% as well to maintain the right-of-way's of the streets. Whatever the reasons are, those governmental functions, a lot of times I see that, it's right-of-way maintenance so the trucks can ride on the streets and what not, to, to provide the service and, and, and repair the lines.

BOARD MEMBER HUBBARD: [Inaudible]...

MR. R. ORRIE: The, the maintenance of the line the itself, I've gotta align a line or I gotta fix a manhole, not a manhole, that's collection. I've gotta fix something, the, the major [pause]. There's a..., I can't think of something right now.

UNK: [Inaudible].

MR. R. ORRIE: [Chuckle]. Repair and maintenance anyway. That's in this number. Okay? So that's, that's there. This number here is just the ECR plant.

[Inaudible comment]

MR. R. ORRIE: The lines to get there, that you own, are up here.

BOARD MEMBER HUBBARD: Yes.

MR. R. ORRIE: Okay, okay. Okay. And then you can see.., and this is the flows, right here.

BOARD MEMBER DAVIS: Madam Chair?

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

BOARD MEMBER DAVIS: Mr. Horton, I have a question.

MR. R. ORRIE: [Inaudible].

BOARD MEMBER DAVIS: Maybe it's for both of you. As you know, we're in discussions of our disinfection system plant, building a new one?

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Yes, sir. That is correct.

BOARD MEMBER DAVIS: What is the total cost of that?

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: It's approximately \$4.5M.

BOARD MEMBER DAVIS: So, is this fee.., that's a part of those services?

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: It would, it would be a part of the top number there, for the water plant. Yes, sir.

BOARD MEMBER DAVIS: So, the residents of Mangonia Park will not be assessed a separate fee to help pay for that?

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Well, they would be a part of that because that does benefit them. The water plant benefits Mangonia Park.

BOARD MEMBER DAVIS: But they won't be.., there won't be an additional fee?

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: No.

BOARD MEMBER DAVIS: That's all I wanna make sure.

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: And, if, if I may, Ma'.., Madam Chair.

CHAIR PRO TEM DAVIS JOHNSON: [Inaudible].

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Just, just for, for clarity, I think it's important to understand, when they talk about the pilot in lieu of..., those are services which we, the District, cannot provide ourselves, that we have to depend on the general fund element, whether it's the City or the county to, to, to provide us support. Not just for fire but for police protection. I mean, we've had van'..., in the brief time I've been here, we've had a number of facilities get vandalized and we have to call the Police Department to do a police report and, and follow up on those types of things. So, that, that .11% and that .1344% helps to cover that costs, we have to, to pay the City for that.

MAYOR ALBURY: [Stammer] if I may? To the question, and I think that was a very good question by Councilman Davis, as it relates to something.., that, that.., the disinfectant, what?

BOARD MEMBER DAVIS: Disinfection system.

MAYOR ALBURY: System?

BOARD MEMBER DAVIS: Yeah.

MAYOR ALBURY: So, there's a charge now being assessed to Mangonia Park.

BOARD MEMBER DAVIS: Mhmm.

MAYOR ALBURY: Now, understanding that we, we.., we're not a regular water customer. It's only on an emergency basis, do we open up the interconnect, in the event that we have a situation, I think it happened maybe once every year, every two years and such. And the agreement also goes the other way as well.

BOARD MEMBER DAVIS: [Inaudible].

MAYOR ALBURY: So, the question at this point then, would be that.., so, basically, on a monthly billing cycle, we will be billed for something that we might need. Just, just in case we need it. [Inaudible]...

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: For, for...

MAYOR ALBURY: ...insurance payment?

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: ...the water side, you're only paying for what you use, I...

BOARD MEMBER DAVIS: To use [inaudible]...

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: ...I believe.

MAYOR ALBURY: Okay, okay.

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Yeah.

[Inaudible comment]

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: But it, it is, it is in that rate that we, we would charge you for when you use it.

MAYOR ALBURY: When we use it, okay.

[Inaudible comments]

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Okay.

MAYOR ALBURY: Thank you.

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Yes.

MAYOR ALBURY: I needed that clarification.

[Inaudible comments]

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Yeah. If it's zero flow, it's zero billed.

BOARD MEMBER PARDO: Right.

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: When you use it, [chuckle], you get the benefit of it.

MAYOR ALBURY: Okay.

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Yes.

MAYOR ALBURY: Thanks. I, I just needed [inaudible] thanks for clearing that up.

BOARD CHAIRPERSON MILLER-ANDERSON: Anyone else? [Pause]. Alright.

VICE MAYOR JOHNSON: Yes, Madam Chair. I, I just wanna get a full understanding of the water rate for wholesale wastewater. The amount first was \$4.09 plus the 25% surcharge brought it to \$5.11.

UNK: [Inaudible].

VICE MAYOR JOHNSON: Plus the pilot?

UNK: \$4.09.

[Inaudible comments]

MR. R. ORRIE: The, the wholesale water rate with the pilot is \$4.06. When you add the 25%, you get to the \$5.11, that was the rate you mentioned. And that would be all inclusive of everything.

VICE MAYOR JOHNSON: Okay. The wholesale water rate is \$4.06.

MR. R. ORRIE: Yes, ma'am. But it's..., I, I have it on the screen for you.

VICE MAYOR JOHNSON: Yes. And the \$4.09 refers to what?

MR. R. ORRIE: The \$4.09 was the wastewater rate. I have it on the screen, it's right here. It's...

VICE MAYOR JOHNSON: The wastewater rate.

MR. R. ORRIE: Right there. And this one is the \$4.06 right there. And again...

VICE MAYOR JOHNSON: I just wanted to get clear as to where is the pilot being added in?

MR. R. ORRIE: Okay. I'll show you for...

VICE MAYOR JOHNSON: Okay.

MR. R. ORRIE: ...water and wastewater. Here's where the pilot's being added in, right here. You can see here, here's the total allocated cost divided by the water production, gives you \$3.82 or this amount of cost divided by this gallon. You mar'.., you gross it up for the payment in lieu of tax, 6%, so you get \$4.06. If you took 6% of this number right here, you'll get this number right here, and then we round it down to \$4.06. If you look at wastewater, it's broken down to two pieces again, District direct costs, without ECR is right here. This is the average rate for that, plus the pilot's right there, gives you \$1.85. Then, you add in the ECR on top of it. Here's the ECR costs. Same flow. You can see the flow's identical, as it should be, it's wastewater treated. And there's the cost at only \$2.10. There's the pilot at 6%. So, if you took \$2.24 times 6%, you, you get.., should get roughly that. This number plus this number gives you that number and then we round it down. So, there's where the pilot is added in. Wa'.., wastewater and water right there.

And that, that's the gross... This is without the surcharges to the direct [stammer] cost of the District to treat.

VICE MAYOR JOHNSON: Okay. Then, I just wanted to get the clarification then. Then the, the pilot is already added in the \$4.06...

MR. R. ORRIE: Yes.

VICE MAYOR JOHNSON: ...and into the \$.4.09?

MR. R. ORRIE: Yes, ma'am. That is correct, that is correct.

VICE MAYOR JOHNSON: The surcharge would be what amount for each of those two? Wastewater..., or wholesale water...

MR. R. ORRIE: If I add the two the together?

VICE MAYOR JOHNSON: No.

MR. R. ORRIE: Oh, I'm sorry.

VICE MAYOR JOHNSON: Where is the surcharge? Added in both of those?

MR. R. ORRIE: Oh, it'd be below this, it'd be twe'..., I, I don't have it up there. If you take \$4.09

[Inaudible comments]

MR. R. ORRIE: Yeah. It's a \$1.02, added to this number here and a \$1.02 added that number there. So, it's, I thought it was \$5.11?

[Inaudible comment]

MR. R. ORRIE: I know. 4.06 times [inaudible]. Yeah. This is..., if you add a dollar to here, you get \$5.08. I'm sorry, I went the wrong way. I had one more. Come on, there ya go. If you add a \$1.02 the surcharge here, you get \$5.11. That was the number you...

VICE MAYOR JOHNSON: Okay.

MR. R. ORRIE: ...referenced earlier and that's...

VICE MAYOR JOHNSON: That's what I wanted to make clear.

MR. R. ORRIE: ...how that, that works. And currently, this rate with the surcharge, for sewer is \$5.82 and that's..., we're recommending .71 cent per thousand reduction in the wholesale rate for wastewater. Water, with the surcharge, you're currently, it's currently..., I know you're not, you're not paying any 'cause you don't take any, that's \$5.67 and then go to \$5.08. Again, about .59 cents. So, both of them are reductions in excess of 10, 12%.

VICE MAYOR JOHNSON: Thank you for clarifying that for me.

MR. R. ORRIE: Okay. Thank you.

BOARD CHAIRPERSON MILLER-ANDERSON: Okay. Councilwoman Kelly.

COUNCILPERSON KELLY: Yes, ma'am. Are there other District customers that also pay the surcharge?

MR. R. ORRIE: Yes.

COUNCILPERSON KELLY: Yes.

BOARD CHAIRPERSON MILLER-ANDERSON: What., who are they?

MR. R. ORRIE: All outside City customers.

DISTRICT FINANCE DIRECTOR SHERMAN: Yeah.

BOARD CHAIRPERSON MILLER-ANDERSON: All of them?

DISTRICT FINANCE DIRECTOR SHERMAN: Yes.

MR. R. ORRIE: Yes.

COUNCILPERSON KELLY: And is it the s'..., the same 25% surcharge?

MR. R. ORRIE: Yes, ma'am.

BOARD MEMBER HUBBARD: Madam Chair?

BOARD CHAIRPERSON MILLER-ANDERSON: Go ahead.

BOARD MEMBER HUBBARD: Who are our outside City customers, outside of Mangonia Park again?

MR. R. ORRIE: I'm sorry. I didn't quite understand your question.

BOARD MEMBER HUBBARD: Who are our outside customers outside of...

DISTRICT FINANCE DIRECTOR SHERMAN: Palm Beach Shores and the county.

MR. R. ORRIE: Palm Beach Shores, um...

[Inaudible comment]

DISTRICT FINANCE DIRECTOR SHERMAN: Yeah. The Town of Palm Beach Shores and then the county, on a corporated portion of the county. Out west.

BOARD MEMBER HUBBARD: So, the Town of Palm Beach Shores pay the surcharge even though they are assessed as a retail customer?

DISTRICT FINANCE DIRECTOR SHERMAN: Yes, ma'am.

BOARD MEMBER HUBBARD: I'm still really not clear why Palm Beach Shores is assessed as a retail customer, as opposed to a wholesale customer, you know, based on..., I understand your explanation but I don't see how it applies.

BOARD MEMBER PARDO: [Inaudible].

DISTRICT FINANCE DIRECTOR SHERMAN: Again, the difference is, is that we service individual customers in Palm Beach Shores which makes them retail customer. In Mangonia Park, they do all the service with their individual customers and all we do is collect their wastewater and, and send it to the ECR. So again, we're doing the customer service, we're doing the metering, we're doing all the [stammer], the billing in Palm Beach Shores, and we're not doing that in Mangonia.

BOARD MEMBER HUBBARD: Got you.

DISTRICT FINANCE DIRECTOR SHERMAN: It's just two different arrangements. We could do all [chuckle] Mangonia Park's if they wanted us to or, if Palm Beach Shores wanted to take wholesale, they could take wholesale and take on that added responsibility but that's the arrangements that you have, just two different arrangements.

MR. R. ORRIE: And those are...

BOARD MEMBER HUBBARD: Got you.

MR. R. ORRIE: ...added to the p'..., always to the...

BOARD MEMBER HUBBARD: Thank you.

MR. R. ORRIE: ...property of the customer.

MAYOR ALBURY: Madam Chair?

DISTRICT FINANCE DIRECTOR SHERMAN: Right.

BOARD CHAIRPERSON MILLER-ANDERSON: Hold on. Go ahead. Mayor Albury.

MAYOR ALBURY: If I may seg'..., just sort of Segway from there because that was one of the questions I did have. What, what is the, the base rate for Palm Beach Shores?

[Inaudible comment]

MR. R. ORRIE: I don't [inaudible]...

MAYOR ALBURY: 'Cau'..., 'cause what I'm hearing is that they're retail customers but then they just got referred to as wholesale customers. Wholesale customers are only the outside of the...

MR. R. ORRIE: No. They're not wholesale customers.

BOARD CHAIRPERSON MILLER-ANDERSON: No. They're not wholesale.

MAYOR ALBURY: No, no, no but by definition...

BOARD CHAIRPERSON MILLER-ANDERSON: He was saying they could.

MAYOR ALBURY: ...you stated that your wholesale customers were those that are outside the City.

MR. R. ORRIE: No, no. They're retail customers. Outside cus'... If I.., if, if the City, or sorry, the District maintains the, the water and wastewater facilities all the way to your house, including the meter, and I serve you by your.., as an individual customer, that's retail and that is what we're talking about. They don't.., they're not wholesale. You're a local government, separate entity, you are wholesale. There's the rates right here for residential and commercial. The retail customers will pay a \$16.12 base charge, plus \$2.59 per thousand, up to 10'.., 10,000 gallons...

[Inaudible comments]

MAYOR ALBURY: [Stammer]...

MR. R. ORRIE: Right. And you're \$5.82 on average and commercial is what you probably more wanna compare to, they would pay this base charge, plus this \$4.66 and, if they're outside the City, they pay a 25% surcharge on top of that, is the way they're.., the District's rate tariff is established right now.

MAYOR ALBURY: Madam Chair, just as information and, and conversations that we have had, we've offered to do the very same thing as it relates to what Palm Beach Shores is doing. One of the things, of course, and when you begin to crunch the numbers, one of the questions [stammer] obviously, to be begged is, what is the administrative cost of doing the billing and the maintenance and everything else that Palm Beach Shores.., that, that Palm Beach Shores is not paying? If, if we had those numbers because it's difficult to compare oranges to oranges because, right now, we're talking oranges to apples. That being that, you have a municipality, that being in Palm Beach Shores, you maintain the lines and everything, [stammer], that, that's an arrangement that was made between the two municipalities, okay? Right, but at the same time, what happens is that you have administrative costs to do that. That's not reflected here. When you look at ours compared to what happens with another municipi'.., municipality, that's how we have to look at it, at least from our vantage point. That being said, I know it's difficult because now you're looking at every individual residential meter in Palm Beach Shores, whereas you're looking at just one main line coming into Mangonia Park, so I know it's very difficult, you know, in order to crunch the numbers there.

MR. R. ORRIE: One, one thing I can.., may try to help you with, I, I'm, I'm...

MAYOR ALBURY: Sure.

MR. R. ORRIE: ...not gonna answer your question all the way.

[Inaudible comment]

MR. R. ORRIE: ...if you look at this, this table here. This kind of breaks the..., shows the differential between the primary that all customers pay, including Mangonia Park, their allocable share, and secondary would be that retail customer that is not included in, in the, in the wholesale rate, that only the District retail customers are directly responsible for. Again, like, the service line to the house, for example, that..., from the, from the, the pipe to the meter, that service line, that's not in the rate for, for water or the lateral..., sewer lateral for sewer, for example. If the District were to provide retail, those secondary costs would be folded into the rates and the question I think you need to ask, then become, would be is the retail rate a, a better benefit than the maintenance of the lines that you're..., all those costs are doing now?

MAYOR ALBURY: Absolutely.

MR. R. ORRIE: And that's, that..., and I can't, that question I can't answer...

[Inaudible comment]

MR. R. ORRIE: ...but I wanted to show you the relationship...

MAYOR ALBURY: [Inaudible].

MR. R. ORRIE: ...of the costs, to...

BOARD MEMBER HUBBARD: Question.

MR. R. ORRIE: ...help you out.

CHAIR PRO TEM DAVIS JOHNSON: [inaudible].

BOARD MEMBER HUBBARD: Question.

MR. R. ORRIE: Yes, ma'am.

BOARD MEMBER HUBBARD: Go ahead.

CHAIR PRO TEM DAVIS JOHNSON: The question that I had, you mentioned that you asked for that same, that same arrangement, I don't recall that being a part of the discussion when we met with you prior to now. Perhaps you had that discussion with the City Manager?

MAYOR ALBURY: Right. Now, understand that we've ha'..., been in discussion since 2009. [Stammer]...

CHAIR PRO TEM DAVIS JOHNSON: Understandably.

MAYOR ALBURY: Not the, not the full meeting that we had, correct.

CHAIR PRO TEM DAVIS JOHNSON: Understandably...

MAYOR ALBURY: [Inaudible].

CHAIR PRO TEM DAVIS JOHNSON: ...but that was the first time that I'm hearing that you wanted the same type of arrangement, of arrangement that Palm Beach Shores has.

MAYOR ALBURY: Yes.

CHAIR PRO TEM DAVIS JOHNSON: So, that is one issue but then we have the outstanding costs that are due to the City for services that were previously provided. So, if we are going to look to move in that vein and do a, a cost analysis of what that would look like for you to become a retail customer, than that's a separate [stammer] exercise.

MAYOR ALBURY: You're absolutely correct. And that was the ask that we had.

BOARD MEMBER DAVIS: When?

MAYOR ALBURY: Let's take a look at it...

BOARD MEMBER PARDO: When...

MAYOR ALBURY: ...you know...

BOARD MEMBER DAVIS: When?

BOARD MEMBER PARDO: When did you have that ask?

MAYOR ALBURY: That was in a conversation...

[Inaudible comment]

MAYOR ALBURY: That was with..., the last conversation we had...

CHAIR PRO TEM DAVIS JOHNSON: [Inaudible].

MAYOR ALBURY: To her, to her question, the last we had was... What was his name? [Inaudible].

UNK: Danny.

MAYOR ALBURY: And Randy was there as well, inside of this other conference room here...

BOARD MEMBER DAVIS: Mhmm.

MAYOR ALBURY: So, it was not, as I sated and you're absolutely correct, it was not at our last meeting, this ty'.., this meeting, it was in one those meetings that we had. And what I.., it was just simply to get an idea of what it would be in terms of rate, if indeed, we were to do it.

BOARD MEMBER DAVIS: Madam Chair?

CHAIR PRO TEM DAVIS JOHNSON: One moment, please. Mr. Sherman?

DISTRICT FINANCE DIRECTOR SHERMAN: Yes.

CHAIR PRO TEM DAVIS JOHNSON: Did we do a cost analysis for them, to support the request that they made, in order to become a retail customer?

DISTRICT FINANCE DIRECTOR SHERMAN: Again, [stammer]. The answer to that specific question is no. [Chuckle].

CHAIR PRO TEM DAVIS JOHNSON: [Inaudible].

DISTRICT FINANCE DIRECTOR SHERMAN: Because the, the question was never to, or the request was never to become a retail customer, it was to pay the same amount that Palm Beach Shores was paying.

BOARD MEMBER DAVIS: Correct.

DISTRICT FINANCE DIRECTOR SHERMAN: And, I think the letter that Ms. Hoskins sent out today, and when we presented back in July, the amount of wastewater coming from Palm Beach Shores is actually pretty close to the amount that comes from Mangonia Park. And we did, in the comparisons, compare..., okay, paying a retail rate versus paying the wholesale rate. And I know these numbers are certainly not the '18 rates but look..., when we did this back in '17, Mangonia Park, at that point, was paying \$5.21 per thousand gallons and Palm Beach Shores with those rates that Mr. Orrie showed you, was paying \$5.64 per thousand. And again, because they're paying for meters, they're paying for the lines, they're paying for customer services, they're paying for the billing. So, all of those are billed into a retail rate that aren't billed into the wholesale rate. So again, we, we tried to make that point that Palm Beach Shores retail is actually more. Now, the question would be, and I think that's where maybe Mr. Orrie was going, was the difference there of the .43 cents is that less than their performing those same services and, you know, providing for and would it be beneficial to bring them in? But again, if you're going to turn them into retail customers, the real question is, who's maintaining the lines? What's the condition of those lines? Do you want the liability for [chuckle] those lines? I mean, that's a, that's a big discussion.

So no, there has been no cost analysis to truly create them, you know, in the image of Palm Beach Shores, as that type of customer. Long answer to a...

BOARD CHAIRPERSON MILLER-ANDERSON: Alright. Councilwoman Hubbard. And then we'll come to...

BOARD MEMBER HUBBARD: Okay. For my clarity, the question from Mangonia Park was to have the information, the numbers, so that they could determine whether it was feasible to become a retail customer and based on your answer, Mr. Sherman, you said no, we did not provide them with that information. But, from the \$5.21 and the \$5.64 cent,

[stammer] are those the direct costs that would get.., that would allow them to determine everything that it takes, that it would take, not that they.., not that.., after giving the information and they look at the numbers and everything that they would be responsible for, they might find that they're in a position that they want to stay in and to make that decision, one, they would have to have all of the information and all of the numbers and two, we would have to determine, based.., if they, after looking at those numbers, if they make that request of us, then I would then see us determining whether we wanted to accept them?

DISTRICT FINANCE DIRECTOR SHERMAN: Right.

BOARD MEMBER HUBBARD: After they make a request to become... It, it might be cut off at the pass once they look at the numbers and determine, 'Hey, we are better off staying as a wholesale customer and we might not,' you know, 'we don't wanna move forward with being.., making a request to be a retail customer.' So, I think that, in spite of what we decide here tonight, I think that's information I would like to see them provided and [stammer] provided, so that they can make an, an intelligent decision. And still again, it remains that we might not want to, after...

[Inaudible comment]

BOARD MEMBER HUBBARD: ...once they make the request and review the lines, that might not be a burden that we want to.., that, you know, that we want, that we want to take on.

[Inaudible comment]

BOARD MEMBER HUBBARD: So...

BOARD MEMBER DAVIS: [Inaudible].

BOARD MEMBER HUBBARD: ...I... Excuse me, one second. So, so that information, I think that we should pro'.., that we should provide for them so that they could see, you know, the best position that they're in.

And, and again, before I close, I don't wanna, you know, I'm not saying it's one that we'll accept but ;I'm just saying it's one that we can, you know, that, that.., it's information that we can definitely provide them without any heartburn at all.

BOARD MEMBER PARDO: [Inaudible].

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Madam Chair and Members of the Board and, and our representatives from Mangonia Park, I think it is very important that we keep in mind that we have two separate systems here. Mangonia Park gets its water primarily from another source, it does not come from the City of Riviera Beach unless you have an emergency where you have to tap into our water. I don't know who their water pur'.., purveyor is. If it's the City, is it, is it ground.., just ground water, is it a mixture of ground and surface? Those types of things need to be looked at. If we

were to look at them becoming [stammer] a retail customer, we would need to look at how that sys'..., that...

BOARD MEMBER HUBBARD: Of course.

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: ...issue would be addressed because of water quality, things of this nature. We would look..., need to look at the types of meters that they're utilizing compared to what we're utilizing? Is, is there an infrastructure investment that we would have to make in order to get it... I'm, I'm just bringing this..., these things out, so, it is not as simple as just saying, you know, 'Well, can we just...';

[Inaudible comment]

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: ...convert from wholesale to retail?' It is not that simple and I just wanted to point that out. If, in fact, we were providing the, the, the water continuously to Mangonia Park, it [stammer], it would eliminate a few things but there would still be things that we would have to look at very closely. There would be a cost impact to Mangonia Park if, if we were to transfer.

BOARD MEMBER HUBBARD: Mr. Horton?

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Yes, ma'am.

BOARD MEMBER HUBBARD: I was saying, if they made the request...

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Yes, ma'am.

BOARD MEMBER HUBBARD: ...once they're given the numbers, they might never make the request.

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Understand.

BOARD MEMBER HUBBARD: I also pointed out that, if they made the request, all of those things that you just enumerated would have to be taken into consideration...

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Yes, ma'am.

BOARD MEMBER HUBBARD: ...for us too even decide whether or not we want to accept them as a retail customer.

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Yes, ma'am.

BOARD MEMBER HUBBARD: So, I just wanted, you know, everybody to be clear of that I was saying the very same thing that you said there.

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Understand.

[Inaudible comment]

BOARD CHAIRPERSON MILLER-ANDERSON: You good? Alright. Go ahead.

UNK: Madam Chair, just for clarification, again, we're..., I heard...

BOARD CHAIRPERSON MILLER-ANDERSON: [Inaudible]...

UNK: I'm sorry.

BOARD CHAIRPERSON MILLER-ANDERSON: ...and then you're next. I'm sorry. Go ahead.

UNK: 'Heard someone say you didn't get that request or what not. Well, there's been many Staff level meetings through the years that probably you didn't get that information. I know, you know, I'm on my fourth City Manager now, and, but the best, I thought, from my humble opinion, the best suggestion came with Mr. Jones, myself and Mike Busha from Treasure Coast, we had a, a long conversation one day and the idea came that we would, since our agreement is up in March, that we would enter into a three-year interim agreement, taking away the 25% surcharge. That would give us a chance to catch up on some of our capital needs, it would keep an agreement going with Riviera Beach so you would get to keep us as a customer. So, I just wanted to make sure..., and we did bring that out at our last joint meeting. So, I just wanted to...

BOARD MEMBER DAVIS: Yeah. I remember that.

UNK: ...remind the Board of that.

BOARD MEMBER DAVIS: I remember that.

BOARD CHAIRPERSON MILLER-ANDERSON: I [inaudible]but Ms. Jo'..., Councilwoman Johnson.

VICE MAYOR JOHNSON: Thank you. I just wanted to cla'..., clarify for Mr. Horton, the request that was made just to get this..., the data on Lake Park Shores, would that be outside of your privy ability?

UNK: Palm Beach Sh'..., Palm Beach Shores.

VICE MAYOR JOHNSON: I mean, Palm Beach Shores, I'm sorry.

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: No, ma'am. We can, we can provide that information...

VICE MAYOR JOHNSON: Oh, oh...

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: ...to you.

VICE MAYOR JOHNSON: ...I thought there was obj'..., objection to providing that.

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Oh no.

VICE MAYOR JOHNSON: [Inaudible].

CHAIR PRO TEM DAVIS JOHNSON: Madam Chair? There, there's no objection, objection to provide the information. My thinking is, if you are looking to become or to consider becoming a retail customer, that would just be [pause] at a cost because we would need to review your pipes, we would need to review your systems and so, I'm just thinking in terms of is that what you truly want, when we are at this juncture. So, I mean, it's good for you to hear the dollars but...

BOARD MEMBER DAVIS: [Inaudible].

CHAIR PRO TEM DAVIS JOHNSON: ...if you talk about a potential switch, we know that that's going to come at a premium and we know that we're already challenged here to do things and to bring our water plants up to par and to make sure that we are making the needed repairs, so I just wanted to make sure that Mangonia Park is clear on that. While we can certainly provide the dollars, if we talk about going any further, then there has to be some sort of agreement.

That.., with that being said, to your point of the best arrangement that was presented was the removal of the 25% surcharge, you have to think in terms of, yes you are a wholesale customer but you have to also look at what we're doing to our residents. And if we are not removing any surcharges or fees for our residents, I just think that it would be unconscionable for us to re'.., remove that fee from a wholesale customer. Now, we're trying to work with the City of.., the Town of Mangonia Park, of course, and we certainly want to be fair but we need for you to, to be fair in your request of us as well, in light of the fact that our water bills are one of the highest in Palm Beach County for our residents. So, we have to take those things into consideration and I don't know, I don't know what the temperature of this Board is as it relates to the reduction or removal of that 25% surcharge for the three year period. We probably, with Mr. Horton, with Ms., Ms. Hoskins and the team, we need to have another conversation about what could potentially be done in lieu of removing the 25%. Because we've not had an opportunity.., I know that, you know, we've not had an opportunity to really vet it all out with Mr. Horton because Mr. Horton is fairly new, but Mr. Horton is quite competent and we know that he knows this game of water. So, we wanna be able to allow you an opportunity to have conversation and, and kinda mete it out.

MAYOR ALBURY: Madam Chair, just a response. Right. So, let me just kind of briefly explain the context in which that request, if you will, came. That was just during course of conversation where we were looking at, at what would be advantageous to either party and, and that was entered into the conversation. Okay, well great, if indeed Palm Beach Shores is paying more than we're paying, then let's take a look at it. So, it was in that context. But keep in mind too, that when we're looking at cost, while we're not in the business of disa'.., putting anybody in a, in a dis'.., in a position of laying off, but keep in mind too, you're also talking staff [stammer] salaries, benefit package and everything else, so when you kinda look at it, if I were to just.., I'm not actuary, so if I were to just crunch the numbers preliminarily, we would actually be on the winning side because where we lose those, those.., that.., those administrative costs. And that, that was the

point that I was making earlier that, when we're comparing Palm Beach Shores, which is another municipality, I understand the scope at which you provide services, I fully understand, but from a [stammer], from a municipal standpoint, when you look at the services being provided, you have an administrative cost that we would be losing if, indeed, we went into an arrangement like that. That you would be gaining. So, when you kinda consider that while it.., while they may be paying, what, .25 cent per K, more than we are, when.., if you were to look at the administrative cost that, that's.., that the City incurs for doing that, you'd understand that we're actually paying a whole lot less than they're paying. Or, more than they're paying, whatever the case may be if we were to crunch the numbers. That's apples to apples.

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Madam Chair, if I may?

BOARD CHAIRPERSON MILLER-ANDERSON: Go ahead.

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: I, I think it's, it's important to understand that we, as a, a Utility, an enterprise fund, cannot discriminate among our classes. And if we, if we remove charge from one group, we'd have to remove charges from all and there's a dollar amount impact, a negative dollar amount impact to the Utility that we would have to, to look at to see how that might take place. So, I.., it's.., for my Board, it's just as important that, that you all understand that if you, if you want to remove the 25% from Mangonia Park, you would have to do it for the other classes that, that that's being charged to.

MAYOR ALBURY: A quick question, Madam Chair.

BOARD CHAIRPERSON MILLER-ANDERSON: Yes.

MAYOR ALBURY: Now, the language of the contract, when we went over it last time we had the joint meeting, state that the City may assess a fee, I think was the language. So, the question is, a rhetorical question, your residential rates include a surcharge? I, I now a standby charge but not a surcharge. So, so we're not discriminating [stammer] and I'm, of course, I have to advocate on behalf of the Town, we wouldn't be discriminating against your residents because they don't pay a surcharge. Now, the question is, whether or not Palm Beach Shores pays a surcharge, which I think I've heard tonight that they do.

BOARD CHAIRPERSON MILLER-ANDERSON: Mr...

MAYOR ALBURY: I thought it was a standby but...

BOARD CHAIRPERSON MILLER-ANDERSON: Sherman.

BOARD MEMBER DAVIS: So, what [inaudible]...

BOARD MEMBER PARDO: And the county. Unincorporated Palm Beach County [inaudible]...

BOARD MEMBER DAVIS: The same thing.

BOARD MEMBER PARDO: ...thing also.

MAYOR ALBURY: No, it's not the same, um, surcharge, standby. Because the standby fee, as I saw...

BOARD MEMBER PARDO: I know...

BOARD CHAIRPERSON MILLER-ANDERSON: Explain the...

MAYOR ALBURY: ...was a little less than...

BOARD CHAIRPERSON MILLER-ANDERSON: ...difference, Mr. Randy Sherman, please.

DISTRICT FINANCE DIRECTOR SHERMAN: Can, can I have the question again, Mayor?

MAYOR ALBURY: Yes.

DISTRICT FINANCE DIRECTOR SHERMAN: Or statement, again, however you want...

UNK: [Inaudible].

MAYOR ALBURY: You pay a standby or a surcharge?

DISTRICT FINANCE DIRECTOR SHERMAN: Palm Beach Shores, for wastewater, pays both a standby fee and a surcharge.

MAYOR ALBURY: What is that percentage... What is their surcharge percentage?

DISTRICT FINANCE DIRECTOR SHERMAN: 25%.

MAYOR ALBURY: 25 as well.

DISTRICT FINANCE DIRECTOR SHERMAN: Mhmm.

MAYOR ALBURY: Mhmm.

DISTRICT FINANCE DIRECTOR SHERMAN: And again, anyone in the county that we service, also pays the standby fee and the surcharge.

BOARD MEMBER DAVIS: Madam Chair?

BOARD CHAIRPERSON MILLER-ANDERSON: Go ahead.

BOARD MEMBER DAVIS: Let me ask you all a question. Your capital plan right now, the infrastructure is in place, the pipes and everything that's going on, do you all have anything in your capital plan over the next three to five years to address a lot of the infrastructure?

MAYOR ALBURY: Yes. Yes. Yes, we do. In fact...

CITY MANAGER METCALF: [Inaudible].

MAYOR ALBURY: I'm sorry.

CITY MANAGER METCALF: No. I just wanted to say, all of our lift stations need attention, the water lines, we just did an I&I project.

BOARD MEMBER DAVIS: Mhmm.

CITY MANAGER METCALF: We're gonna have to have a round two of an I&I, so.

BOARD MEMBER DAVIS: Do you know what the numbers cost, associated with that?

CITY MANAGER METCALF: Roughly \$3,000,000.

BOARD MEMBER DAVIS: Per station?

CITY MANAGER METCALF: No.

BOARD MEMBER DAVIS: So, how, how old is your infrastructure?

[Inaudible discussion]

BOARD MEMBER DAVIS: How old is your infrastructure?

CITY MANAGER METCALF: How old is the infrastructure?

BOARD MEMBER DAVIS: Yes, sir.

CITY MANAGER METCALF: Uh, back to the '60's.

BOARD MEMBER DAVIS: So, you're talking roughly about 50 some years old? So, right now, we're talking about looking at a 50 year old vehicle and negotiating a deal without talk'..., talking with your mechanic?

CITY MANAGER METCALF: Uh...

BOARD MEMBER DAVIS: No. Hold on, no. No. Let's be clear. Let's, let's slow down. So, we're going back and forth since 2009, correct? That's a previous Board, before me and anyone else coming in. Our job is to do what we can to help each other out. Alright? We wanna crunch the numbers but infrastructure is the most devastating

part of the budget, that everybody's addressing across this entire country. You can't get around that. Now, one of the other issues that we discussed prior to being in previous meetings was, the commercial customers that you have. How, so below the rate that you were at that time and you wasn't raising the rates on them. So my question is, have you all corrected that problem before coming to this meeting?

MAYOR ALBURY: Okay. Let, let me answer you. I'm sorry.

BOARD MEMBER DAVIS: Please, sir. Take your time.

MAYOR ALBURY: Yes. Let, let me just sort of make sure that we're, we're clear. As the Town Manager was stating that we did the I&I, we actually went through and... What is the percentage of pipes that we've actually gone through and sleeved?

BOARD MEMBER DAVIS: Okay. Okay.

MAYOR ALBURY: So, we, we made improvements to the in'...

[Inaudible comment]

MAYOR ALBURY: Um, twenty...

[Inaudible comment]

MAYOR ALBURY: Twenty, twenty-five, 20., about 25%. So, we have mapped the system and, and we've looked at where there critical areas were and we repaired them. So, so, so it's not..., while it is an old vehicle, we've done some repairs to the vehicle.

BOARD MEMBER DAVIS: I'm glad you're [inaudible]...

MAYOR ALBURY: Right, right. Now, your..., the second part of your question was...

BOARD MEMBER DAVIS: It wasn't that...

MAYOR ALBURY: ...-inaudible].

BOARD MEMBER DAVIS: It wasn't that..., I was not saying that you were negligent, let's be clear here, what I'm saying is...

MAYOR ALBURY: It was the rates.

BOARD MEMBER DAVIS: ...I don't know... You're askin' us to change how you're being billed as a customer, like Palm Beach Shores. Palm Beach Shores, we go in and we got a lotta money we put into the infrastructure, right? So, if you're asking to be billed the same way, we haven't seen no numbers from you and your staff to see what your infrastructure look' like.

MAYOR ALBURY: Right. Okay.

BOARD MEMBER DAVIS: So, to ask this Board to take.., which I take in consideration, to take on a potential major capital plan that you're still working through, that's gonna change the rates potentially even higher. Because that's a cost that we're gonna bill Mangonia.., potential Mangonia Park customers. So, to ask, with all due respect, to ask your Staff and our staff to potentially investigate, which I can totally support, you.., it's gonna spend time that's gonna cost more money and time.., plus, the results are gonna probably demonstrate a much more higher cost that we would have to charge you.

MAYOR ALBURY: [Inaudible].

BOARD MEMBER DAVIS: 'Cause the money's gonna have to come from somewhere 'cause we have over, what, \$30,000,000 we're looking at? In infrastructure improvements? Into...

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Our existing Master Plan is right at \$235,000,000 for the...

BOARD MEMBER DAVIS: [Inaudible] year.

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: ...next 20 years.

BOARD MEMBER DAVIS: Right.

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: For our.., the next five years, I think...

UNK: 119.

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: [Stammer]. We, we've planned for \$119,000,000 over the next five years.

BOARD MEMBER DAVIS: Mhmm. So, what I'm saying is...

MAYOR ALBURY: To your...

BOARD MEMBER DAVIS: We've been, we've been having a conversation for quite some time. It's my understanding, if I'm cor'.., if I'm wrong, that you also been trying to negotiate with West Palm Beach previously, correct?

MAYOR ALBURY: I'll, I'll defer to the Town Manager but let me just kinda...

BOARD MEMBER DAVIS: Sure.

MAYOR ALBURY: ...add some clarity to that before he does that. Again, the context in which that, that ask, if you will, was done, was simply during the course of conversation.

BOARD MEMBER DAVIS: Correct.

MAYOR ALBURY: Right. That would have to be a decision that Council would have to enter, you know, have to..., and that hasn't happened, so, so in term of actually doing something substantive, I., we're not asking the Board to do that. It was just a conversation that happened but., so that we're clear.

BOARD MEMBER DAVIS: Mhmm.

MAYOR ALBURY: Right. Now, on the... [Pause]. You're...

TOWN MANAGER KEN METCALF: Yes.

MAYOR ALBURY: ...gonna answer that question?

UNK: Yes, we have.

BOARD MEMBER DAVIS: Okay. So, what was those rates that they gave you? So we can make sure that we're consistent in what we're discussing here today?

TOWN MANAGER KEN METCALF: Well, as it stands right now, it's lower and I don't have the exact number but they're doing a rate study as well.

BOARD MEMBER DAVIS: Mhmm.

TOWN MANAGER KEN METCALF: The ECR...

BOARD MEMBER DAVIS: Right.

TOWN MANAGER KEN METCALF: ...does play into theirs as well.

BOARD MEMBER DAVIS: Mhmm.

TOWN MANAGER KEN METCALF: But, you know, we're not gonna get the surcharge, with that, we're gonna get the same rate as their...

BOARD MEMBER DAVIS: Correct.

TOWN MANAGER KEN METCALF: ...residents get.

BOARD MEMBER DAVIS: So, until they...

BOARD MEMBER PARDO: So, why do we even...

BOARD MEMBER DAVIS: ...finish their rate study...

BOARD MEMBER PARDO: ...have to do a three year agreement?

BOARD MEMBER DAVIS: Right. That's...

BOARD MEMBER PARDO: Right? Do a year agreement...

BOARD MEMBER DAVIS: One year agreement until everybody's rate studies come back and then make a decision at that time but, for right now, everybody gotta pay their fair share, including myself.

MAYOR ALBURY: Well...

BOARD MEMBER DAVIS: Until the rate study's complete and then we can know what kind of number, numbers we're, we're working with.

MAYOR ALBURY: If I may...

[Inaudible comment]

MAYOR ALBURY: ...just because I, I think that we probably are missing..., and I, I'm, I'm submitting this as humbly as I can. When we came to the last meeting, right before we went into the wor'..., workshop, there was information presented with some, I, I don't know if they were bond issues or there was some federal dollars that came in to help with your infrastructure improvements? Yeah. I think it was thirty..., \$30,000,000 or something like that, that was being discussed. So, the humble submission is that, the City received some, some assistance from the federal government to improve its infrastructure.

BOARD CHAIRPERSON MILLER-ANDERSON: Randy, can you come up and clarify that?

MAYOR ALBURY: I think...

BOARD MEMBER DAVIS: All cities do that.

MAYOR ALBURY: ...there was something, there was something that was...

BOARD MEMBER PARDO: That's just bond money.

MAYOR ALBURY: ... that was spoken of.

BOARD MEMBER DAVIS: It was bond money.

BOARD MEMBER PARDO: It was a small [inaudible]...

MAYOR ALBURY: Yeah. Bond issues.

BOARD MEMBER DAVIS: \$30,000,000.

MAYOR ALBURY: Okay. I said I wasn't sure if it wasn't bond issues or...

BOARD MEMBER DAVIS: Probably...

DISTRICT FINANCE DIRECTOR SHERMAN: Yeah.

BOARD MEMBER DAVIS: ...raise rates, so.

DISTRICT FINANCE DIRECTOR SHERMAN: Right. We, ;we issued debt for \$40,000,000 but...

WA Okay.

DISTRICT FINANCE DIRECTOR SHERMAN: ...we also have to pay the debt back. It's..., it wasn't a, a grant.

MAYOR ALBURY: Right. So, my point being that an entity stepped in to help you with your situation. Right? So, the humble submission is that everybody, at some point in time, asks for some relief. The City did, to the feds and they came up with \$40,000,000. And we understand...

DISTRICT FINANCE DIRECTOR SHERMAN: No.

BOARD MEMBER DAVIS: No, no, no...

BOARD MEMBER PARDO: Oh, no, no.

BOARD MEMBER DAVIS: ...no, no, no.

BOARD MEMBER PARDO: That's a bond...

BOARD MEMBER DAVIS: That was a bond.

DISTRICT FINANCE DIRECTOR SHERMAN: No. We bo'...

BOARD MEMBER PARDO: [Inaudible]...

DISTRICT FINANCE DIRECTOR SHERMAN: ...borrowed \$40,000,000.

BOARD CHAIRPERSON MILLER-ANDERSON: Hold on, hold on one minute everybody.

MAYOR ALBURY: Okay. My, my...

DISTRICT FINANCE DIRECTOR SHERMAN: Yeah.

MAYOR ALBURY: ...my apologies.

DISTRICT FINANCE DIRECTOR SHERMAN: We, we borrowed \$40,000,000.

MAYOR ALBURY: [Inaudible], you borrowed forty. Right? But, but at the same time, you didn't have to front \$40,000,000, correct?

BOARD MEMBER DAVIS: Sir...

MAYOR ALBURY: You're gonna pay...

BOARD MEMBER PARDO: They raised our rates.

MAYOR ALBURY: ...that over a period of time?

BOARD MEMBER DAVIS: Our residents were just as disappointed. They understood the significance of the impact of what we were trying to provide the services for them. We got just as many residents as anyone else in Palm Beach County...

MAYOR ALBURY: Understood.

BOARD MEMBER DAVIS: ...that we had to answer to as well.

MAYOR ALBURY: Correct.

BOARD MEMBER DAVIS: But they didn't have the privilege to come in and say, 'Hey, you know what? We need maybe three years relief on some of the rates and...

MAYOR ALBURY: I...

BOARD MEMBER DAVIS: ...we'll talk about it when the City and the ECR decides to finish their rate study.

MAYOR ALBURY: We, we understand. We borrowed a million...

BOARD MEMBER DAVIS: So, I..., if I..., if we could of done that, I would've considered it but...

MAYOR ALBURY: Right.

BOARD MEMBER DAVIS: So, to ask me...

MAYOR ALBURY: We...

BOARD MEMBER DAVIS: ...to do something...

MAYOR ALBURY: Right. We...

BOARD MEMBER DAVIS: ...for you..., with you, that I couldn't do for my own constituents...

MAYOR ALBURY: I, I...

BOARD MEMBER DAVIS: ...would put us in a...

MAYOR ALBURY: I, I...

BOARD MEMBER DAVIS: ...very, um...

MAYOR ALBURY: I think we're missing...

BOARD MEMBER DAVIS: ...uncomfortable position.

MAYOR ALBURY: ...the point. I, I think my point wasn't taken. There, there was an entity that stepped in to help you..., that, that helped assist you in correcting some of your ins'..., infrastructure issues. Correct?

BOARD MEMBER DAVIS: Which entity are you speaking about, sir?

MAYOR ALBURY: The, the bond issue.

BOARD MEMBER DAVIS: No. A bond is...

MAYOR ALBURY: The loan.

BOARD MEMBER DAVIS: No. What do you mean entity?

BOARD MEMBER PARDO: It's not a loan.

BOARD MEMBER DAVIS: It's not a loan.

BOARD MEMBER PARDO: It's a bond.

BOARD MEMBER DAVIS: It's...

MAYOR ALBURY: I understand.

BOARD MEMBER PARDO: We bonded [inaudible].

MAYOR ALBURY: But, do you have to pay that back?

BOARD MEMBER PARDO: ...Revenue [inaudible].

BOARD MEMBER DAVIS: Absolutely.

MAYOR ALBURY: [Inaudible]...

CITY MANAGER HOSKINS: We have to pay it back.

MAYOR ALBURY: Sy'..., semantics. Right, you have to pay it back. Things that you pay back is a loan, correct?

UNK: It's, it's debt.

BOARD MEMBER DAVIS: So, you said that [inaudible]...

MAYOR ALBURY: I understand fully what a bond issue is.

BOARD MEMBER DAVIS: Okay. Mayor, with all due respect, you said that there was an entity that assist us, right?

MAYOR ALBURY: Mhmm.

BOARD MEMBER DAVIS: We had Staff...

MAYOR ALBURY: Mhmm.

BOARD MEMBER DAVIS: ...that did their jobs. Staff that we pay for. Alright? The same Staff that we're asking to go back out and spend some more time to assist with getting us all to the point where we wanna be to. That comes with a cost, sir. Alright?

MAYOR ALBURY: Understood. But the...

BOARD MEMBER DAVIS: So, do you wanna know the numbers...

MAYOR ALBURY: ...\$40,00,000 came from...

BOARD MEMBER DAVIS: Do you wanna...

BOARD CHAIRPERSON MILLER-ANDERSON: Hold on one second...

BOARD MEMBER DAVIS: ...know the numbers that are associated...

BOARD CHAIRPERSON MILLER-ANDERSON: ...Mayor Albury?

BOARD MEMBER DAVIS: ...with that cost? I mean, because if we're gonna talk apples and oranges, and oranges and oranges, and apples and apples, we need to talk about every dollar that's been associated with [stammer], including your City Manager. He has to spend time off projects to spend time on this project.

MAYOR ALBURY: Councilman...

BOARD MEMBER DAVIS: So...

MAYOR ALBURY: ...Davis, I, I think you missed the point. The point is simply this, and I, I...

BOARD MEMBER DAVIS: Mhmm.

MAYOR ALBURY: ...respectfully.., is that everyone, at some point in time, asks for assistance. The purpose of our ha'.., the purpose of.., part of the reason why we're here, of course, is to listen and also we, that we have a walk away. That walk away, and let's just get to the point, is simply is that, as we've had discussion, and of course, not with Council.., both the Town Manager, is that our ask here, simply, is tonight, is that we would be willing to enter into a five year agreement. Sam Walton had a great idea when he dealt in volume. And we're gonna sell your things but we, we're gonna sell you a whole lot of it because we know now we got you in volume.

BOARD MEMBER DAVIS: Mhmm.

MAYOR ALBURY: That's a, a great approach. We're asking you to do the very same thing. We will sign a five year agreement providing that we reduce.., I know elimination is probably just not gonna happen, but if we reduce because the City has the ability, based upon the language of their contract, has the ability to reduce the, um, the, the surcharge. So the ask that we have tonight is that we take the surcharge down to at least 15% over a two year period.., a two, three year period if we sign a five year agreement. If we.., if that's not possible, then we just enter into a one year agreement.

BOARD MEMBER DAVIS: Madam Chair?

BOARD CHAIRPERSON MILLER-ANDERSON: Go ahead.

MAYOR ALBURY: That, that's [inaudible]...

BOARD MEMBER DAVIS: I, I think the one-year agreement is a start of getting us in the right direction. It's fair, for both parties, until all the rate studies are complete and then we can.., that will give you the time you need as all the rate studies are completed so you can still have an opportunity to see what the market has to offer you. And that's only fair. You know? But to.., that's just me speaking, I only can speak for myself. And...

BOARD CHAIRPERSON MILLER-ANDERSON: Mr. Davis, with your one-year agreement, you're speaking.., are you talking about the reduction of...

BOARD MEMBER DAVIS: No, no...

BOARD CHAIRPERSON MILLER-ANDERSON: ...the surcharge?

BOARD MEMBER DAVIS: ...reduction at all.

BOARD MEMBER PARDO: [Inaudible].

BOARD CHAIRPERSON MILLER-ANDERSON: Everything's staying...

BOARD MEMBER DAVIS: Because we wanna...

BOARD CHAIRPERSON MILLER-ANDERSON: ...as is?

BOARD MEMBER DAVIS: ...we wanna wait until the rate studies come back so we can make a decision. That gives them another year, that gives us another year. He said that...

UNK: West Palm [inaudible].

BOARD MEMBER DAVIS: West Palm...

BOARD CHAIRPERSON MILLER-ANDERSON: West Palm.

BOARD MEMBER DAVIS: West Palm rate study.

BOARD CHAIRPERSON MILLER-ANDERSON: [Inaudible] working with them as well.

UNK: [Inaudible].

BOARD MEMBER DAVIS: Yeah. It gives...

BOARD MEMBER PARDO: And if we...

VICE MAYOR JOHNSON: I have...

BOARD MEMBER PARDO: ...reduce it for them, we have to reduce it for...

BOARD CHAIRPERSON MILLER-ANDERSON: For out...

BOARD MEMBER DAVIS: Everybody.

BOARD MEMBER PARDO: ...everyone else.

BOARD CHAIRPERSON MILLER-ANDERSON: Everybody. I have a question...

MAYOR ALBURY: That's not what the agreement says.

BOARD CHAIRPERSON MILLER-ANDERSON: On the memo that, about the outsta'.., is there still an outstanding balance, Mr. Sherman? A 315? Was there not a \$307,000 payment made at some point?

DISTRICT FINANCE DIRECTOR SHERMAN: They.., last year, before we had the meeting, they had paid all but one month's worth.

BOARD CHAIRPERSON MILLER-ANDERSON: Mhmm.

DISTRICT FINANCE DIRECTOR SHERMAN: But they have not made a payment since the last time we had...

BOARD CHAIRPERSON MILLER-ANDERSON: Since that payment...

DISTRICT FINANCE DIRECTOR SHERMAN: ...a joint meeting.

BOARD CHAIRPERSON MILLER-ANDERSON: ...was made.

DISTRICT FINANCE DIRECTOR SHERMAN: So, the 315 is the current balance.

BOARD CHAIRPERSON MILLER-ANDERSON: Okay.

MAYOR ALBURY: And, Madam Chair, we're, we're.., we will more than happy to address that.

BOARD MEMBER DAVIS: Hold on.

MAYOR ALBURY: But since we're putting things on the record, there's also a payback to the Town of Mangonia Park when we actually were overbilled, that we've been requesting for the past couple years. Has that ever been paid?

UNK: No, sir.

MAYOR ALBURY: Okay. Right. So, we'll, so well, we'll send information over as well as...

BOARD CHAIRPERSON MILLER-ANDERSON: Okay.

MAYOR ALBURY: ...as it relates to, you know, monies owed.

BOARD CHAIRPERSON MILLER-ANDERSON: Mhmm.

BOARD MEMBER DAVIS: Madam Chair?

BOARD MEMBER HUBBARD: [Inaudible].

BOARD MEMBER DAVIS: So, Mr. Sherman.

DISTRICT FINANCE DIRECTOR SHERMAN: Yes.

BOARD MEMBER DAVIS: Sorry for getting.., get your squats in.

[Chuckles]

BOARD MEMBER DAVIS: But, it was just stated, and I'm very familiar with there was a rate issue that was discussed...

DISTRICT FINANCE DIRECTOR SHERMAN: Correct.

BOARD MEMBER DAVIS: ...previously.

DISTRICT FINANCE DIRECTOR SHERMAN: Correct.

BOARD MEMBER DAVIS: Have you all worked through and solved that issue?

DISTRICT FINANCE DIRECTOR SHERMAN: That issue has been resolved for several years.

BOARD MEMBER DAVIS: Okay.

DISTRICT FINANCE DIRECTOR SHERMAN: Again, certainly, not to their satisfaction but...

BOARD MEMBER DAVIS: [Inaudible]. Thank you.

DISTRICT FINANCE DIRECTOR SHERMAN: ...we have...

BOARD MEMBER DAVIS: So, the balance...

DISTRICT FINANCE DIRECTOR SHERMAN: ...billed it , we collected it through the..., while the prior Manager was at the Town.

BOARD MEMBER DAVIS: Okay.

DISTRICT FINANCE DIRECTOR SHERMAN: And again, we were all caught up to date and that was all behind us but...

BOARD MEMBER DAVIS: Correct. So, what's owed now is up to date, it's current?

DISTRICT FINANCE DIRECTOR SHERMAN: It's all the current months right back to July.

BOARD MEMBER DAVIS: So, what was owed..., the difference between the rate, like he..., that the Mayor stated, you stated that we owed you money because of... Well...

MAYOR ALBURY: It wasn't because [inaudible]...

BOARD MEMBER DAVIS: No. You didn't owe, what you were insisting, what you were insisting was that our rate amount was charging..., billing you incorrectly, correct?

MAYOR ALBURY: No. It wasn't rate, it was one of the situations when we had the inter'..., interconnect that was open.

BOARD MEMBER DAVIS: Okay.

MAYOR ALBURY: Right. And we were overcharged for [inaudible] water....

BOARD MEMBER DAVIS: Oh.

MAYOR ALBURY: ...the water.

BOARD MEMBER DAVIS: And, you all worked that out years ago?

MAYOR ALBURY: We..., no.

DISTRICT FINANCE DIRECTOR SHERMAN: No. If that...

MAYOR ALBURY: [Inaudible]...

DISTRICT FINANCE DIRECTOR SHERMAN: ...if, if that's something recent, then I'm not, I'm not aware of that...

BOARD MEMBER DAVIS: How long ago...

DISTRICT FINANCE DIRECTOR SHERMAN: ...inter charge.

BOARD MEMBER DAVIS: ...that was?

DISTRICT FINANCE DIRECTOR SHERMAN: Well, we can talk about that.

BOARD MEMBER DAVIS: Oh.

DISTRICT FINANCE DIRECTOR SHERMAN: I mean, Mr. Metcalf and I...

BOARD MEMBER DAVIS: When did it happen?

DISTRICT FINANCE DIRECTOR SHERMAN: ...can talk about...

BOARD MEMBER HUBBARD: [Inaudible].

BOARD MEMBER DAVIS: Right.

BOARD MEMBER HUBBARD: ...[Inaudible].

BOARD MEMBER DAVIS: So...

MAYOR ALBURY: [Inaudible].

BOARD MEMBER DAVIS: If we're gonna solve all these problems, we need to get these problems solved. We can't wait 'til the next meeting and keep bringing th'..., these problems. I wanna, I wanna take care of our bills if we owe you something, if that's the case.

MAYOR ALBURY: As Randy sta'... I'm sorry, Mr. Sherman stated...

UNK: It's alright.

MAYOR ALBURY: ...that can be worked out between the, between the management.

BOARD MEMBER DAVIS: Okay.

MAYOR ALBURY: Staff. The Staff.

BOARD MEMBER DAVIS: Okay.

BOARD MEMBER HUBBARD: So, ba'... [Inaudible].

BOARD MEMBER DAVIS: Go ahead.

CHAIR PRO TEM DAVIS JOHNSON: Councilwoman Hubbard.

BOARD MEMBER HUBBARD: So we, basically, I guess, just the 315, whatever the overage is we subtract it from that and that'll be what you guys owe us.

UNK: [Inaudible].

MAYOR ALBURY: I'm sorry.

BOARD MEMBER HUBBARD: So, I guess we'll get to that, that...

BOARD MEMBER DAVIS: [Inaudible]...

BOARD MEMBER HUBBARD: ...in a few minutes. I.., but one thing I want Staff to clear up for us before we leave, we.., it's stated that, if we change the amount of the surcharge...

[Inaudible comments]

BOARD MEMBER HUBBARD: ...for one, we have to change the amount of the surcharge for, for the other. So, would you then explain, in the agreement that Mr. Albury has, he's referring to the agreement stating that that would not be the case and can we get some clarity on, on that with you and Mr. Albury?

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Madam Board Member, I don't think that his, his agreement says that. I think he, he was referring to the.., just what the agreement is between the Town of Mangonia Park and the District. And so, it does not address other users of the District. I'm, I'm pretty sure it doesn't. It's just between the...

BOARD MEMBER HUBBARD: Right.

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: ...two entities sitting here today.

BOARD MEMBER HUBBARD: So, Mr. Albury, are you saying that the fact that we did not lay that out in the agreement is why you feel that we would not be forced to reduce it for the.., for our other clients?

MAYOR ALBURY: Okay. First.., I, what I was referring to at the last joint meeting that we had...

BOARD MEMBER HUBBARD: Mhmm.

MAYOR ALBURY: ...there was information on the screen, I think it was referring to your Resolution. So I'm.., if that was the information that was there, there was language that states that the Town.., that, that the City may charge. It was nothing diffi'.., there was no declarative statement that the Town'.., that the City will charge. That, that's what I'm referring to. Whatever that document was.

BOARD MEMBER HUBBARD: One of the things...

BOARD MEMBER DAVIS: [Inaudible].

BOARD MEMBER HUBBARD: ...that Mr. Horton..., the co'..., the bond covenant does not offer us the...

BOARD MEMBER DAVIS: [Inaudible].

BOARD MEMBER HUBBARD: ...ability to reduce the percentage of the surcharge?

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: When you review the bond covenant that we have, the bond covenant dictates what we must do. And, in that bond covenant, people of the same class have to be treated the same, there cannot be any discrimination in that, in any way. No, no favoritism shown. If we do, then we jeopardize our covenant.

BOARD MEMBER HUBBARD: So, are our wholesale clients and our retail clients in the same class?

[Inaudible comment]

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Say, say it again, Madam Board Member.

BOARD MEMBER HUBBARD: Are the wholesale clients and the retail clients in the same class?

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: From the standpoint of the 25%...

[Inaudible comment]

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: From, from the standpoint of cost allocation they are, so, because they are getting..., the, the outside customers are getting the same 25% surcharges, Mangonia Park, they would be considered the same class.

BOARD MEMBER HUBBARD: Okay. Okay.

MAYOR ALBURY: Madam Chair, that, that's sort of is the reason why I asked about definition early, earlier. You have a definition of what a retail customer is, you have a definition of what a wholesale customer is, you have a definition of what a... What was the other?

[Inaudible comment]

MAYOR ALBURY: No. The retail, the wholesale...

[Inaudible comment]

MAYOR ALBURY: No. The residential rate. So, you have definition of what a residential..., what residential is.

[Inaudible comments]

MAYOR ALBURY: You have a definition of what retail is, you have a definition of what wholesale.., those are all classes.

BOARD CHAIRPERSON MILLER-ANDERSON: Mr. Horton.

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Yes, Madam.

BOARD CHAIRPERSON MILLER-ANDERSON: Can you clarify the retail, residential, wholesale classes?

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Mr. Sherman will do that.

DISTRICT FINANCE DIRECTOR SHERMAN: Well, I was gonna say, just keep in mind, right now we don't have a wholesale class and that's what we're tryna...

BOARD CHAIRPERSON MILLER-ANDERSON: Oh.

DISTRICT FINANCE DIRECTOR SHERMAN: ...create. But just.., I think going back to what the Mayor is, is addressing. The statute says may. The statue does not require that we do. Okay? However, the City Ordinance says that we will. And it says, 'Shall be one in according of the...' 'The outside City rate shall be one in accord of the inside City rates on all services including hydrants and fire lines.' So again, there's no distinguishing between retail rates and wholesale rates and obviously, when this Ordinance was passed in, probably, 1959, '57, sorry [chuckle], you know, there was no contemplation of, of a wholesale rate but your Ordinance requires it. Then, going over to the bond documents, the bond documents are going to replicate what your Ordinances say and the practices that you do. So now that we have that in our Ordinances and now that's what we've told the bond holders that's what we do, to go and now create a separate class so we don't have to charge it, really is disingenuous to the entire process.

So again, separating that out and, and creating a class and.., so you can treat them differently, really kinda side steps...

MAYOR ALBURY: [Stammer] I'm...

BOARD MEMBER HUBBARD: That.., and that...

MAYOR ALBURY: I'm sorry, that's...

BOARD MEMBER HUBBARD: Wait a minute.

MAYOR ALBURY: I'm sorry.

BOARD CHAIRPERSON MILLER-ANDERSON: Hold on. Mr. Albury. [Inaudible].

MAYOR ALBURY: I, I, I didn't understand, Madam Chair, that that was the reason why we were creating this class. Part of the conversation at the last joint meeting was... I asked the question, what class do we fall in? There was no class for us to fall in to. Now we're creating a class and I, I, I'm just, I'm sorry, I don't recall conversation stating that's why we were creating this class. So that we can [inaudible]...

DISTRICT FINANCE DIRECTOR SHERMAN: It isn't why...

MAYOR ALBURY: ...another. I, I'm...

DISTRICT FINANCE DIRECTOR SHERMAN: No. And I..., [stammer], you're right, that wasn't why we were doing it but to use that as the impetus to then ask for, you know, a \$250,000 give by the City and, and take that surcharge off for three years really, again, to me, seems, you know... That, that wasn't why we were, we were creating this class. We're creating this class so we could, could do what you see up on the screen there and charge you only for those costs that really are primary to the service provided to the City, uh, by the City to the Town.

BOARD MEMBER HUBBARD: Madam Chair?

BOARD CHAIRPERSON MILLER-ANDERSON: Go ahead.

BOARD MEMBER HUBBARD: Speaking of disingenuous, what, what we..., what I..., what I'm grasping tonight and the things that, that I'm hearing, it was as if we already had two different classes. And, the conversation all night has led me to believe that we've always..., that we have the two class', not that we're here to create another class, we're ta'..., we're, we're..., what you, what we've been hearing all night is that retail class is for our residents and Palm Beach Shores, wholesale class is what Mangonia Park is now. So, in your discussion with us, that's the way that it has been laid out to us all night. Now, if..., I don't, you know, I don't feel like, you know, me, I'm definitely not saying let's create a, an impetus of..., for them to give..., for us to give them a gift. I'm only going by information that's being provided here for us tonight and that's why, you know, that's one thing that I take exception with sometimes with Staff and professional service providers is that you think that we don't understand what you're saying so all the time you're not gonna give us a clear picture of what we're dealing with and I know that I've been sitting here and that I've been listening intently and everything that has been said, to me, I'm not talking about anybody else or what anybody else understood, it..., I'm hearing that we have been talking all night about two different classes of people and, if we make a change in those classes for one, we have to make a class for the other, that Palm Beach Shores and our residents are [stammer] continue in a retail class, Mangonia Park is a wholesale provider for the simple fact that they are doing a lot of their stuff. We go door to door, house to house, we bill and everything for Palm Beach Shore, that make' them a retail customer.

So that, so, so I think that, if there's some clarity that needs to be made, then we need to make it now, right here and now so that in the decision that I make, I can make them correctly.

CHAIR PRO TEM DAVIS JOHNSON: Madam Chair?

BOARD CHAIRPERSON MILLER-ANDERSON: Let...

DISTRICT FINANCE DIRECTOR SHERMAN: Right.

BOARD CHAIRPERSON MILLER-ANDERSON: Let him answer and then [inaudible]...

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Madam Chair and Members of the Board and, and representatives from Mangonia Park, I apologize if it seems like we're double talking, we're not. Mangonia Park has been charged the 25% all along. The wholesale classification, in itself, wasn't called out, is that, is that correct? That's the only difference and we're trying to establish that class to make sure it fits properly. That's all we're doing. They have always been charged the 25%. Always.

BOARD MEMBER HUBBARD: And I get that and I don't have a problem with that.

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Okay.

BOARD MEMBER HUBBARD: I'm just saying, by definitions that you all are giving and explaining things here tonight...

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: And this...

BOARD MEMBER HUBBARD: ...you know...

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: ...the pur'...

BOARD MEMBER HUBBARD: ...and...

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: ...the purpose of this is just to clear that up and make it clear.

BOARD MEMBER HUBBARD: Right.

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: They, they, they are functioning like a wholesale, and so we want to call it a wholesale because we don't go into their city and maintain their lines, maintain their meters, service their citizens individually, we're not doing that.

BOARD MEMBER HUBBARD: So, one of the other things on the table tonight, is we're here to create a class?

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Yes.

BOARD MEMBER HUBBARD: Okay.

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Yes, ma'am.

BOARD MEMBER HUBBARD: So, that's why we're here. The retailers, outside retailers get a 25% surcharge and so does the wholesalers to be.

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: That is correct.

BOARD MEMBER HUBBARD: That's the 25... I, I, I get all that but never did I hear anyone say we're just here.., this is the first time that I'm hear'.., that I'm hearing about we're here to create the class.

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Understand.

BOARD MEMBER HUBBARD: I have labored under the impression, the whole meeting...

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: That the class exists...

BOARD MEMBER HUBBARD: ...that the class existed.

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Yes. Understand.

H: Thank you for the [inaudible].

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Ma'.., Madam Chair? If I, if I may? I, I would just like... If, if...

UNK: The bond counsel.

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: Okay. You... Okay. I'm gonna ask the bond counsel to come up and talk [chuckle] about it from a legal perspective because I can't.

MR. S. BULLOCK: Good evening.

BOARD CHAIRPERSON MILLER-ANDERSON: Good evening.

MR. S. BULLOCK: I'm Steve Bullock. My firm serves as bond counsel with Skip Miller's firm, Greenspoon Marder.

I understand some confusion that's been created just because a lot of words have been used that makes it seem as though something has.., might currently be in place that's not in place or that we're creating something different from, from what you currently have. Let me try to add some clarification, if I can. You have different categories of customers and we've been referring to wholesale customers and retail customers. Those are not separate classes. What you are trying to, or what is being presented here tonight is the creation of a wholesale class of customer, which is.., you don't currently have. Your

bond documents require you to have a rational basis for creating a new class of customer and, when you create that new class of customer, that rational basis has to further the health, welfare and safety of the residents of the City. So, what you have.., this rate study is designed to do is to show you why there's a rational basis for creating that new class of customer and also to demonstrate that it benefits.., that it, that it will serve the health, safety and welfare of the residents of the City. So, that's what you would do by creating this wholesale class. You don't currently have that. Currently, all of your customers are treated the same way. And that.., and, and by the same way, I mean they're charged for service within the City a certain rate, and then everyone outside the City is charged a 25% surcharge. That's, that's the case.

When you create a separate class of customers, if you, if, if you wanted to not charge the surcharge to, to one of those classes, you'd have to come up with a rational basis for doing that, for treating them differently, treating them in a way that you're not charging the surcharge that you're charging everyone else and also be able to show that it furthers the health, safety and welfare of the residents of the City. Right? Without doing that, you would run a foul of your bond documents. Your covenants and your bond documents require you to do that whenever you're first creating a separate class or you're treating rates for any particular class different from the rates that are being charged your other residents, or, or your other.., your customers of the, of the, of the system. So, so that's, I guess, the, the problem that we're running into, is that it makes it seem as though that we're talking about different kinds of customers, that we had different classes already. You didn't have different classes already but you can create that separate class and you have a rate study now that supports you creating that separate class of customer. But, on top of that, you will still need to charge, if you're gonna charge a surcharge, then you will still need to charge all of your customers that same surcharge.

BOARD MEMBER HUBBARD: Thank you.

MAYOR ALBURY: Madam Chair?

BOARD CHAIRPERSON MILLER-ANDERSON: Go ahead.

MAYOR ALBURY: Just a question for you and this may go to legal. We're now currently looking at establishing a different class. So, the tenets of that particular class has not been established yet? So, my question would be, does this body have the ability to do that?

BOARD CHAIRPERSON MILLER-ANDERSON: The ability to do what?

MAYOR ALBURY: Right. To define what this class is going to be, this newly created class, does, does this body have the [stammer], I'm sorry, pointing to you,towards the Town, have the ability to do that?

BOARD MEMBER DAVIS: Madam Chair?

MAYOR ALBURY: Probably a rhetorical question.

BOARD MEMBER DAVIS: I, I think that body would have the ability based upon a significant amount of backup information that don't have at this time.

MAYOR ALBURY: Okay.

BOARD MEMBER DAVIS: So, that would be something that we cannot answer...

MAYOR ALBURY: Alrighty.

BOARD MEMBER DAVIS: ...at this meeting...

MAYOR ALBURY: Okay.

BOARD MEMBER DAVIS: ...without going through.., our Staff doing their due diligence with the proper information, to find out whether or not we can do it at all.

MAYOR ALBURY: Okay. Here...

BOARD MEMBER DAVIS: But, we are policymakers, with the right information. Now, if le'.., if there's some things that trigger that we can or can't, then we won't know that until they do the proper, proper research.

MAYOR ALBURY: Okay. Sure. That's [inaudible]...

BOARD MEMBER DAVIS: So, but what I'm, what I'm trying to find out is, what are we.., you know, we talked about earlier about the one year agreement.

MAYOR ALBURY: Mhmm.

BOARD MEMBER DAVIS: Alright? Until Staff comes back, maybe, um, next year or when the rate study's done, with all taken in consideration of that classification but we still need to talk about maintaining this one year agreement so we can make sure that we understand why we came today. So, it's been stated about the one year agreement. Now, the Council hasn't decided one way or the other to go ye or nay but I haven't seen anyone really saying not.

MAYOR ALBURY: Mhmm.

BOARD MEMBER DAVIS: So, should we entertain this conversation back to wh'.., why we're here today?

MAYOR ALBURY: [Stammer]...

BOARD MEMBER DAVIS: ...so we can really...

MAYOR ALBURY: [Stammer]

BOARD MEMBER DAVIS: 'Cause, right now, I, I don't know where we're going. I wanna make sure that we bring things back home.

MAYOR ALBURY: Well, certainly.

BOARD MEMBER DAVIS: Yeah, yeah, yeah.

MAYOR ALBURY: Right. And to your point, you do have information at this point.

BOARD MEMBER DAVIS: Mhmm.

MAYOR ALBURY: For instance, [stammer]...

BOARD MEMBER DAVIS: No.

MAYOR ALBURY: A simple definition, just for our conversation purposes could be, for wholesale cust'.., customers, we simply, you know, transmit the inf'.., the [pause], we simply provide the, the vehicle necessary to get it to the ECU>

BOARD MEMBER DAVIS: Mhmm.

MAYOR ALBURY: Because, again, as, as Councilwoman Hubbard appropriately stated, for wholesale customers, which we would become I guess, you're not doing any billing, you're not doing any meter reads, you're, you're not doing anything administrative. So, there is a difference between what happens between retail customers and a wholesale customer.

CHAIR PRO TEM DAVIS JOHNSON: If I may...

MAYOR ALBURY: Sure.

CHAIR PRO TEM DAVIS JOHNSON: ...Mr. Mayor, the language was clear that anything that is outside of the City, requires that 25%...

MAYOR ALBURY: I, I understand.

CHAIR PRO TEM DAVIS JOHNSON: ...surcharge.

MAYOR ALBURY: I understand. But what we're talking about, whether or not it would be discriminatory if we.., if there was no surcharge for a particular cla'.., class or definition of customers. Right. When you consider that the, the scope of service for, right now, what we currently are, just.., let's just say right now, we're wholesale customers, what service do you provide for us?

CHAIR PRO TEM DAVIS JOHNSON: We transfer your wastewater onto the ECR.

MAYOR ALBURY: Okay. Correct.

CHAIR PRO TEM DAVIS JOHNSON: So there's, there's nothing else. But here's...

MAYOR ALBURY: For the retail customer, what do you do?

UNK: Everything.

CHAIR PRO TEM DAVIS JOHNSON: Everything.

BOARD MEMBER DAVIS: Billing, everything.

BOARD MEMBER PARDO: Buy meters.

MAYOR ALBURY: So, so...

BOARD MEMBER DAVIS: Meters.

MAYOR ALBURY: ...you're, so, so I guess what I'm saying...

BOARD MEMBER DAVIS: Staffing.

MAYOR ALBURY: ...here is that there is a difference in what happens between these two categories of customers. It is very, [stammer], the telling is very simple in that.., well, for instance, if I were explaining to Palm Beach Shores, 'Well, the reason why we, we have 15% from Mangonia Park is that we don't have these administrative costs. We don't do their billing, we do their.., we don't [stammer].' It's, it's...

CHAIR PRO TEM DAVIS JOHNSON: And I...

MAYOR ALBURY: ...simple.

CHAIR PRO TEM DAVIS JOHNSON: I understand that and I believe that we will understand that. And yes, it is simplistic in its nature in which you're presenting it but the fact still remains that the bond documents, and, and the.., our language says anything outside of the City limits gets that 25%. So, tell me this hypothe'...

MAYOR ALBURY: Shall or may?

BOARD MEMBER DAVIS: Hmm?

MAYOR ALBURY: Is it shall or...

CHAIR PRO TEM DAVIS JOHNSON: In, in the bond documents, it says that it, it shall.

MAYOR ALBURY: Okay.

CHAIR PRO TEM DAVIS JOHNSON: If I'm not mistaken, that's what he just said.

[Inaudible discussions]

CHAIR PRO TEM DAVIS JOHNSON: The bond documents and the Ordinance require us to do it. The language in the Resolution says may, based on what I believe I heard Mr. Sherman say, as well as.., well, I don't remember bond counsel speaking to that specifically, but I do remember Mr. Sherman speaking to that. So, if [stammer], in your

hypothetical situation, you're still outside of the City limits so, therefore, we are providing a service and that cost is associated.

MAYOR ALBURY: Correct. And to your point, that's why.., if indeed the bond covenant simply states that may, get clarity now I guess were here ,and if it states...

CHAIR PRO TEM DAVIS JOHNSON: So, you know...

MAYOR ALBURY: ...may, then you have the ability, at that point in time...

BOARD MEMBER DAVIS: No. [Inaudible]...

MAYOR ALBURY: ...with enough justification...

BOARD MEMBER PARDO: [Inaudible].

BOARD MEMBER DAVIS: [Inaudible].

MAYOR ALBURY: ...we simply do is this.., what we simply do is simply transmit...

CHAIR PRO TEM DAVIS JOHNSON: So...

MAYOR ALBURY: ...the waste to the EC'.., ECU, as opposed to all of the work that we do administratively for.., administratively for our retail customers, and our residential customers.

CHAIR PRO TEM DAVIS JOHNSON: I understand the...

MAYOR ALBURY: There is a difference in terms of what happens between h these three.., three categories of customers.

CHAIR PRO TEM DAVIS JOHNSON: Right. I understand that you need to advocate on behalf of your city. And I certainly do not hold any harm against you for doing that but you have to understand that we also have to advocate...

BOARD MEMBER DAVIS: For our people.

CHAIR PRO TEM DAVIS JOHNSON: ...for our positions and what's in our documents.

BOARD MEMBER DAVIS: Correct.

CHAIR PRO TEM DAVIS JOHNSON: So, if our bond documents and our Ordinance indicate that that has to happen, how then do.., would you suggest that we remove it from you, because what, what.., in.., what, in essence in my mind would, would be happening, and I went back to a correspondence from the previous City Manager where we were talking about a not removing that because there would be an added burden onto us, as it relates to whatever it is that, that we would go lacking for this 25%. We want to work with you, we're doing our absolute best with this but there is some language that is.., that requires us to implement that 25% and I don't see a way around it, Mayor.

MAYOR ALBURY: Okay. If we could have [stammer], because, I was writing here and what I got when the, uh, Steve Bullock, bond counsel representative came up and he can clarify, perhaps I just miswrote something here, was that, of course, he talked about the health, safety and welfare of, of the residents and, and that's paramount. We understand that. And I, I think there was..., and maybe I, I mixed some things in here from different presentations but I think during his presentation, he made..., and, and please correct me, he made also conversation regarding..., and I'm using discrimination, that wasn't the word he used, against classes or, or categories, or something. I, I..., or same or something, I'm sorry, I'll...

MR. S. BULLOCK: Okay. Um...

CHAIR PRO TEM DAVIS JOHNSON: Mr. Sherman, could you go up there as well, please? Go ahead, sir. Go ahead.

MR. S. BULLOCK: Alright. A couple things. First, the language about may charge a certain..., that may, may make the surcharge or the City may impose a surcharge is the...

MAYOR ALBURY: May is the word?

MR. S. BULLOCK: ...statutory... That's the statutory language. The statute gives each city the right to charge up to 25% and, and, as Rob said earlier, it's actually up to 50% if go in, in, into the second category of charges but under the...

[Inaudible comment]

MR. S. BULLOCK: ...the methodology that's being used for all of the City's current customers, it's up to 25%, the City may charge each of its customers. The City has chosen to do that. And, as Mr. Sherman mentioned earlier, it's also in your, your City Charter.

MAYOR ALBURY: The Charter states..., what's, what's the language in the Charter?

MR. S. BULLOCK: Right.

[Inaudible comments]

[Pause]

MR. S. BULLOCK: On, on top of that, you have bond documents, under which bond have been issued which have provisions, which is what I was quoting earlier, that, first of all, talks about establishing a different class of customer because you have to charge all customers in each class, the exact...

MAYOR ALBURY: The 's...

MR. S. BULLOCK: ...same rate.

MAYOR ALBURY: [Inaudible].

MR. S. BULLOCK: Right. In addition to that, which is what I was also eluding to earlier, your not allowed to provide what they call, 'any preferential rates,' or charges for, for customers of the system. So it.., so there's a, there's a provision in the bond documents that was called a, 'no free service,' provision. And, and, and so, you have customers that are outside the City limits, that are all being charged a 25% surcharge. So, you would have to come up with a rational basis for selecting one of those customers, or one of those category of customers, and saying, 'Well, we're not going to charge them the 25% char'.., surcharge that we're charging everybody else,' and in addition to that, you'd have to be able to show, or demonstrate in some way, that, that benefits the system, that that benefits the health, safety and welfare of the residents of the, of the City. And, and so, and so, if you could do that, it, you know, then, you know, the City, by statute, has the ability to charge, you know, different surcharges but I don't know what that rational would be for charging one outside the City limit customer less than the 25% surcharge that everybody else is being charged.

MAYOR ALBURY: A question, Madam Chair. And, and I'm sorry for all these questions.

BOARD CHAIRPERSON MILLER-ANDERSON: You're fine.

MAYOR ALBURY: I just wanna walk away clear. For your other outside customers, do you do the billing and everything else as well?

BOARD CHAIRPERSON MILLER-ANDERSON: Which.., can we name those outside customers? Are we talking about...

MR. S. BULLOCK: Yes.

BOARD CHAIRPERSON MILLER-ANDERSON: ...the Palm Beach Shores?

MR. S. BULLOCK: [Stammer]...

BOARD CHAIRPERSON MILLER-ANDERSON: The out'...

MR. S. BULLOCK: Palm Beach Shores...

BOARD CHAIRPERSON MILLER-ANDERSON: Unincorporated?

MR. S. BULLOCK: Yeah. Now understand, Palm Beach Shores is charged on the wastewater side, the 25% surcharge. On the water side, it's not because they had a preexisting contract that was in existence prior to the statute that was created, allowing the City to impose the 25% surcharge.

[Inaudible comment]

MR. S. BULLOCK: So that's, that's the litigation that we talked about in the last meeting. You know, Palm Beach County was actually.., prevailed in that litigation because they

said our existing contract allows us to receive water service without being charged a 25% surcharge. So that's the only...

[Inaudible comment]

MR. S. BULLOCK: ...satiations where a customer of the system is not being charged a 25% surcharge. And also, all of your customers.., so, so, currently, you are in compliance with your bond documents because you're treating everybody the same way. Once you start trying to treat certain customers differently, from other customers, then you have to go to the provisions in the bond documents that say, 'If you're gonna do that, you need to satisfy these conditions. Because the, the, the best approach is to [stammer], to have the same charge for all the classes of customer, everybody gets charged the same rates. If you're gonna have a surcharge on outside the City limit customers, and everybody gets charged the same surcharge, that's what you're currently doing. So, if you're trying to do something different from that, then you have to go to your bond documents to make sure you're not violation of those provisions.

BOARD MEMBER DAVIS: Madam Chair?

BOARD CHAIRPERSON MILLER-ANDERSON: Yes.

BOARD MEMBER DAVIS: So, the surcharge is ti'.., is mentioned, the rate that we're charging is mentioned in the bond, correct?

MR. S. BULLOCK: No. The, the surcharge is not. It just talks about the rates that are being charged...

BOARD MEMBER DAVIS: Okay. Okay.

MR. S. BULLOCK: ...your customers. So...

BOARD MEMBER DAVIS: That's what I meant, the rates.

MR. S. BULLOCK: So, so right. Yeah.

BOARD MEMBER DAVIS: Yeah. That's what I meant.

MR. S. BULLOCK: So, no. So, the bond documents don't go into what the surcharge is.

BOARD MEMBER DAVIS: Okay.

MR. S. BULLOCK: You may, 'cause you remember, your.., I mean, your bond documents are gonna be in place for the life of your bonds.

BOARD MEMBER DAVIS: Right.

MR. S. BULLOCK: So, you have the ability to change that at some point. You don't want your bond documents going into that kind of specificity.

BOARD MEMBER DAVIS: Okay.

MR. S. BULLOCK: So, your bond documents talk about what the rates are. This Charter basically says that, as long as your charging everybody the same thing, then you're okay. You know, but when you start going outside of the, the four corners of the documents and trying to charge one customer differently from what the.., from the rate that you're charging another customer, now you gotta research certain conditions 'cause your bond documents wanna make sure that you're providing revenue from the system that will satisfy [stammer], your covenant obligations to make sure you're paying off your bonds. You know, so...

BOARD MEMBER DAVIS: Thank you.

MR. S. BULLOCK: ...so, so it doesn't want you to have the ability to just give one customer a better service.., get the same service...

BOARD MEMBER DAVIS: Mhmm.

MR. S. BULLOCK: ...but they get a better treatment in terms of rate than the other customer.

BOARD MEMBER DAVIS: Exactly.

MR. S. BULLOCK: So that's, that's why your bond documents basically say there is no free service that you can provide.

BOARD MEMBER DAVIS: Okay. One more question for Mr. Sherman. Really quick, really quick, really quick. Mr. Sherman, the last time we were here, we had a conversation about the rates that were being charge by Mangonia Park to their commercial clients. Did they ever increase those rates or did they leave them lower than [inaudible]?

DISTRICT FINANCE DIRECTOR SHERMAN: I, I don't know what they charge their commercial.

BOARD MEMBER DAVIS: You just went up 10% on all your commercial?

MAYOR ALBURY: No, no. Your question is whether or...

BOARD MEMBER DAVIS: I know...

MAYOR ALBURY: ...not the City...

BOARD MEMBER DAVIS: I know, I know...

MAYOR ALBURY: City [inaudible].

BOARD MEMBER DAVIS: Mangonia Park...

MAYOR ALBURY: Mhmm.

BOARD MEMBER DAVIS: ...rates, on the commercial side we'..., seem to be a little low. Right ? And I know you all are supposed to go back and revisit that. Did you all do that?

MAYOR ALBURY: Right. For us, yeah. We're, we're constantly reviewing, much like wh'..., any any municipality, you have to sort of look at the feasibility of doing...

BOARD MEMBER DAVIS: Mhmm.

MAYOR ALBURY: What is the percentage? There are a lot of areas in which we, we reluctantly had to start increasing on our water side. So, yes. So, we're doing things but you have to do it., you can't do it in one foul swoop.

BOARD MEMBER DAVIS: The reason I'm asking that question...

MAYOR ALBURY: [Inaudible]...

BOARD MEMBER DAVIS: ...because you have, 'cause you have clients like Sam's, you got Walmart, you got all those folks...

MAYOR ALBURY: Those are not ours.

BOARD MEMBER DAVIS: They're not a part of you guys?

VICE MAYOR JOHNSON: [Inaudible].

BOARD CHAIRPERSON MILLER-ANDERSON: No.

UNK: No.

BOARD MEMBER DAVIS: It's West Palm?

VICE MAYOR JOHNSON: I wish.

[Chuckles].

BOARD MEMBER DAVIS: Oh, okay.

[Inaudible comment]

MAYOR ALBURY: We, we'd love to take 'em all.

BOARD MEMBER DAVIS: So that's, that's unincorporated or West Palm?

MAYOR ALBURY: West Palm.

BOARD CHAIRPERSON MILLER-ANDERSON: West Palm.

BOARD MEMBER DAVIS: Okay. Okay. I stand corrected. Okay.

MAYOR ALBURY: But, but if I may, and I promise I, I'm...

BOARD CHAIRPERSON MILLER-ANDERSON: No. You're good.

MAYOR ALBURY: ...I'm winding down.

BOARD MEMBER DAVIS: So, who's your biggest, who's your biggest commercial clients in Mangonia Park?

MAYOR ALBURY: Hampton Courts [inaudible].

BOARD MEMBER DAVIS: [Inaudible].

MAYOR ALBURY: Talking multi...

BOARD MEMBER DAVIS: Okay.

MAYOR ALBURY: Yeah

BOARD MEMBER DAVIS: I understand now.

MAYOR ALBURY: But to see if we could satisfy that, and if I could use fully served as, as a definition, residential fully served, that would be the billing and all of the maintenance and everything else, okay? Palm Beach Shores, fully served?

DISTRICT FINANCE DIRECTOR SHERMAN: Correct.

MAYOR ALBURY: Now, for your other outside.., the question was asked.., I, I., Councilwoman Hubbard, I think, who, who are the, who are the other outside customers?

BOARD CHAIRPERSON MILLER-ANDERSON: I know we looked [inaudible] but...

MAYOR ALBURY: We, we didn't get [inaudible].

BOARD MEMBER DAVIS: [Inaudible].

DISTRICT FINANCE DIRECTOR SHERMAN: It's, it's the county.

BOARD CHAIRPERSON MILLER-ANDERSON: [Inaudible] just those.

DISTRICT FINANCE DIRECTOR SHERMAN: It's, it's a portion of the county out west that we service.

UNK: You're talking about Gramercy Park?

DISTRICT FINANCE DIRECTOR SHERMAN: Yeah.

MAYOR ALBURY: Fully served?

DISTRICT FINANCE DIRECTOR SHERMAN: Yeah.

UNK: Yeah.

MAYOR ALBURY: Fully served?

DISTRICT FINANCE DIRECTOR SHERMAN: Yeah.

MAYOR ALBURY: So, is there any customer you have that's not fully served?

DISTRICT FINANCE DIRECTOR SHERMAN: Other than Mangonia, no. But again, let me, let me...

VICE MAYOR JOHNSON: [Inaudible].

DISTRICT FINANCE DIRECTOR SHERMAN: ...point out, let me point out...

MAYOR ALBURY: We're talking...

DISTRICT FINANCE DIRECTOR SHERMAN: ...let me go back to...

MAYOR ALBURY: ...we're talking, we're talking about a category and how you can justify how you're gonna do something within a certain category.

DISTRICT FINANCE DIRECTOR SHERMAN: But, but, Mayor, Mayor. I want you to look at the, at the slide that's up on the screen.

BOARD MEMBER PARDO: A one year agreement and [inaudible]...

CHAIR PRO TEM DAVIS JOHNSON: At this...

BOARD MEMBER PARDO: ...[Inaudible].

CHAIR PRO TEM DAVIS JOHNSON: Madam Chair?

BOARD CHAIRPERSON MILLER-ANDERSON: Go ahead.

CHAIR PRO TEM DAVIS JOHNSON: So, at this point...

MAYOR ALBURY: [Inaudible].

CHAIR PRO TEM DAVIS JOHNSON: ...Mayor Albury, I think that the onus is on you to prove your need for this variance. It...

[Inaudible comment]

CHAIR PRO TEM DAVIS JOHNSON: ...is not our responsibility because our language is quite clear in that it says anything outside of the City limits of the City of Riviera Beach, needs to have that 25%.

MAYOR ALBURY: [Stammer]...

CHAIR PRO TEM DAVIS JOHNSON: So, therefore, with the position that bond counsel has stated, indicating that you need to provide some specific language as to why, the onus is on you and we're not going to sit here and do that tonight because, if that were the case, if you were thinking that this reduction was to come, and I'm looking at language from April where our former City Manager made the..., informed us of the request and made the suggestion that it was not in the best interest of the City at the time to do that. You need to now put that together with your team and submit that to us for us to review.

MAYOR ALBURY: Okay. To, to your point, Councilman Johnson, then I promise, I'm done.

CHAIR PRO TEM DAVIS JOHNSON: Councilwoman.

MAYOR ALBURY: Councilwoman. I'm sorry.

CHAIR PRO TEM DAVIS JOHNSON: Thank you.

MAYOR ALBURY: Councilwoman, I'm sorry.

CHAIR PRO TEM DAVIS JOHNSON: That's okay.

MAYOR ALBURY: I beg your pardon, Councilwoman Johnson. [Stammer], if I'm not, if I'm..., if I heard Mr. Bullock correctly, he stated unless there's justification or some, some iteration [inaudible stammer]...

MR. S. BULLOCK: Right. Again, keep in mind there're, there are three things in our..., in work here.

MAYOR ALBURY: Okay.

MR. S. BULLOCK: You know, you have the state statute...

MAYOR ALBURY: Mhmm.

MR. S. BULLOCK: ...with the 'may' language that you referred to...

MAYOR ALBURY: Okay.

MR. S. BULLOCK: ...before, the City Charter...

MAYOR ALBURY: Mhmm.

MR. S. BULLOCK: ...whi'..., which is where it says the City shall charge outside customers...

MAYOR ALBURY: Mhmm.

MR. S. BULLOCK: ...the 25% surcharge. So, that's in the City Charter, where it says it shall.

MAYOR ALBURY: Mhmm.

MR. S. BULLOCK: And then you have your bond documents. That's the third of the three things that we're, um, that we're weighing, that we're considering, you know, when you're talking about adjusting rates.

MAYOR ALBURY: [Inaudible].

MR. S. BULLOCK: And, and...

MAYOR ALBURY: The Charter, the Charter states unless there's some condition...

MR. S. BULLOCK: The outside City rates shall be...

MAYOR ALBURY: Okay.

MR. S. BULLOCK: Yeah. One in accord of the City rates for all services.

MAYOR ALBURY: Does it provide some provision for some variation?

MR. S. BULLOCK: It does not.

MAYOR ALBURY: It does not?

MR. S. BULLOCK: No.

MAYOR ALBURY: Okay. Alright, thanks. I'm done [inaudible].

BOARD CHAIRPERSON MILLER-ANDERSON: Alright. So, what do you..., what's our next step here? What else do you need from us at this point? Are we going to look at that one year?

BOARD MEMBER DAVIS: That one year. Mhmm.

BOARD MEMBER PARDO: [Inaudible].

BOARD MEMBER DAVIS: [Inaudible] the rate study and they can come back and...

BOARD CHAIRPERSON MILLER-ANDERSON: Any response to that, Councilwoman Kelly?

COUNCILPERSON KELLY: Yes, ma'am. So, with the..., looking..., if we're looking at the potential one-year agreement...

BOARD CHAIRPERSON MILLER-ANDERSON: Pull it up a little bit so you're able...

COUNCILPERSON KELLY: Yes, ma'am. If I'm understanding correctly, this is a recommendation to the Board, regarding the new rate changes and the classification of the wholesale category. So, those haven't been..., those rates aren't in effect right now.

BOARD CHAIRPERSON MILLER-ANDERSON: No. We would maintain what we have...

COUNCILPERSON KELLY: So that...

BOARD CHAIRPERSON MILLER-ANDERSON: ...for the one year, until the rate study comes out for West Palm or what?

MAYOR ALBURY: No. I'm sorry, can you just..., point of, point of information, I think, in terms of, uh, to her question, was that the recommendation here, because you have done a rate study, and there was, I think, a 9% decrease based upon that rate..., 9 – 10% or some'..., whatever it was, whatever the...

UNK: Exactly.

MAYOR ALBURY: ...percentage was. So, that would be...

CHAIR PRO TEM DAVIS JOHNSON: [Inaudible]...

MAYOR ALBURY: ...the new rate.

CHAIR PRO TEM DAVIS JOHNSON: ...this is your reque'..., we have not accepted the reported the report.

[Inaudible comment]

CHAIR PRO TEM DAVIS JOHNSON: It's being presented tonight, so therefore, this body...

COUNCILPERSON SMITH: Okay.

CHAIR PRO TEM DAVIS JOHNSON: ...would need to accept the report, that would then allow us to offer that fee in this one year agreement, if that is what you're actually looking to do.

MAYOR ALBURY: I, I don't know and, in terms of just process that we could..., that, that would have to actually be in a, in a setting where we're actually voting to send that information over to you. That's my comfort level, that we do it officially.

BOARD MEMBER DAVIS: Officially? Well, the meeting's on TV.

CHAIR PRO TEM DAVIS JOHNSON: There's the [inaudible], [inaudible] of your Board.

MAYOR ALBURY: Is this a workshop or an actual meeting or?

[Inaudible comment]

CHAIR PRO TEM DAVIS JOHNSON: This is a workshop.

[Inaudible comments]

MAYOR ALBURY: We've made recommendations but we [inaudible].

BOARD MEMBER DAVIS: Yeah. You're right.

BOARD CHAIRPERSON MILLER-ANDERSON: So, we'll have to... Right. 'Cause we have this on our next., on our Agenda for tonight...

CHAIR PRO TEM DAVIS JOHNSON: For tonight to [inaudible]...

MAYOR ALBURY: Oh, you have a meeting [inaudible].

BOARD CHAIRPERSON MILLER-ANDERSON: ...to approve our... We have a meeting to...

BOARD MEMBER DAVIS: [Inaudible] ...

BOARD CHAIRPERSON MILLER-ANDERSON: ...to approve the...

BOARD MEMBER DAVIS: What?

BOARD CHAIRPERSON MILLER-ANDERSON: [Chuckle].

MAYOR ALBURY: My apologies, [inaudible].

UNK: [Inaudible].

BOARD CHAIRPERSON MILLER-ANDERSON: Yes, we have a meeting...

BOARD MEMBER PARDO: Yeah. We have a meeting [inaudible].

BOARD CHAIRPERSON MILLER-ANDERSON: ...right after this one.

MAYOR ALBURY: [Inaudible].

BOARD CHAIRPERSON MILLER-ANDERSON: Regarding the rate study. So, are you all...

BOARD MEMBER DAVIS: You got me.

BOARD CHAIRPERSON MILLER-ANDERSON: ...wanting to...

MAYOR ALBURY: Well, well then the..., actually, the onus is on you as it.., if you, if, if, as a body you don't approve it, then it's null on the face, it's, it's a mute issue.

BOARD CHAIRPERSON MILLER-ANDERSON: We're talking about the one-year agreement to either take it as...

MAYOR ALBURY: No. That, of course...

BOARD CHAIRPERSON MILLER-ANDERSON: ...its...

MAYOR ALBURY: ...you could, you could..., that [stammer], again, that, that, that's a, that is a voted item.

BOARD CHAIRPERSON MILLER-ANDERSON: Okay.

MAYOR ALBURY: And this is a workshop which we can't vote on.

BOARD CHAIRPERSON MILLER-ANDERSON: Okay.

MAYOR ALBURY: [Inaudible]. But now, however, the onus is on you if...

BOARD MEMBER DAVIS: Next meeting.

MAYOR ALBURY: ...if, fi indeed, in your meeting tonight, you don't take the recommendation, then it's a mute point.

BOARD MEMBER HUBBARD: [Inaudible].

BOARD CHAIRPERSON MILLER-ANDERSON: [Inaudible].

BOARD MEMBER PARDO: [Inaudible] making the recommendation...

BOARD CHAIRPERSON MILLER-ANDERSON: [Inaudible]...

BOARD MEMBER PARDO: ...tonight.

BOARD MEMBER HUBBARD: [Inaudible].

BOARD CHAIRPERSON MILLER-ANDERSON: No. Press the button.

MAYOR ALBURY: We have our meeting.., we have our official meeting next, next Tuesday.

BOARD MEMBER HUBBARD: Real quick, Mayor Albury. If, you know, if we accept the rate study tonight...

MAYOR ALBURY: Mhmm.

BOARD MEMBER HUBBARD: ...then, you guys, when they go for their official meeting, then can.., it would still be the onus would be on, on the.., up to you whether or not ya'll wanna send us back a formal request to.., for the one year. Now, we're gonna handle our business on this side tonight and accept or, your know, the study or not to accept it, so still, you would have to put in a formal request after you have your meeting, to determine if you want to do the one year with the rate that comes out of this meeting...

MAYOR ALBURY: Mhmm. Yeah, correct. Right.

BOARD MEMBER HUBBARD: ...next.

MAYOR ALBURY: Right. And we'll be meeting on the 20th. You will have had your meeting tonight.

BOARD MEMBER HUBBARD: Uhuh.

MAYOR ALBURY: So information will be discussed with the Town Managers, so we'll have that information available to us to make a decision at that [inaudible].

BOARD MEMBER HUBBARD: And once you all do it, then ya'll should give.., send us a formal request and then it can be on our next meeting and we could have something to, to, to work with.

The other thing is, I guess, before we leave, we need to talk about how we're going to set up payment arrangements for the...

UNK: Outstanding...

BOARD MEMBER HUBBARD: ...outstanding balance.

MAYOR ALBURY: Madam Chair, with respect to that, I, I [stammer]...

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: [Inaudible]...

MAYOR ALBURY: What, what I have suggested is that we, we just handle that administratively. We have the two Town Managers, each of the Council Members... [Stammer] we're, we're never in a position where we don't wanna pay our debts, so, [inaudible]...

BOARD MEMBER HUBBARD: And, and nor was I suggesting that. What I was saying to you, when you say handle it administratively, does that mean that you, that your, the Managers...

BOARD MEMBER DAVIS: [Inaudible].

BOARD MEMBER HUBBARD: ...are going to send us some kind of suggested payment, along with the.., your request after you have your vote? So, it should be a two part thing that we receive. Am I understanding you correctly?

MAYOR ALBURY: Right. Communication will come to the Town through Town Manager, correct.

BOARD MEMBER DAVIS: [Inaudible].

BOARD MEMBER HUBBARD: And it will include...

[Inaudible comment]

BOARD MEMBER HUBBARD: ...it will include what?

MAYOR ALBURY: I'm, I'm sorry. Again...

EXECUTIVE DIRECTOR OF UTILITY SPECIAL DISTRICT HORTON: [Inaudible]...

MAYOR ALBURY: ...if we have a debt, we believe in paying the debt. So, if there's [stammer], I don't know what that balance is at this point. It could be shared with us but we need to look at the receipts that we have in Town. We calculate 'em, if it's \$300,000, we'll pay the \$300,000. That's what I'm saying.

BOARD MEMBER HUBBARD: Okay.

MAYOR ALBURY: [Inaudible].

UNK: [Inaudible].

BOARD MEMBER HUBBARD: I was, okay. So...

MAYOR ALBURY: Minus.., right...

BOARD MEMBER HUBBARD: So, I'm, I'm gonna restate it again and...

[Chuckles]

BOARD MEMBER HUBBARD: ...and, just so that we're clear, so that we all leave clear.

UNK: Wow.

BOARD MEMBER HUBBARD: If I'm under'.., I'm understanding you, Mr. Mayor, is that you want to go back, have your meeting, your discussion and vote on whether or not ya'll want to go with the one year and whatever our vote turns out to be on this study tonight, you all sure will be informed of that and then, the second part of your [stammer] request to us will be for acceptance of the, the debt, the payment of the debt, the past due balance.

MAYOR ALBURY: Correct. Again, stated, our, our intent is to pay our debts as quickly as possible.

BOARD MEMBER HUBBARD: Thank...

MAYOR ALBURY: Whether that be, you know, today, tomorrow, is to just clear the debt. That's our, that's our full intention.

BOARD MEMBER HUBBARD: And, and I...

MAYOR ALBURY: [Inaudible].

BOARD MEMBER HUBBARD: And I understand. I just wanted to restate that for the, for the [inaudible]. Thank you.

BOARD CHAIRPERSON MILLER-ANDERSON: Okay.

VICE MAYOR JOHNSON: [Inaudible].

BOARD CHAIRPERSON MILLER-ANDERSON: Vice Mayor Johnson.

VICE MAYOR JOHNSON: There was just one point, Mr. Horton, that I just wanted to clarify, this is my understanding. I've been the Council of Riviera Beach for...

MAYOR ALBURY: Uh, Mangonia.

VICE MAYOR JOHNSON: Excuse me, Mangonia Park. [Chuckles]. [Inaudible] Riviera Beach, pardon me. Mangonia Park...

BOARD MEMBER PARDO: Everyone wants to be on the Riviera Beach Council.

[Chuckles]

VICE MAYOR JOHNSON: That's not what I've heard but that's a good point.

UNK: Everyone has.

VICE MAYOR JOHNSON: My point is, 10 years on Mangonia Park Council. When I first came to Council, all bills were paid on time. Riviera Beach sent the bill, Mangonia Park paid the bill. Eight years ago, seven years ago, six years ago we started getting these astronomical bills with no explanation.

MAYOR ALBURY: 500% increase.

VICE MAYOR JOHNSON: That's why these talks began. 'Cause we got these bills with no explanation. And we were labored to pay what we did not have budgeted. We're not interested of owing anyone but we want fair payment of what is owed us, as well as paying the bills that we owe. So just..., so you understand. It wasn't that we didn't wanna pay, we were not afforded the opportunity to plan to pay.

BOARD MEMBER HUBBARD: Understand.

BOARD CHAIRPERSON MILLER-ANDERSON: Okay. Alright.

BOARD MEMBER PARDO: Okay.

BOARD CHAIRPERSON MILLER-ANDERSON: Any other questions, comments?

UNK: No.

BOARD CHAIRPERSON MILLER-ANDERSON: Alright.

VICE MAYOR JOHNSON: It was a pleasure seeing you all.

BOARD MEMBER PARDO: Thank you very...

BOARD CHAIRPERSON MILLER-ANDERSON: Thank you so much.

BOARD MEMBER PARDO: ...much for coming.

BOARD CHAIRPERSON MILLER-ANDERSON: We appreciate it.

MAYOR ALBURY: We appreciate it so much you're accommodating the meeting. Thanks so much, we appreciate it.

BOARD CHAIRPERSON MILLER-ANDERSON: Thank you.

MAYOR ALBURY: Okay. And you guys have a great evening.

BOARD CHAIRPERSON MILLER-ANDERSON: You too.

PUBLIC HEARINGS

REGULAR AGENDA

END OF REGULAR AGENDA

COMMENTS FROM THE PUBLIC - Non Agenda Item Speakers (Three Minute Limitation) Public Comment should be restricted to issues, matters, or topics pertinent to the City of Riviera Beach. Please be reminded that the City Council has adopted Rules of Decorum Governing Public Conduct During Official Meetings, which has been posted at the entrance of the Council Chambers. In an effort to preserve order, if any of the rules are not adhered to, the District Board Chairperson

may have any disruptive speaker or attendee removed from the podium from the meeting and/or the building, if necessary. Please govern yourselves accordingly.

DISCUSSION AND DELIBERATION

DISCUSSION BY THE EXECUTIVE DIRECTOR OF THE UTILITY SPECIAL DISTRICT OR THE CITY MANAGER

STATEMENTS BY THE DISTRICT BOARD

ADJOURNMENT

BOARD CHAIRPERSON MILLER-ANDERSON: Meeting adjourned.

[End of video/audio]

City Employees, Public Speakers and Others

Representatives from Mangonia Park

MAYOR WILLIAM ALBURYMAYOR ALBURY
VICE MAYOR SARITA JOHNSONVICE MAYOR JOHNSON
COUNCILPERSON EDWARD SMITHCOUNCILPERSON SMITH
COUNCILPERSON SONJA KELLYCOUNCILPERSON KELLY
COUNCILPERSON CLARENCE MCCONNELLCOUNCILPERSON
MCCONNELL
TOWN MANAGER KEN METCALFCITY MANAGER METCALF
TOWN ATTORNEY KEITH DAVIS.....CITY ATTORNEY DAVIS
PUBLIC RESOURCE MANAGEMENT GROUP RYAN SMITH
.....R. R. SMITH
BOND COUNSEL SKIP MILLER, ESQ.....MR. S. MILLER
PUBLIC RESOURCE MANAGEMENT GROUPMR. R. ORRIE
ROBERT ORRIE
STEVE BULLOCK, ESQ.MR. S. BULLOCK

APPROVED:

TONYA DAVIS JOHNSON
CHAIRPERSON

ATTEST:

CLAUDENE L. ANTHONY
CERTIFIED MUNICIPAL CLERK
CITY CLERK

LYNNE L. HUBBARD
CHAIR PRO TEM

KASHAMBA MILLER-ANDERSON
BOARDMEMBER

JULIA A. BOTEL
BOARDMEMBER

TERENCE D. DAVIS
BOARDMEMBER

MOTIONED BY: _____

SECONDED BY: _____

L. HUBBARD _____

K. MILLER-ANDERSON _____

T. DAVIS JOHNSON _____

J. BOTEL _____

T. DAVIS _____

DATE APPROVED: **MARCH 26, 2018**