

**MINUTES
TOWN OF MONTVERDE
REGULAR TOWN COUNCIL MEETING**

January 13, 2015

The Town of Montverde met in regular session on Tuesday, January 13, 2015 at 7:00 PM in the Town Hall Auditorium. NOTE: Minutes from the first half of the meeting are not word-for-word, as the recorder failed to record.

Council Present:

President Glenn Burns
Billy Bates
Arthur Nix
Jim Pierce
Joe Wynkoop

Staff Present:

Graham Wells, Town Clerk
Terry Burden, Public Works Director
Mary Gillis, Finance Director
Anita Geraci- Carver, Town Attorney

Mayor Bennett called the meeting to order at 7:02 and led the Pledge of Allegiance.

Roll call was performed, and it was determined that a quorum was present.

MINUTE APPROVAL

MOTION by Councilman Pierce to approve the regular Council Meeting Minutes from December 9, 2014 and the Council Workshop Summary from December 10, 2014; SECONDED by Councilman Wynkoop

For: Burns, Bates, Nix, Pierce, Wynkoop

Against: None

CITIZEN QUESTION AND COMMENT

Joe Steed, who owns the land next to the Stetcher property, addressed Council. He said that he is having an archery event in April, and he asked for use of the Stetcher property during the event. He asked about installing a gate on the property, and using the Town's outbuilding at Stetcher. Public Works Director Terry Burden responded that the building is used for storage, and currently houses all of

the Public Works equipment. Consensus was that Anita Geraci-Carver would draw up paperwork for Mr. Steed's group to apply to the Town to use the Stetcher property for their archery event.

COUNCIL AND MAYOR

Councilman Joe Wynkoop

Councilman Wynkoop reminded residents that the BINGO game for January will be held on January 16 at 7:00pm. He also noted that the Friends of Montverde monthly meeting will occur on January 20 at 6:30pm in the Community Building. He invited all residents to attend.

Councilman Glenn Burns

Pass.

Councilman Billy Bates

Councilman Bates asked about the Town installing lights along the new Recreational Trail. He noted that sections of the trail can be very dark. Mayor Bennett responded that the State would not provide funding for the lights through the grant, but the Town could pay to install them. He said that he would look into the cost and report back to Councilman Bates.

Councilman Bates also asked if Public Works could blow the leaves and debris off the trail regularly. Terry Burden replied that he would make sure the trail is blown off on a regular basis.

Councilman Nix

Pass.

Councilman Jim Pierce

Pass.

DISCUSSION REGARDING POSSIBLE LIST OF SEPTIC TANK PUMPERS FOR TOWN

Councilman Nix stated that he requested this item be put on the agenda. He explained that one of the key home maintenance items for residents is having their septic pumped every two to three years. He said that it is vital for residents to choose a reputable company, as there are companies who will overcharge, or sell services that are not needed. He explained that the pumping of a septic tank should be performed every two to three years, and should typically cost \$265. He said that a reputable pumper could also tell you if a new drain field was needed.

Councilman Nix said that he wanted Council to discuss if Town staff was permitted to recommend a pumping company to residents. He also said that he wanted to discuss the possibility of residents getting a discount from a pumper if they all got their tanks pumped around the same time.

Public Works Director Terry Burden noted that staff has been hesitant to recommend vendors to residents, as some residents become unhappy with the service by the recommended vendors, and then complain to staff about their recommendations. Councilmembers discussed various pumpers that they personally have had good experience with.

Consensus was that it would put a lot of liability on the Town for staff to provide a list of recommended vendors for pumping septic tanks. In addition, if the Town provided a recommended list of pumpers, they would also have to start providing a list of recommended plumbers, electricians, roofers, etc.

INTERLOCAL AGREEMENT FOR PROVISION OF POTABLE WATER INTERCONNECTION FOR EMERGENCY USE BETWEEN TOWN OF OAKLAND AND TOWN OF MONTVERDE

Mayor Bennett explained that this agreement assumes that the Town will provide potable water to the Lake Apopka Sound development. The Town's water system is too far away from the development to supply an adequate volume of water for fire protection or emergency service. Therefore, the Town needs to enter into this Interlocal for the Town of Oakland to provide this emergency water.

Mayor Bennett stated that according to the Interlocal, the Town of Montverde would be responsible for the design and construction of the Interconnection. After construction, Montverde would be responsible for all piping and appurtenances located on Montverde's side of the Interconnect, and Oakland would be responsible for all piping and appurtenances located on Oakland's side.

Mayor Bennett also explained that the Interconnection would be equipped with a meter, and Montverde would be responsible for reading the meter monthly. Oakland will then invoice Montverde for the amount of water used each month.

Anita Geraci-Carver confirmed that if Montverde fails to enter into a developer's agreement with Lake Apopka Sound, then the Interlocal will terminate, and Montverde will have no obligations.

MOTION by Councilman Pierce to approve Interlocal Agreement for Provision of Potable Water Interconnectivity for Emergency Use; SECONDED by Councilman Bates.

For: Bates, Nix, Pierce, Wynkoop

Against: Burns

WATER REVENUE SUFFICIENCY REVIEW

Tony Hairston with Raftelis Consultants addressed Council regarding water revenue sufficiency. He said that his study addressed the expenditure requirements for water fund operations, as well as the projected revenue needed for these requirements. He said that his study factored in the Lake Apopka Sound development.

Tony discussed the requirements for the Water Fund and operations for future years, as well as the 2015 projected water revenue. He explained that there is a \$53,000 shortfall between revenue requirements and 2015 projected revenue. A large part of that is because there is a SCADA alarm system budgeted for 2015, which is a significant expenditure for the Town water system. He said that the SCADA alarm is a one-time-only expense that would not be repeated each subsequent year. But he said that he did project \$10,000 in expenditure funding necessary each year for these types of one-time-only capital improvements.

He said the financial model that he built addressed the funding necessary to keep the Town's current water system in good repair. He said that if rates were increased 5% next year, the \$53,000 shortfall could be eliminated. Then in 2017, another 5% increase is recommended, which is higher than the projected inflation rate of 2%, but Tony pointed out that the Town is in catch-up mode to build up Reserves in the Water Fund for potential replacements. In fact, Tony is recommending an increase of 5% in rates each year for the next five years.

With these increases, there would be a projected surplus, which would allow for any necessary replacements. Tony said that if Lake Apopka Sound numbers are added in, the surplus would be even greater, as projected revenues for that development exceed \$30,000 each year.

For a typical bill of 7,000 gallons of water usage, the 5% increase in rates would amount to \$1.33 per month.

Tony stated that the benefit of having surplus funding is that the Town can make any necessary improvements such as pressure improvements, repairs, etc. The surplus funding would allow the Town to "pay as you go" for improvements, rather than having to rely on debt service.

Tony said that he does not think there have been any pressure or storage improvements identified as being necessary right now, but the funding will be there for when the improvements are needed.

He then discussed reserve positions for the Water Fund, and explained that he divided reserves into (1) repair and replacement reserves, (2) unrestricted reserves, and (3) impact fee reserves. Tony recommended 90-120 days of unrestricted reserves for the Water Department. He also explained that the impact fee reserve should be in place to be used for future expansion projects.

Mayor Bennett asked what the impact would be if Council approved the Montverde Estates development. Tony Hairston said that currently, the Town has 600 customers, and Montverde Estates would mean an additional 75 homes, or an increase of 10%. This would mean a significant impact to water revenue. He said that as long as the Town has the capacity for this development, it would mean greater revenue for the Town.

Councilman Pierce asked if Tony was involved in Groveland's water study. Tony replied that he was. Councilman Pierce then said that Montverde's minimum water bill is \$11.12, and Groveland's current

minimum bill is \$50.64. Councilman Nix asked if that included sewer and Councilman Pierce replied no. Anita Geraci-Carver stated that what Councilman Pierce is looking at is probably the CDD document, which includes sewer. Tony replied that he thought that Groveland and Montverde rates were similar.

Councilman Pierce asked if the Town's commercial rates were typical. Tony replied he has the data to analyze that and look into that for him. He explained that commercial could be divided into small commercial and large commercial. Councilman Pierce stated that the rates for commercial are the same as residential for Montverde. Tony concurred.

Councilman Nix asked what the Academy's bill is each month. Tony replied that they have several meters. Mayor Bennett stated that he could get back to Councilman Nix with that answer.

Mayor Bennett asked how the water impact fee fits into the rate structure and water study. He asked how Council will know what to do if an entity approaches the Town again, like Montverde Academy did, and challenges the water impact fee structure that is currently in place. Tony replied that he has a separate document in draft form to address their analysis of impact fees.

Mayor Bennett summarized by saying that Tony is proposing that starting in 2016, all water rates be raised 5%. Tony agreed that this is necessary to catch up. He also said that there are a lot of variables that affect water revenue. So, if there is growth to the system, that would help mitigate the revenue needed. However, if problems arise and replacements are needed, that would increase the need for additional funding.

Mayor Bennett asked that if Bella Collina asks the Town to supply water to their new boutique hotel, how would that be charged. Tony replied that typically, hotels have one meter, and they would be charged according to the rate schedule for out-of-town customers. He said that as long as the Town has the capacity to service them, the extra revenue would be beneficial for the Town.

Mayor Bennett stated that Council would have to address similar issues when the bulk-sale agreements for Lake Apopka Sound come before Council in the next few months.

Mayor Bennett stated that he feels like there will be a negative balance in the Water Fund in 2015, as water revenues have declined over the past several years. Councilman Nix agreed, and said that rates have not been increased in five years.

Councilman Nix asked if the Town had to wait until 2016 to begin the catch up process, or if the Town could adopt higher rates now. Tony Hairston said that water rates could be increased at any time, as long as proper notification was given. However, since the Town is looking at adding Lake Apopka Sound, sewer rates would also have to be addressed and adopted. So it might be beneficial to address both rates at once.

Anita Geraci-Carver stated that a lead time of 90 days is necessary for advertisement and notification. She said that in the Council packets, staff is recommending notification begin in October for the following year.

Mayor Bennett opened the floor for public comment. A resident asked if commercial rates had to be the same as residential rates. He said he just completed construction on a building in Clermont, and they had different rates for the different size pipes used. Residential homes typically used the smaller pipes, while commercial and industry used the larger pipes. Tony Hairston agreed that many cities do use that methodology, as the pipes represent that potential demand on the system. Councilman Nix responded that really, there is only the Academy in Town that would use the larger pipes.

Seeing no further comment, Mayor Bennett closed public comment.

Councilman Nix opined that since inflation is 2-3%, that the 5% increase in rates would not mean that the Town would be quickly catching up, but it would be a start.

Councilman Wynkoop said that from the prior meeting, he understood that the water tower is a major concern for the Town. He asked what the cost would be for a new ground storage tank for Montverde. Steve Romano stated that it would be \$0.70 to \$0.80 a gallon. Councilman Wynkoop asked what the cost would be to replace the Town's tank with a ground storage tank. Steve Romano replied \$200,000 - \$250,000, plus all the site work necessary. Councilman Wynkoop stated that the Town could pay for the replacement, then leave the water tower for the cell phone satellite and its revenue.

Mayor Bennett asked what the next step is. Anita Geraci-Carver replied that advertisement and notice has to be performed, then staff would bring back the resolution/ordinance to adopt the rates.

Councilman Pierce stated that if a household uses the minimum, the increase would only be about \$.50 per month. If the average is used, it would only mean a \$1.33 increase each month. Councilman Wynkoop asked if the increase would be enough. Councilman Pierce said that with Tony's projections, the increase would be a good start. He also added that if Lake Apopka Sound is added to the Town's water system, that even more revenue would be generated.

Mayor Bennett said that he felt like Council was disappointed at the last workshop with the fact that Lake Apopka Sound bulk sale agreement would only generate \$30,000 to \$35,000 of additional revenue each year. But, he said that Council could charge whatever they wanted to these out-of-town customers to make the project cover all costs, because the sewer element needs to be added.

Councilman Nix asked if Montverde Estates/Bella Collina had requested sewer. Mayor Bennett replied that they had not formally, but there was discussion about the Academy getting rid of their old sewer system, and joining with Bella Collina for sewer.

Mayor Bennett said that the more partners that are brought into the mix for Montverde water and sewer, the less the financial impact will be to residents. He understands that the Town does not want growth, however these developments that would act as partners are outside of Town limits. Mayor Bennett said that the Randy June project will happen one way or another. Someone will provide the development with water and sewer. Does the Town want to let the money slip out of its hands?

Mayor Bennett asked for consensus on how Council would like staff to proceed. Councilman Pierce said that he was not in favor of increasing rates 5% every year for five years, because one of the reasons he was excited about the Lake Apopka Sound project was that it would mean extra revenue, without having to ask for more money from residents. He said that with the extra revenue from Lake Apopka Sound, the extra money from residents may not be needed. Councilman Nix interjected that Well 3 has a lot of problems, and it is likely going to need major repair soon. Steve Romano also added that the Lake Apopka Sound project will take four years to build out. Councilman Pierce said he did not realize the build out would take so long.

Mayor Bennett asked if Tony Hairston would address whether the impact fees were sufficient. Tony replied that he did not analyze that, but he can and bring it back to Council. Mayor Bennett asked Tony if he thought the Town's impact fees were too high. Tony replied that at first glance, it would appear so, but they need to look at the issue with these new developments in mind.

Mayor Bennett explained that if a person builds a house in Montverde, they must pay almost \$4500 in water impact fees, as well as \$2100 for water connection fees. Therefore, there should be a large amount of money coming in for Montverde Estates and Lake Apopka Sound project. Tony interjected that Lake Apopka Sound is constructing all of the water infrastructure, so the Town would not get any impact fees. Anita Geraci-Carver clarified that the Town could collect the impact fee but they would have to build the infrastructure. Councilman Nix asked if the Town gets to collect the connection fee on Lake Apopka Sound, and Anita replied yes.

Mayor Bennett said that if impact fees are only collected on Montverde Estates, that would equal \$400,000. He asked what this money could be used for. Tony replied that it could be used for expansion/capacity.

Councilman Pierce said that Montverde has a unique problem, because after Montverde Estates is built, there is nothing else left to be developed. So the issue of building extra capacity has to be examined carefully so that the Town does not overbuild capacity. Steve Romano added that in addition to capacity issues, there are issues with the current infrastructure. He said that there are replacements that need to be added whether new developments are built in Montverde or not.

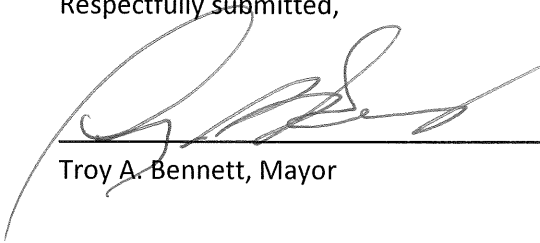
Mayor Bennett reminded everyone that engineers have put the Town on notice that the system is at capacity. So the capacity issue needs to be addressed immediately.

Consensus from Council was to begin the process to bring back the Ordinance to increase water rates for at least two consecutive years.

ADJOURN

MOTION to Adjourn by Joe Wynkoop; SECONDED by Arthur Nix at 8:45. Passed unanimously.

Respectfully submitted,

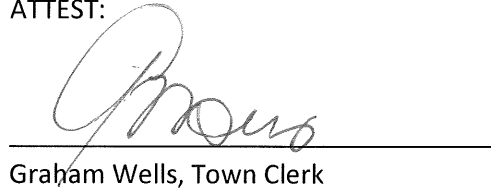


Troy A. Bennett, Mayor



Glenn Burns ,Council President

ATTEST:



Graham Wells, Town Clerk

