

SOUTH SANTA ROSA UTILITY SYSTEM

P. O. BOX 640
1070 SHORELINE DR.
GULF BREEZE, FLORIDA 32562-0640

PHONE: 934-5100
FAX: 934-5114

BOARD MEETING AGENDA

Gulf Breeze City Hall

February 8, 2010

Monday.....7:00 PM

1. CALL TO ORDER
2. ROLL CALL
3. APPROVAL OF MINUTES:
 - a. Regular Meeting, December 14, 2009
4. REPORTS:
 - a. Financial Report
 - b. Operations Report
 - c. Engineering & Permitting
5. OLD BUSINESS
 - a. SSRUS - A Historical Perspective
6. NEW BUSINESS:
 - a. Numeric Nutrient Criteria
 - b. Capacity Analysis Report
 - c. Policy Manual
7. PUBLIC FORUM
8. SETTING OF NEXT MEETING . . . April 12, 2010
9. ADJOURNMENT

If any person decides to appeal any decisions made with respect to any matter considered at this meeting, such person may need to insure that a verbatim record of the proceedings is made, which record includes the testimony and any evidence upon which the appeal is to be based.

The public is invited to comment on matters before the SSRUS Board upon receiving recognition from the Chair.

***SOUTH SANTA ROSA UTILITY SYSTEM
BOARD OF DIRECTORS MEETING***

December 14, 2009

7:00 P.M.

1. CALL TO ORDER:

The 92nd regular meeting of the South Santa Rosa Utility System Board of Directors was called to order at 7:00 p.m., at Gulf Breeze City Hall by Dr. Richard Snyder, Chairman.

2. ROLL CALL:

The following board members were present at the meeting: Dr. Richard Snyder, Otto Prochaska, Mayor Beverly Zimmern, Dick Fulford, Robert Sauer, Thomas Naile, Terry Mills and new Board members Cathy Benoit and Todd Johnson.

3. APPROVAL OF MINUTES:

Thomas Naile made a motion to approve the meeting minutes from October 12, 2009 as written. The motion was seconded by Beverly Zimmern and the minutes were approved unanimously.

4. REPORTS:

A. FINANCIAL REPORT

Thomas Lambert gave the board the financial report for the 2009 fiscal year. October 2008 through September 2009.

B. OPERATIONS REPORT

Vernon Prather stated that utility operations for September 2009 and October 2009 were normal. September and October saw a significant amount of rain totaling 18.85".

Mr. Prather reported that work has continued to repair/replace the corroded metal of the head works located underneath the screens. This work also includes sandblasting and painting the entire head works. Mr. Prather also reported that they have made significant progress installing the new blowers by pouring the concrete slab and also receiving quotes for the additional electrical work.

Mr. Prather reported to the Board that the Blower Project was on schedule and should be completed prior to the dead line of December 31, 2009.

A Copy of the following correspondence was provided to the board:

- a) SSRUW WWTP Data for September, October and November 2009
- b) Water and Sewer Revenue Tables F/Y 2010, 2009, 2008, 2007 and 2006
- c) Water and Sewer Impact Fee Tables F/Y 2010, 2009, 2008 and 2007
- d) Construction Coordinator Report
- e) Memo to City Council authorizing direct purchase of Electrical Equipment and for staff to complete project.
- f) SSRUS Board Appointments of Ms. Cathy Benoit and Mr. Todd Johnson.

The WWTP flow for September 2009 was 1.521 MGD, October 1.585 MGD and November was 1.708 MGD. The Golf Course flow for this same time was .649, .721 and .693 MGD respectively. The reuse system was balanced by activation of supplemental wells and exercised provisions of the Effluent Disposal Settle Agreement as required when the lake is at or above 7.5'.

Sewer customer base from October 2008 to October 2009 has seen an increase of + 0.8%. Customer base for sewer has increased by 6.8% since Ivan. Sewer revenue for October 2009 was $\$215,077/5835=\36.86 per customer and in October 2008, $\$202,741/5787=\35.03 per customer. Sewer revenue for November 2009 was $\$204,876/5772=\35.50 per customer and in November 2008, $\$169,777/5807=\29.24 per customer.

Customer base for water from October 2008 to October 2009 decreased 0.4%. Customer base for water from November 2008 to November 2009 decreased 0.2%. Customer base for water has decreased by 4.4% since Ivan. Water revenue in October 2009 was $\$129,823/4209=\30.84 per customer and in October 2008 $\$121,910/4227=\28.84 per customer. Water revenue in November 2009 was $\$118,751/4189=\28.35 per customer and in November 2008 was $\$169,777/5807=\29.24 per customer.

C. ENGINEERING AND PERMITTING

Richard W. Delp, gave the report on engineering and permitting.

5. OLD BUSINESS

6. NEW BUSINESS

A. Introduction of New SSRUS Board Members:

SSRUS Board Chair Dr. Snyder introduced and welcomed new board members Cathy Benoit and Todd Johnson to the board. City Manager Buz Eddy gave the board a quick review of the Sunshine Laws and answered questions from the Board Members. All Board Members will be meeting with the City Attorney for a formal review of the Sunshine Law.

B. Replacement of West Course 30HP Vertical Turbine Jockey Pump:

SSRUS Board recommended that the City Council authorize Gilbert Pump and Mechanical to replace the 30HP Vertical Turbine Jockey Pump including the electric motor at a cost of \$11,304.00.

Otto Prochaska made a motion to approve the staff recommendation to replace the Vertical Turbine Jockey Pump including the electric motor at a cost of \$11,304.00. Tom Nailed seconded the motion and the vote for approval was unanimous.

C. SSRUS White Paper- A Historical Perspective:

The Board was presented with a draft of the SSRUS White Paper. The following comments were made regarding the draft.

Otto Prochaska was concerned that there needed to be more history regarding how the City pledged that SSRUS would be operated independently. He will be willing to work with staff regarding that information.

The Board would also like to see the White Paper placed on the Web Site for citizens to comment after the Board has reviewed.

Dick Fulford requested that the White Paper include the Pete Marwick Study, (KPMG Study) in the executive summary.

It was also requested that the Utility's Policy Manual be updated for the board.

7. PUBLIC FORUM

A. Mike Robertson of 1468 Whisper Bay Blvd, Gulf Breeze, FL 32563 came before the Board and would like the Board to address the following:

- Merging cost centers so people can understand the accounting of SSRUS.
- The Board considering the possibility of selling the Utility.
- The need for the outline of KPMG. Report in the White Paper.

Mr. Robertson also expressed his concern that those citizens in the 32563 zip code are having taxation without representation. He requested that the City pass a resolution to ask the Legislation delegation to have an elected Board.

As there was no other business the meeting was adjourned.

8. SETTING OF NEXT MEETING- February 8, 2010

9. ADJOURNMENT AT: 8:15 p.m.

SSRUS FINANCIAL SUMMARY
PERIOD 3 FINANCIAL COMPARISON
OCTOBER 2009 THROUGH DECEMBER 2009

Feb-10

SSRUS FINANCIAL SUMMARY - 3 MONTH YTD (Oct-Dec 09)

OVERALL SUMMARY

Description	2010 Actual YTD	2010 Budget YTD		2009 Actual (3 periods)	
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OPERATIONAL SUMMARY (Includes transfers)					
REVENUE	901,086	762,565	18.2%	606,418	48.6%
WATER EXPENSE	218,142	272,121	-19.8%	235,439	-7.3%
SEWER EXPENSE	483,405	457,806	5.6%	397,406	21.6%
EXPENSE TOTAL	<u>701,547</u>	<u>729,927</u>	-3.9%	<u>632,844</u>	10.9%
NET GAIN	199,538	32,638	511.4%	-26,426	
CAPITAL & DEBT SERVICE SUMMARY					
REVENUE	493,626	401,825	22.8%	373,913	32.0%
WATER EXPENSE	12,242	40,887	-70.1%	12,051	1.6%
SEWER EXPENSE	619,125	359,961	72.0%	835,890	-25.9%
EXPENSE TOTAL	<u>631,367</u>	<u>400,848</u>	57.5%	<u>847,941</u>	-25.5%
NET GAIN	-137,741	977	0	-474,029	
OVERALL SUMMARY					
REVENUE	1,394,712	1,164,390	19.8%	980,331	42.3%
WATER EXPENSE	230,384	313,008	-26.4%	247,490	-6.9%
SEWER EXPENSE	1,102,530	817,767	34.8%	1,233,295	-10.6%
EXPENSE TOTAL	<u>1,332,914</u>	<u>1,130,775</u>	17.9%	<u>1,480,785</u>	-10.0%
NET GAIN	61,798	33,615		-500,454	

SSRUS FINANCIAL SUMMARY - 3 MONTH YTD (Oct-Dec 09)

WATER & SEWER BREAKDOWNS

Description	2009 Actual YTD	2009 Budget YTD		2008 Actual (11 periods)	
WATER					
<i>Revenue</i>					
Service Charges	457,805	364,835	25.5%	296,929	54.2%
Impact Fees	4,500	-	0.0%	-	0.0%
Miscellaneous	30,095	48,500	-37.9%	40,139	-25.0%
Special Assessment	33,550	28,998	15.7%	25,198	33.1%
TOTALS	525,950	442,332		362,266	
<i>Expenses</i>					
Salaries	95,063	72,522	31.1%	88,878	7.0%
Operating	16,642	30,018	-44.6%	20,326	-18.1%
Repairs & Maintenance	4,161	9,567	-56.5%	8,272	-49.7%
Contractual	79,016	132,900	-40.5%	90,815	-13.0%
Utilities	11,013	8,748	25.9%	6,927	59.0%
Debt Service	12,242	39,789	-69.2%	12,051	1.6%
Capital	-	1,098	0.0%	-	0.0%
Transfers	12,246	18,366	-33.3%	20,220	-39.4%
TOTALS	230,384	313,008		247,490	
WATER NET GAIN/(LOSS)	295,566	129,324		114,776	
SEWER					
<i>Revenue</i>					
Service Charges	769,270	627,545	22.6%	489,105	57.3%
Impact Fees	69,397	46,014	50.8%	88,821	-21.9%
Miscellaneous	30,095	48,500	-37.9%	40,139	-25.0%
Special Assessment	-	-	0.0%	-	0.0%
TOTALS	868,762	722,058		618,065	
<i>Expenses</i>					
Salaries	281,807	222,636	26.6%	221,463	27.2%
Operating	39,245	54,018	-27.3%	46,038	-14.8%
Repairs & Maintenance	30,871	40,521	-23.8%	30,097	2.6%
Contractual	30,756	40,149	-23.4%	17,292	77.9%
Utilities	76,234	63,750	19.6%	42,076	81.2%
Debt Service	585,797	359,961	62.7%	835,890	-29.9%
Capital	33,328	-	0.0%	-	0.0%
Transfers	24,492	36,732	-33.3%	40,440	-39.4%
TOTALS	1,102,530	817,767		1,233,295	
SEWER NET GAIN/(LOSS)	(233,768)	(95,709)		(615,230)	



City of Gulf Breeze

MEMORANDUM

TO: Edwin A. Eddy, City Manager

FROM: Vernon L. Prather, Director of Public Services *V.L.P.*

RE: SSRUS Operations Report

DATE: February 2, 2010

Utility operations were busy as we completed a number of projects that began in the fall. The corroded metal was replaced underneath the screens and the entire WWTP head works were sand blasted and repainted. Staff completed the Blower and VFD project ahead of schedule and equipment start-up was flawless. Weather conditions were very cold with significant rain fall in December 2009 of 13.5" with January 2010 recording 5.74".

The WWTP flow for Dec 2009 was 1.591mgd, and Jan. 2010 was 1.654 mgd. The Golf Course flow for this same time was 1.001mgd, and 1.249mgd, respectively. We maintained the level in Pond #1 by notification to the Golf Course or activation of spray fields as required.

SSRUS increased/decreased the customer base as follows:

Billed water customers: (pre-Ivan 4383)
(- 4.4 % since Ivan)

Billed sewer customers: (pre-Ivan 5402)
(+6.9 % since Ivan)

Dec 09	4194	Dec 08	4214	(.47) %	Dec 09	5779	Dec 08	5835	(.96) %
Jan 10	4191	Jan 09	4194	(.00) %	Jan 10	5776	Jan 09	5780	(.00) %

Water revenue:

Dec 09	\$116,722/4194	=	\$27.83 /customer	Dec 08	\$116,482 /4214	=	\$27.64 /customer
Jan 10	\$118,887/4194	=	\$28.35 /customer	Jan 09	\$110,030/4194	=	\$26.24 /customer

Sewer revenue:

Dec 09	\$205,815/5779	=	\$35.61 /customer	Dec 08	\$196,923/5835	=	\$33.75 /customer
Jan 10	\$211,322/5776	=	\$36.59 /customer	Jan 09	\$186,105/5780	=	\$32.20 /customer

Attached for the Board's review are copies of the following correspondence:

- a) SSRUS WWTP Data for Dec. 2009 and Jan. 2010
- b) Water & Sewer Revenue Tables F/Y 2010, 2009, 2008, 2007 and 2006
- c) Water & Sewer Impact Fee Tables F/Y 2010, 2009, 2008, and 2007
- d) Construction Coordinator Report

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SSRUS WWTP DATA

January 2010

DATE	WWTP FLOW (MGD)	SUPL FLOW DW, & #110 & MW#1 (MGD)	TOTAL COURSE IRRIG. (MGD)	WEST COURSE (MGD)	EAST COURSE (MGD)	EAST* COURSE WELL	EASTERN REUSE SITE	REUSE CSTMR'S (MGD)	LAKE LEVEL (FT)	RAIN FALL (IN)	RAIN FALL FLOW
1	1.529	var.	var.	var.	var.	var.	var.	var.	7.4	0.03	0.00
2	1.539	var.	var.	var.	var.	var.	var.	var.	7.4	0.04	0.00
3	1.545	var.	var.	var.	var.	var.	var.	var.	7.3	0.03	0.00
4	1.483	var.	var.	var.	var.	var.	var.	var.	7.3	0.00	0.00
5	1.489	var.	var.	var.	var.	var.	var.	var.	7.2	0.00	0.00
6	1.508	var.	var.	var.	var.	var.	var.	var.	7.0	0.00	0.00
7	1.674	var.	var.	var.	var.	var.	var.	var.	7.0	0.00	0.00
8	1.568	var.	var.	var.	var.	var.	var.	var.	7.0	0.20	0.02
9	1.707	var.	var.	var.	var.	var.	var.	var.	6.9	0.00	0.00
10	1.776	var.	var.	var.	var.	var.	var.	var.	7.4	0.00	0.00
11	1.560	var.	var.	var.	var.	var.	var.	var.	8.1	0.00	0.00
12	1.483	var.	var.	var.	var.	var.	var.	var.	7.4	0.00	0.00
13	1.424	var.	var.	var.	var.	var.	var.	var.	6.8	0.00	0.00
14	1.468	var.	var.	var.	var.	var.	var.	var.	6.2	0.00	0.00
15	1.466	var.	var.	var.	var.	var.	var.	var.	7.0	0.00	0.00
16	1.734	var.	var.	var.	var.	var.	var.	var.	7.7	1.10	0.13
17	1.593	var.	var.	var.	var.	var.	var.	var.	7.2	1.00	0.12
18	1.570	var.	var.	var.	var.	var.	var.	var.	6.8	0.00	0.00
19	1.529	var.	var.	var.	var.	var.	var.	var.	6.9	0.00	0.00
20	1.571	var.	var.	var.	var.	var.	var.	var.	6.3	0.00	0.00
21	1.969	var.	var.	var.	var.	var.	var.	var.	6.1	1.03	0.13
22	1.749	var.	var.	var.	var.	var.	var.	var.	6.0	0.07	0.01
23	1.790	var.	var.	var.	var.	var.	var.	var.	6.2	0.00	0.00
24	1.913	var.	var.	var.	var.	var.	var.	var.	6.4	0.04	0.00
25	1.743	var.	var.	var.	var.	var.	var.	var.	6.8	0.50	0.06
26	1.728	var.	var.	var.	var.	var.	var.	var.	6.8	0.00	0.00
27	1.757	var.	var.	var.	var.	var.	var.	var.	7.2	0.00	0.00
28	1.747	var.	var.	var.	var.	var.	var.	var.	7.0	0.00	0.00
29	1.934	var.	var.	var.	var.	var.	var.	var.	7.0	0.00	0.00
30	1.831	var.	var.	var.	var.	var.	var.	var.	6.8	1.70	0.21
31	1.896	var.	var.	var.	var.	var.	var.	var.	6.5	0.00	0.00
Max Day	51.273	0.000	38.725	26.930	11.795	0.000	0.725	9.395	6.200	5.740	0.704
AVG	1.969							**	0		
	1.654	0.000	1.249	0.869	0.380	0.000	0.023	0.303	6.71	0.185	0.023

Golf Course Average Irrigation
*Includes East Course Well

**shadow lakes meter broken-used last years flow of 2.985MG

	WWTP FLOW + RAIN FLOW	+ 11D WELL	- IRRIG	- ERS	- REUSE	- LAKE GAIN	= PERC
Avg	1.654	0.023	0.000	-1.249	-0.023	-0.303	0.057 = 0.158 MGD
	(= TOTAL FLOW)						
	(1.677)						

Lake Level (1 / 31) - Lake Level (0 / 31) = Lake Gain

6.20	7.40	-1.20 ft.
74.4	88.8	-14.4 in.

	Formula
WWTP FLOW	1.654
RAIN FLOW	0.023
suppl flow	0.000
- IRRIG	1.249
- ERS	0.023
0 - REUSE	0.303
- LAKE GAIN	-0.057
PERC:	0.158

ADDITIONAL COMMENTS:

1 Rain Fall Flow equals 1.22662x100,000 MG per inch of rain fall.

-14.400 in.
0.883 mg.
-0.057 mgd

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SSRUS WWTP DATA

December 2009

DATE	WWTP FLOW (MGD)	SUPL FLOW DW, & #11D & MW#1 (MGD)	TOTAL COURSE IRRIG. (MGD)	WEST COURSE (MGD)	EAST COURSE (MGD)	EAST* COURSE WELL	EASTERN REUSE SITE	REUSE CSTMR'S (MGD)	LAKE LEVEL (FT)	RAIN FALL (IN)	RAIN FALL FLOW
1	1.611	var.	var.	var.	var.	var.	var.	var.	6.8	0.25	0.03
2	1.625	var.	var.	var.	var.	var.	var.	var.	6.2	2.50	0.31
3	1.584	var.	var.	var.	var.	var.	var.	var.	5.7	2.80	0.34
4	1.468	var.	var.	var.	var.	var.	var.	var.	6.4	0.00	0.00
5	1.500	var.	var.	var.	var.	var.	var.	var.	7.2	0.15	0.02
6	1.595	var.	var.	var.	var.	var.	var.	var.	7.2	0.00	0.00
7	1.274	var.	var.	var.	var.	var.	var.	var.	7.3	0.00	0.00
8	1.597	var.	var.	var.	var.	var.	var.	var.	7.5	0.10	0.01
9	1.278	var.	var.	var.	var.	var.	var.	var.	7.4	0.15	0.02
10	1.162	var.	var.	var.	var.	var.	var.	var.	6.7	0.00	0.00
11	1.415	var.	var.	var.	var.	var.	var.	var.	5.7	0.00	0.00
12	1.819	var.	var.	var.	var.	var.	var.	var.	6.4	0.57	0.07
13	1.752	var.	var.	var.	var.	var.	var.	var.	6.6	1.20	0.15
14	1.711	var.	var.	var.	var.	var.	var.	var.	6.9	0.60	0.07
15	1.829	var.	var.	var.	var.	var.	var.	var.	7.2	1.10	0.13
16	1.689	var.	var.	var.	var.	var.	var.	var.	7.4	0.51	0.06
17	1.427	var.	var.	var.	var.	var.	var.	var.	7.5	0.00	0.00
18	2.029	var.	var.	var.	var.	var.	var.	var.	6.8	1.00	0.12
19	1.419	var.	var.	var.	var.	var.	var.	var.	6.6	0.26	0.03
20	1.790	var.	var.	var.	var.	var.	var.	var.	6.0	0.00	0.00
21	1.685	var.	var.	var.	var.	var.	var.	var.	7.0	0.00	0.00
22	1.573	var.	var.	var.	var.	var.	var.	var.	6.5	0.00	0.00
23	1.560	var.	var.	var.	var.	var.	var.	var.	5.8	0.00	0.00
24	1.738	var.	var.	var.	var.	var.	var.	var.	5.5	0.00	0.00
25	1.673	var.	var.	var.	var.	var.	var.	var.	5.6	1.40	0.17
26	1.700	var.	var.	var.	var.	var.	var.	var.	5.2	0.00	0.00
27	1.529	var.	var.	var.	var.	var.	var.	var.	6.2	0.00	0.00
28	1.585	var.	var.	var.	var.	var.	var.	var.	6.8	0.00	0.00
29	1.433	var.	var.	var.	var.	var.	var.	var.	7.4	0.00	0.00
30	1.646	var.	var.	var.	var.	var.	var.	var.	7.3	0.00	0.00
31	1.635	var.	var.	var.	var.	var.	var.	var.	7.3	0.91	0.11
Max Day	49.331	0.154	31.028	10.948	20.080	0.000	4.454	12.363	7.400	13.500	1.66
AVG	2.029	0.005	1.001	0.353	0.648	0.000	0.144	0.399	0	0.435	0.053
Golf Course Average Irrigation *Includes East Course Well			1.001	**shadow lakes meter broken-used last years flow of 3.975MG							

WWTP FLOW + RAIN FLOW + 11D WELL - IRRIG - ERS - REUSE - LAKE GAIN = PERC
 Avg 1.591 0.053 0.005 -1.001 -0.144 -0.399 -0.028 = 0.078 MGD
 (= TOTAL FLOW)
 (1.650)

Lake Level (12 / 31) - Lake Level (11 / 30) = Lake Gain

7.4 6.8 0.6 ft.
88.8 81.6 7.2 in.

WWTP FLOW
 RAIN FLOW
 suppl flow
 - IRRIG
 - ERS
 - REUSE
 - LAKE GAIN
 PERC:

Formula
1.591
0.053
0.005
1.001
0.144
0.399
0.028
0.078

ADDITIONAL COMMENTS:

1 Rain Fall Flow equals 1.22662x100,000 MG per inch of rain fall.

7.200 in.
0.883 mg.
0.028 mgd

SSRUS	FY 2009	REVENUE		Water Customers	Sewer Dollars	Sewer Consump (1000 gal)	Sewer Customers	Misc. Charges	Total Dollars		Budget Req-mnts		Over/Short YTD
		Water Consump (1000 gal)	Water Customers						YTD	YTD	YTD	YTD	
Oct-08	\$121,911	27,771	4227	\$202,742	35,561	5787	\$850	\$325,502	\$334,500	-\$8,998			
Nov-08	\$101,206	19,808	4201	\$169,777	26,678	5807	\$605	\$597,090	\$669,000	-\$71,910			
Dec-08	\$116,482	25,847	4214	\$196,923	24,088	5835	\$1,003	\$911,497	\$1,003,500	-\$92,003			
Jan-09	\$110,030	21,797	4194	\$186,105	29,372	5780	\$773	\$1,208,405	\$1,338,000	-\$129,595			
Feb-09	\$105,852	20,372	4196	\$179,769	27,629	5784	\$328	\$1,494,353	\$1,672,500	-\$178,147			
Mar-09	\$109,407	21,765	4179	\$190,198	30,546	5790	\$648	\$1,794,606	\$2,007,000	-\$212,394			
Apr-09	\$110,713	22,277	4171	\$189,501	30,095	5832	\$665	\$2,095,485	\$2,341,500	-\$246,015			
May-09	\$113,469	24,577	4170	\$193,805	32,913	5791	\$580	\$2,403,339	\$2,676,000	-\$272,661			
Jun-09	\$120,904	28,441	4171	\$217,927	37,934	5819	\$643	\$2,742,813	\$3,010,500	-\$267,687			
Jul-09	\$136,771	32,326	4191	\$234,534	42,416	5780	\$570	\$3,114,687	\$3,345,000	-\$230,313			
Aug-09	\$122,350	26,666	4191	\$207,498	35,118	5772	\$768	\$3,445,302	\$3,679,500	-\$234,198			
Sep-09	\$46,443	8,706	1861	\$125,461	19,273	3813	\$40	\$3,617,246	\$4,014,000	-\$396,754			
TOTALS	\$1,315,537			\$2,294,240			\$7,470	\$23,750,324					
AVG.	\$109,628	23,363	3997	\$191,187	30,969	5633	\$623	\$ 1,979,194					

Water monthly requirement: \$126,500
Sewer monthly requirement: \$208,000
\$334,500

*NOTE: January 2009 includes water and sewer rate increases

(B1)

			SSRUS	FY 2007	REVENUE		Misc.	Deposit	Total	Budget	Over/Short
	Water	Water	Water	Sewer	Sewer	Sewer	Charges	Refund	Dollars	Reqmnts	YTD
	Dollars	Consumption	Customers	Dollars	Consumption	Customers				YTD	YTD
Oct 06	\$97,950.00	26,551,000	4,206	\$151,814	33,817,000	5,575	\$1,165.00	-\$5,880.00	\$245,049	\$287,475	-\$42,426
Nov 06	\$88,152.00	22,390,000	4,188	\$135,329	28,462,000	5,532	\$540.00	-\$3,350.00	\$220,671	\$574,950	-\$109,230
Dec 06	\$85,052.00	25,269,000	4,198	\$146,060	32,013,000	5,544	\$758.00	-\$6,100.00	\$235,770	\$662,425	-\$160,935
Jan 07	\$112,641.00*	25,378,000	4,216	\$183,664*	33,256,000	5,579	\$1,380.00	-\$4,950.00	\$292,735	\$1,149,900	-\$155,675
Feb 07	\$96,895.00	19,345,000	4,180	\$156,879	25,709,000	5,570	\$838.00	-\$4,370.00	\$250,242	\$1,437,375	-\$192,908
Mar 07	\$106,003.00	22,858,000	4,200	\$179,208	31,507,000	5,737	\$575.00	-\$5,255.00	\$280,531	\$1,724,850	-\$199,852
Apr 07	\$112,284.00	25,465,000	4,203	\$188,324	34,074,000	5,743	\$365.00	-\$5,173.00	\$297,222	\$2,299,800	-\$180,780
May 07	\$115,320.00	26,446,000	4,213	\$187,314	33,911,000	5,691	\$698.00	-\$6,020.00	\$297,222	\$2,587,275	-\$123,400
Jun 07	\$133,665.00	34,068,000	4,200	\$217,320	42,268,000	5,638	\$1,090.00	-\$6,230.00	\$345,845	\$2,587,275	-\$73,278
Jul 07	\$125,432.00	30,623,000	4,213	\$194,858	41,837,100	5,720	\$830.00	-\$5,575.00	\$337,607	\$2,874,750	-\$47,303
Aug 07	\$121,402.00	28,986,000	4,224	\$194,858	35,798,000	5,747	\$2,390.00	-\$5,200.00	\$313,450	\$3,162,225	-\$47,303
Sept 07	\$114,190.00	25,921,000	4,217	\$189,357	34,292,000	5,740	\$1,240.00	-\$5,718.00	\$310,505	\$3,449,700	-\$24,273
TOTALS	\$1,318,986.00	313,300,000	50,458	\$2,147,047	406,944,100	67,716	\$11,869.00	-\$63,821.00	\$3,425,427	\$3,449,700	-\$1,501,587
AVG	\$109,916	26,108,333	4,205	\$178,921	33,912,000	5,643	\$989	-\$5,318	\$285,452	\$287,475	-\$125,132

Water monthly requirement \$115,117
Sewer monthly requirement \$172,358
Combined monthly total: \$287,475

*January 2007 rate increase went into effect.

	Water	Water	Water	Sewer	Sewer	Sewer	Misc.	Deposit	Total	Budget	Over/Short
	Dollars	Consumption	Customers	Dollars	Consumption	Customers	Charges	Refund	Dollars	Req'ts	YTD
Oct 05	\$99,256.00	27,160,000	4,171	\$147,648	33,043,000	5,389	\$838.00	-\$5,656.00	\$241,786	\$236,780	\$5,006
Nov 05	\$89,600.00	22,936,000	4,148	\$135,691	29,093,100	5,400	\$648.00	-\$4,430.00	\$221,509	\$473,560	-\$10,265
Dec-05	\$97,623.00	26,568,000	4,175	\$156,264	35,664,000	5,461	\$910.00	-\$5,635.00	\$249,162	\$710,340	\$2,117
Jan 06	\$90,833.00	23,472,000	4,157	\$139,328	30,154,000	5,447	\$1,025.00	-\$5,335.00	\$225,851	\$947,120	-\$8,812
Feb 06	\$83,065.00	19,988,000	4,168	\$124,656	25,392,000	5,444	\$1,082.00	-\$5,280.00	\$203,523	\$1,183,900	-\$42,069
Mar 06	\$93,979.00	24,714,000	4,177	\$142,957	31,214,000	5,497	\$730.00	-\$4,695.00	\$232,971	\$1,420,680	-\$45,878
Apr 06	\$97,751.00	26,595,000	4,186	\$153,829	34,710,000	5,529	\$938.00	-\$5,750.00	\$246,768	\$1,657,460	-\$35,890
May 06	\$104,191.00	29,572,000	4,184	\$166,146	38,765,000	5,519	\$423.00	-\$4,855.00	\$265,905	\$1,894,240	-\$6,765
Jun 06	\$114,311.00	34,106,000	4,217	\$183,663	44,375,000	5,563	\$678.00	-\$6,700.00	\$291,952	\$2,131,020	\$48,407
Jul 06	\$116,949.00	35,235,000	4,189	\$191,535	46,979,000	5,533	\$250.00	-\$6,645.00	\$302,089	\$2,367,800	\$113,716
Aug 06	\$110,249.00	32,315,000	4,206	\$185,228	44,870,000	5,566	\$941.00	-\$4,940.00	\$291,478	\$2,604,580	\$168,414
Sept 06	\$99,591.00	26,125,000	4,201	\$150,230	33,451,000	5,549	\$460.00	-\$4,150.00	\$246,131	\$2,841,360	\$177,765
TOTALS	\$1,197,398.00	328,786,000	50,179	\$1,877,175	427,710,100	65,897	\$8,923.00	-\$64,071.00	\$3,019,125		
AVG	\$99,783	27,398,833	4,182	\$156,431	35,642,508	5,491	\$744	-\$5,339	\$251,594		

Water-monthly-requirement: \$95,755
 Sewer monthly requirement: \$141,025
 Combined monthly total: \$236,780

SSRUS MONTHLY IMPACT FEES - 2010

MONTH	WATER	SEWER	YTD WATER	YTD SEWER	YTD TOTAL	BUDGETED	OVER/UNDER
October-09	\$2,250	\$9,621	\$2,250	\$9,621	\$11,871	\$0	\$11,871
November-09	\$0	\$1,047	\$2,250	\$10,668	\$12,918	\$0	\$12,918
December-09	\$2,250	\$6,247	\$4,500	\$16,915	\$21,415	\$0	\$21,415
January-10	\$0	\$6,247	\$4,500	\$23,162	\$27,662	\$0	\$27,662
February-10			\$4,500	\$23,162	\$27,662	\$0	\$27,662
March-10			\$4,500	\$23,162	\$27,662	\$0	\$27,662
April-10			\$4,500	\$23,162	\$27,662	\$0	\$27,662
May-10			\$4,500	\$23,162	\$27,662	\$0	\$27,662
June-10			\$4,500	\$23,162	\$27,662	\$0	\$27,662
July-10			\$4,500	\$23,162	\$27,662	\$0	\$27,662
August-10			\$4,500	\$23,162	\$27,662	\$0	\$27,662
September-10			\$4,500	\$23,162	\$27,662	\$0	\$27,662
Avg.							

Water tap annual requirement: \$0 Monthly
 Sewer tap annual requirement: \$0 Monthly
 Combined annual requirement: \$0 Monthly

Water tap annual requirement: \$0
 Sewer tap annual requirement: \$0
 Combined annual requirement: \$0

SSRUS MONTHLY IMPACT FEES - 2009

MONTH	WATER	SEWER	YTD WATER	YTD SEWER	YTD TOTAL	BUDGETED	OVER/UNDER
October-08	\$0	\$20,922	\$0	\$20,922	\$20,922	\$29,167	-\$8,245
November-08	\$0	\$1,047	\$0	\$21,969	\$21,969	\$58,333	-\$36,364
December-08	\$0	\$1,047	\$0	\$23,016	\$23,016	\$87,500	-\$64,484
January-09	\$0	\$1,047	\$0	\$24,063	\$24,063	\$116,667	-\$92,604
February-09	\$0	\$1,047	\$0	\$25,110	\$25,110	\$145,833	-\$120,723
March-09	\$0	\$1,047	\$0	\$26,157	\$26,157	\$175,000	-\$148,843
April-09	\$0	\$1,047	\$0	\$27,204	\$27,204	\$204,167	-\$176,963
May-09	\$2,250	\$6,247	\$2,250	\$33,451	\$35,701	\$233,333	-\$197,632
June-09	\$2,250	\$16,647	\$4,500	\$50,098	\$54,598	\$262,500	-\$207,902
July-09	\$0	\$1,047	\$4,500	\$51,145	\$55,645	\$291,667	-\$236,022
August-09	\$0	\$1,047	\$4,500	\$52,192	\$56,692	\$320,833	-\$264,141
September-09	\$2,250	\$51,222	\$6,750	\$103,414	\$110,164	\$350,000	-\$239,836
Avg.							

Water tap annual requirement: \$50,000 Monthly \$4,167
 Sewer tap annual requirement: \$300,000 Monthly \$25,000
 Combined annual requirement: \$350,000 Monthly \$29,167

SSRUS MONTHLY IMPACT FEES - 2008

MONTH	WATER	SEWER	YTD WATER	YTD SEWER	YTD TOTAL	BUDGETED	OVER/UNDER
Oct 07	\$2,350	\$139,690	\$2,350	\$139,690	\$142,040	\$88,333	\$53,707
Nov 07	\$6,850	\$79,954	\$9,200	\$219,644	\$228,844	\$176,667	\$52,177
Dec 07	\$6,750	\$8,979	\$15,950	\$228,623	\$244,573	\$265,000	-\$20,427
Jan 08	\$0	\$15,600	\$15,950	\$244,223	\$260,173	\$353,333	-\$93,160
Feb 08	\$0	\$0	\$15,950	\$244,223	\$260,173	\$441,667	-\$181,494
Mar 08	\$2,250	\$122	\$18,200	\$244,345	\$262,545	\$530,000	-\$267,455
Apr 08	\$0	\$122	\$18,200	\$244,467	\$262,667	\$618,333	-\$355,666
May 08	\$0	\$122	\$18,200	\$244,589	\$262,789	\$706,667	-\$443,877
Jun 08	\$2,350	\$5,322	\$20,550	\$249,911	\$270,461	\$795,000	-\$524,539
Jul 08	\$0	\$5,322	\$20,550	\$255,233	\$275,783	\$883,333	-\$607,550
Aug 08	\$5,675	\$7,922	\$26,225	\$263,155	\$289,380	\$971,667	-\$682,286
Sept 08	\$2,250	\$5,322	\$28,475	\$268,478	\$296,953	\$1,060,000	-\$763,047
Avg.							

Water tap annual requirement \$60,000 Monthly
 Sewer tap annual requirement \$1,000,000 Monthly
 Combined annual requirement \$1,060,000 Monthly

\$5,000
 \$83,333
 \$88,333

SSRUS IMPACT FEES - 2007

MONTH	WATER	SEWER	YTD WATER	YTD SEWER	YTD TOTAL	BUDGETED	OVER/UNDER
Oct 06	\$4,500	\$154,254	\$4,500	\$154,254	\$158,754	\$122,917	\$35,837
Nov 06	\$5,625	\$16,979	\$10,125	\$171,233	\$181,358	\$245,834	-\$64,476
Dec 06	-\$2,250	\$3,904	\$7,875	\$175,137	\$183,012	\$368,751	-\$185,739
Jan 07	\$0	\$604	\$7,875	\$175,741	\$183,616	\$491,668	-\$308,052
Feb 07	\$4,500	\$26,854	\$12,375	\$202,595	\$214,970	\$614,585	-\$399,615
Mar 07	\$6,750	\$43,754	\$19,125	\$246,349	\$265,474	\$737,502	-\$472,028
Apr 07	\$3,950	\$8,204	\$23,075	\$254,553	\$277,628	\$860,419	-\$582,791
May 07	\$9,000	\$199,754	\$32,075	\$454,307	\$486,382	\$983,336	-\$496,954
Jun 07	\$0	\$69,255	\$32,075	\$523,562	\$555,637	\$1,106,253	-\$550,616
Jul 07	\$2,350	\$252,529	\$34,425	\$776,091	\$810,516	\$1,229,170	-\$418,654
Aug 07	\$4,500	\$41,729	\$38,925	\$817,820	\$856,745	\$1,352,087	-\$495,342
Sep 07	\$2,250	\$48,365	\$41,175	\$866,185	\$907,360	\$1,475,000	-\$567,640
Avg.	\$3,431	\$72,182	\$21,969	\$401,486	\$423,454	\$122,917	-\$375,506

Water tap annual requirement: \$75,000 Monthly \$6,250
 Sewer tap annual requirement: \$1,400,000 Monthly \$116,667
 Combined annual requirement: \$1,475,000 Monthly \$122,917

MEMORANDUM

TO: Vernon L. Prather, Director

FROM: Jon Kanzigg, Construction Coordinator

DATE: February 3, 2010

RE: Construction Report

Projects under review

1. Redfish Point Sewer - 92 Water - 0 Reuse - 0
This will be a single family residential subdivision located on the west side of Redfish Point Road. Sewer service will require a lift station and force main connecting on Calcutta Drive in Tiger Point Village Unit no. 1. The Engineer of record has advised us this project will soon be resubmitted for our review. Quail Run Glen has just been approved and will be connecting to the Redfish Point force main. Both projects and by the same Developer. **No progress since last report.**
2. Quail Run Glen Sewer - 13 Water - 0 Reuse - 0
This will be a single family subdivision located on Quail Run Road one block east of Redfish Point Road. This project has just been approved and is now proposed as a L.P.S. system. **No progress since last report.**
3. Soundside Estates Sewer - 31 Water - 0 Reuse - 0
We have received a preliminary plat and offered some comments for connection to our system to the Engineer of record for this project. It will be located near the east end of Soundside Drive near the east end. **No progress since last report.**
4. Waterford Sound III Sewer - 62 Water - 0 Reuse - 62
This will be a 62 lot residential development that will require a lift station. It will tie-into phase two and may be the final phase for this Development. Plans have been reviewed and revised plans have been received from the Engineer of record. **No progress since last report.**

5. Soundscape Sewer - 9 Water - 9 Reuse - 0
We are reviewing the first revisions to this proposed subdivision. Located on the north side of Bay Street just east of Sea View Pines. This project will extend our water system to the eastern boundary of our Franchise. **No progress since last report.**

6. The Retreat at Tiger Point Sewer - 114 Water - 114 Reuse - Master Metered
This is the property next to the Club House @ Tiger Point. Sewer will be a gravity system connecting to an existing main located on Bayshore Lane. The water system will be reworked in this area to handle to new loads. We have met with the Engineer last week to review our comments. **No Progress since last report.**

7. The Retreat at Quayside Sewer - 23 Water - 0 Reuse - 0
This is one of the planned extensions to the Quayside Sewer System built a few years ago. It will be a gravity system, requiring no additional lift station. **No progress since last report.**

8. Ponderosa Drive M.S.B.U. Sewer - 87 Water - 0 Reuse - 0
This residential project is located east off Woodlawn Beach Road. Serving 87 lots with sewer via a low pressure system. It will connect to our system at the intersection of 98 and Woodlawn. Plans have been reviewed and comments sent to the Engineer for revisions. We are now working with the Engineer of record to obtain permitting from the F.D.O.T. **No progress since last report.**

9. Amarillo / Longhorn Trail Sewer - 41 Water - 0 Reuse - 0
This residential project is located west off Woodlawn Beach Road. Serving 41 lots with sewer via a low pressure system. It will connect with the Woodlawn Heights system. **No progress since last report.**

10. Nocon Office Building Sewer - 2 Water - 0 Reuse - 0
This will be a 2,800 sq. ft. single slab building located on the south side of 98 near the intersection of 399. Review comments have been provided to the Engineer. It will be served by a private grinder lift station. **Engineer of record has requested a letter of availability for the County. This project is still moving forward.**

The following projects are currently under construction.

1. Summerset Phase II Sewer- 62 Water- 0 Reuse - 62
This project is now under construction. The sewer and reclaimed construction is now

complete Lift station start up and a small punch list are still outstanding. **No progress since last report.**

2. Soundscape Sewer - 9 Water - 9 Reuse - 0
Located on the north side of Bay Street just east of Sea View Pines. The Developer is per-selling the lots prior to the construction phase. **No progress since last report.**
3. Tom Thumb Tiger Point Sewer - 2 Water - 0 Reuse - 0
Located on the north side of 98 at the entrance to Tiger Point East. Fees have been paid and permits issued. **No progress since last report.**
4. Webster Electric Sewer -1 Water - 0 Reuse - 0
This is a single slab building which will be similar to the multi unit building constructed in the Cowen Industrial Complex. i.e. Warehouse and one restroom.
5. Duncan Avenue Sewer -13 Water - 13 Reuse - 0
This is the area previously presented as Driftwood. Four of the units were previously paid and the others will be paid at the time of construction.

Projects Completed since last report.

1. None

**SSRUS BOARD MEETING – February 8, 2010
ENGINEERING AND PERMITTING REPORT**

Tiger Point Wastewater Treatment Plant In-Kind Project

To: SSRUS Advisory Board

From: Richard W. Delp, Project Manager

Fee: \$27,769.00 for 100% design

Expended to date = \$27,769.00

Memo:

As settlement of the FDEP consent order for effluent violations, SSRUS agreed to an in-kind project that would improve the delivery of air to the BNR aeration basins and include installation of Dissolved Oxygen probes.

The installation of the blowers was completed in accordance with the last schedule approved by FDEP. Staff submitted a letter requesting closure of the consent order.

SSRUS East Wastewater Treatment Plant Design

To: SSRUS Advisory Board

From: Richard W. Delp, Project Manager

Fee: \$929,000.00

Expended to date = \$929,000.00

Memo:

The design was completed in 2007 and the project has been placed on hold because growth and economic conditions have pushed back the need for the plant.

A portion of the project is included in the alternative FEMA funding program. FEMA required that an Environmental Assessment be completed and that document has been accepted, advertised and approved by FEMA. At the last report, FEMA has approved the alternative projects and final documents are being distributed. At this point, we are not sure exactly when the funds will be available.

2009 Updated Capacity Analysis Report

To: SSRUS Advisory Board

From: Richard W. Delp, Project Manager

Fee: Hourly NTE \$3,500.00

Expended to date = @ \$1,900.00

Memo:

Baskerville-Donovan, Inc. was tasked to complete the annual updated Capacity Analysis Report for 2009 that was due to FDEP by 1-31-2010. This report has been completed, reviewed by staff and it was submitted to FDEP on 1-29-2010.

This report evaluates the capacity of the plant as it relates to current growth trends in the area. The basis of the need for future expansions is on the maximum three-month average daily flows. The 2008 report indicated that the new plant would need to be in service around the beginning of 2014. The new report has pushed this more towards the middle of 2014. Should this schedule remain the same, new construction should begin approximately two years prior to the projected in-service date.

SSRUS Historical Perspective February 2010

Introduction

The purpose of this paper is to provide some history of the systems that were consolidated into the South Santa Rosa Utility System and how the new entity came to be owned by the City. It is certainly possible to expand on any part of the paper. For example, the struggle by the utility and the City to maintain the right to spray effluent on the golf course is only briefly mentioned.

The same is true for the overall decision by private and public utility managers to consolidate three small wastewater plants into one. The water systems evolved and were consolidated as well. Some major assets of each system were closed down and expanded as it made sense.

One outcome of this 20 plus year history is a different rate structure for utility users in the City and outside the City. As can be shown in these pages, the reasons for the differential include:

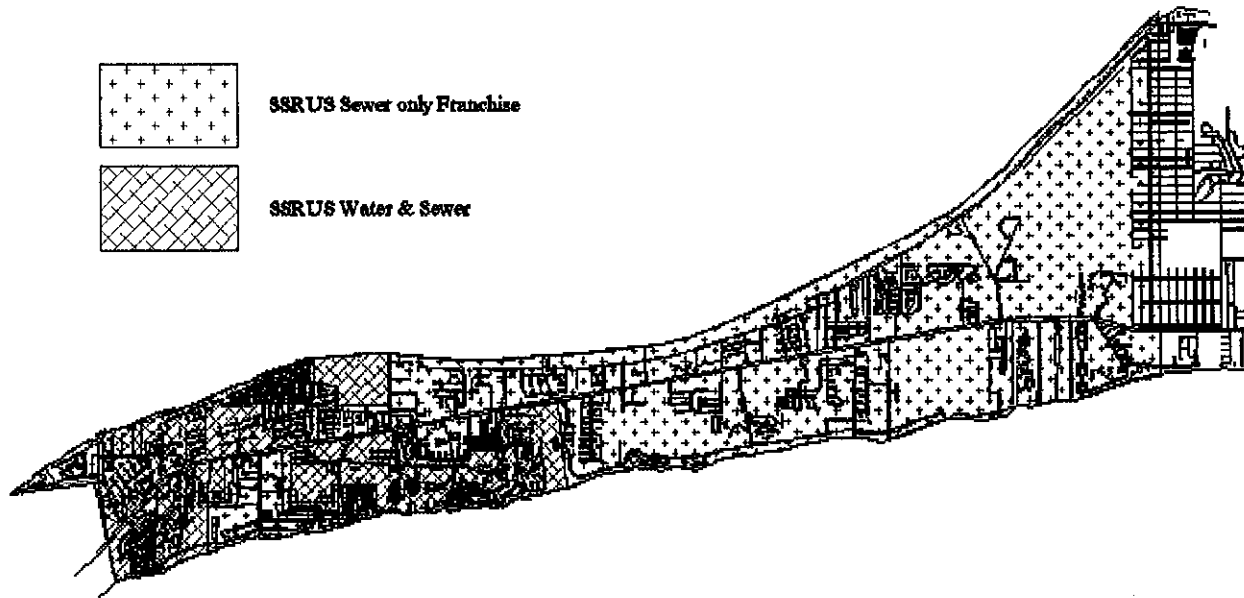
1. The difference in the physical assets of the City's water and wastewater system and the SSRU system that was acquired from private owners, and subsequently improved over the years.

We list in the report the major upgrades that were made to the SSRU system. Most of which do not benefit utility customers in the City. In the cases where benefits were derived by City utility customers, a proportionate share of the cost of that improvement was charged back to the City.

2. Certain parts of the SSRU system were taken out of service due to age or regulatory action, yet debt service remains. For example, water is purchased for the City and SSRUS from the Fairpoint Regional Utility System at the same cost. There must be a rate differential if for no other reason that the City bought SSRU wells that are no longer viable.
3. The purchase of SSRUS included purchases of a "franchise area." This potential growth area had a value to the previous owners that they were compensated for. Future growth may reduce utility costs in the future for SSRUS customers. As growth has slowed way down, the cost of the purchase of this asset must be borne by existing customers.

Historical Perspective of South Santa Rosa Utility System

The South Santa Rosa Utility System is a utility/enterprise fund known as 403 on the City's chart of accounts. In 2010 SSRUS consists of 352 water, 3,868 water and waste water, and 1,956 wastewater only customers (5,824 total wastewater). The physical assets of the SSRUS include water distribution systems and wastewater collection and treatment facilities necessary to serve these customers as well as future customers in the SSRUS franchise area.



As with any enterprise utility system, the rates and charges established for SSRUS services are designed to cover costs. These costs include operations and maintenance of the water distribution facilities, wastewater collection and treatment facilities, capital improvements, debt service and establishment of a prudent level of cash reserves.

Today's utility operations including rates and charges for service have evolved over the more than 20 years the City has owned the SSRUS. We will attempt to explain the operational evolution as well as the basis for rates and charges in this paper.

Origin

Water and Wastewater service was originally provided to the Peninsula, west from Holley Navarre by the following entities:

City of Gulf Breeze: water and sewer inside the city limits.

Gulf Isle Utility: water and sewer, Villa Venyce, Sand Piper and Whisper Bay areas.

South Santa Rosa Utility Inc: water and sewer, Santa Rosa Shores and Tiger Point.

Midway Water: water only, intermingled with Gulf Isle Utility franchise on west end. Main portion of franchise is from Tiger Point East to Holley by the Sea Subdivision.

The City of Gulf Breeze, (publicly owned) in 1985 consisted of approx. 1000 sewer customers. The City owned and operated a wastewater collection system, a WWTP capable of treating .500 MGD with effluent discharge to Santa Rosa Sound. Water distribution facilities served approx. 2100 customers with a large ground level water storage tank with necessary pumping equipment. (The City's potable water supply came from Midway Water ready for consumption by City customers with only re-chlorination as treatment.)

Gulf Isle Utility (privately owned) in 1985 consisted of approx. 600 customers and a small .250 mgd WWTP with Disposal to percolation ponds located on the property where the SSRUS Field Operations is currently located. The Utility utilized six (6) 2" shallow water wells located along Hwy 98 near the current Oaks elevated tank. These wells provided potable water service via a hydro-pneumatic system after pH adjustment and chlorination.

Midway Water System (501C3 Not for Profit Corporation, community owned) in 1985 consisted of a water only utility providing service to areas not served by Gulf Isles or SSRUS. Midway also provided wholesale water to the City via a long term 30 year contract and served as backup supply to both Gulf Isle and SSRU Utilities.

South Santa Rosa Utilities, Inc. (privately owned) in 1985 consisted of approx. 2000 wastewater customers and a WWTP capable of treating .600 mgd. The sewer system also included lift stations, gravity and force mains to collect wastewater. The Water system served approx. 2000 customers and was located on the West Golf Course with 4 (4) four inch 140'-220' water wells, treatment systems for potable water and an elevated water tank located at the WWTP known as the "Golf Ball". This tank was dismantled in 1993, as a new tank had been constructed on Hwy 98 in 1987 at The Oaks Subdivision. SSRU, Inc also owned an office and utility billing systems.

Each Utility commenced operations as areas began to be developed along the peninsula in the early 60's. The typical wastewater treatment methods were known as Imhoff tanks. (aka giant septic tank). In the late 60's the Utility's expanded/improved their WWTP's to activated sludge (an aerobic process) initially using the extended air process and later moving to contact stabilization as the wastewater flow increased over the years due to population growth.

In the mid 80's each of the (3) WWTP's located on the Peninsula were reaching the end of their useful life, and increased levels of environmental regulation meant that significant plant upgrades were needed at each small WWTP to comply with the more stringent regulations promulgated by the Florida Department of Environmental Regulation. This included higher levels of treatment for Nitrogen, Phosphorus, and

Turbidity, which would require larger and more complex Treatment Plants, increased staffing, a requirement to provide for surplus capacity for growth, and make a profit. It is safe to assume that each utility was short of the number of customers necessary to keep rates about the same and pay the costs of the coming upgrades. Each Utility was maintaining its own operations including permitting, staffing, billing, repairs, etc.

SSRU Inc. purchased Gulf Isle Utility (GIU) in 1985 and consolidated operations by shutting down the GIU shallow water wells and WWTP. The GIU WWTP was no longer a viable operation in that the percolation ponds were located in an area known for a high water table and therefore the functionality of the ponds was often in question.

SSRU Inc. obtained a new DEP WWTP permit to construct a new 2.0 mgd WWTP (1.3mgd disposal via land application) in 1987.

They also constructed a new 150,000 gallon elevated tank located at The Oaks Subdivision to serve the combined water systems.

The City's compartmentalized WWTP tank was constructed in 1968 with a capacity of .500 mgd with contact stabilization as the operation process. In 1986 the aeration was upgraded to provide better dissolved oxygen levels and an additional blower was installed to provide redundancy. The City also undertook significant efforts to reduce Infiltration in the sewer system by inspection and correction of problems mainly on Bear Dr. and a section of pipe between Washington and Camelia streets. These repairs and improvements provided the time necessary for the City to evaluate the options available for the long term wastewater needs of the City.

Similar to SSRU and GIU, the City was also facing the prospect of costly upgrades of its wastewater treatment facility to comply with FDEP regulations. There was also pressure from FDEP to eliminate the City's surface water discharge. In addition, the distribution of the cost to upgrade and operate the City's wastewater facilities over a customer base that was likely to remain stable would have caused service rates to increase manifold.

The Department of Community Affairs also played a role in the shaping the way that the Peninsula would be developed as they were considering imposing a ban on development in the south end of Santa Rosa County until a plan was in place (or facilities in place and operable) to insure potable water and wastewater service was available to areas east of Gulf Breeze.

Area leaders from inside and outside the City limits requested the City to help or sponsor construction of needed utility services for the area. When the idea of the City sponsoring what eventually became the SSRUS became public knowledge, the citizens of Gulf Breeze protested and did not favor the proposal. They did not want to pay for or be responsible for utilities outside the City limits.

It was pointed out that there would be a mutual synergy in that the Tiger Point WWTP needed additional influent flow for operation and revenue, and the City needed the treatment capacity and was willing to pay a fair cost for plant utilization.

Over the course of 1988-1990, the City decided to purchase South Santa Rosa Utilities, Inc. From an operational and long-term planning perspective, there were several factors that guided the decision of the City Council.

1. The City was already in the business of providing utility service outside its corporate limits through Gulf Breeze Natural Gas.
2. The current owners of SSRU were not interested in partnering with the City to combining the WWTP(S). They would only consider a complete purchase of all utility assets.
3. Closure of the City's wastewater treatment plant and diversion of City wastewater to the new Upgraded Tiger Point facility enabled wastewater to be provided from one central facility with a better economy of scale.
4. The City desired to remove the effluent discharge from Santa Rosa Sound.
5. The FDEP desired to remove the effluent discharge from Santa Rosa Sound.
6. The EPA desired to remove the effluent discharge from Santa Rosa Sound.
7. The profit motive was removed from utility operations.
8. Unified management of utility expansion by the City was encouraged by Santa Rosa County in order to meet the growth needs of the region in an orderly fashion. (City/SSRU was granted a franchise by the County to be the exclusive provider of water and wastewater services in certain areas of South Santa Rosa County.)
9. A separate financing mechanism would be used for the acquisition of the utility systems outside the City's corporate limits. An independent board would be established to oversee utility staff, operation and financing.
10. The City Council assured the citizens that the acquired utility would stand alone be responsible for all capital costs (bonds) and be sufficient in generating operating and maintenance costs.

Evolution

The City closed its wastewater treatment plant in March 1992 and diverted its wastewater flow of approximately .350-.420 mgd of wastewater per day to the new SSRU WWTP (Tiger Point). Anticipated economies of scale were achieved as the staffing of the City and SSRU plant were merged. The City transferred funds to account 403 to cover the proportion of the treatment plant costs represented by the proportion of flow. In addition the City paid for the cost of a force main to transfer wastewater to the SSRU system.

In 1993 potential saltwater intrusion issues were recognized in SSRU wells by utility staff and the Northwest Florida Water Management District. A decision was made to shutdown the water wells and water treatment facilities owned by SSRU by switching SSRUS to Midway for water supply and transfer City customers to water provided by Escambia County Utility Authority (ECUA). ECUA was in the process of designing/installing a water line to serve Pensacola Beach and both the City and SSRUS participated in the upsizing of the water line crossing Pensacola Bay in order to serve the future water needs of both entities.

In 1994 the City refinanced at a lower rate, the original bonds that were used to finance the purchase of SSRU. A better financial position was achieved for the utility by eliminating subordinate debt requirements and providing added cash for extension of a 5.5 mile wastewater force main to the east. This action enabled SSRU to retain sewer franchise rights over that portion that was not currently served.

Water rates for 403 customers were recalculated to include the purchase cost per thousand gallons of water provided by Midway. This was added to water debt service costs for original acquisition of the now scrapped water facilities, operational costs for the distribution system, capital improvement needs and cash reserves.

Wastewater rates for 403 customers now consisted of cost of operations for the collection system, cost of operations for the wastewater plant (less the proportion paid by the City), cost of the debt for acquisition of the WWTP and collection systems (less the proportion of the WWTP debt paid by the City), funding of capital improvements and cash reserves.

Attached to this report is a compilation of utility rates paid by SSRU and the City customers over the years. The rates for each were developed to cover costs in each fund.

From 1997 to 2002 several upgrades of SSRUS infrastructure were undertaken.

- 1.74 million gallon water storage and booster pumping facility located in Villa Venyce.
- A Field Operations Building was also constructed on the same site.
- 5.5 miles of force main was installed to serve the East end of the Sewer Franchise.
- The WWTP was upgraded to Advanced Waste Treatment capability
- Approx. 8 miles of new Reclaim Water Main were constructed to convey effluent from the WWTP to new spray fields located near the ZOO.
- 4 parcels of land were purchased and developed for uplands effluent distribution
- The effluent disposal capacity of the WWTP was increased.

In each case, a proportionate share of the new debt was assigned to the City consistent with the benefit realized by the City of the new facilities. Rates were established for fund 401 and 403 to cover costs.

Rapid growth in the SSRUS area resulted in payment of significant impact fees to the 403 fund. These were used for capital upgrades of the systems, debt service and to establish a cash reserve.

The refinancing of the debt and financing of new debt for improvements and upgrades of SSRUS was done with the full backing and guarantee of the City. As a result, better long term interest rates were realized.

The costs of debt, operation and capital improvement for the 401 and 403 funds were sequestered, allocated, and assigned on a proportionate basis. Each year the SSRUS Board evaluates costs and rates and recommends any changes necessary to sustain SSRUS operations, debt service, capital improvements and reserves. Customer rates recommended by the Board are ultimately approved by the City Council.

The KPMG Report

The City Council authorized the hiring of the consulting firm KPMG Peat Marwick LLP in September 1997 after questions were raised about the allocation of costs to the 403 fund. The firm was to accomplish three (3) tasks:

1. Analyze the sufficiency of the current rate structures in covering current costs.
2. Properly allocate costs of the two utility funds between City and non-City users SSRUS.
3. Examine the current rate structures and comment on the policy implications of each.

After the Report was submitted to the City, a number of workshops were held by KPMG with members of the Council, SSRUS Board members, Staff, and concerned utility customers.

The recommendations and implemented decisions from the workshops provided the following changes to the allocation criteria:

City Fund 401

City continues to pay % share of WWTP costs based on usage.
City continues contribution to % of WWTP R&E based on usage.
City continues to transfer 80% of sewer tap fees to SSRUS
City Debt Service for Original Construction \$77,072 - annually
City Debt Service for Original Acquisition \$85,301 - annually
City Debt Service for Reuse Expansion \$21,685 - annually

The outcome of the workshops provided two (2) new revenue allocations for implementation into the 1999 SSRUS Budget from the City's 401 fund. Staff also changed the budget presentation to better illustrate the allocations between the 401 and 403 funds.

The new allocation for Original Acquisition was implemented to reflect the value gained by City customers through the purchase of an existing WWTP with surplus capacity. (basically a "connection" fee). The discussion did not include a termination date for the new allocation; however if the City paid this fee for the same period of time as existed for the original bonds, (20 years), this fee would be retired in 2018. The total payment after 20 years would be \$1,706,020 or approx. \$1,499 for each of the 1,138 existing City sewer customers in March 1992 who connected to the WWTP. Additionally, the sewer tap on fee for both utilities was \$1,500 at the time of the 1989 purchase.

The City has paid these amounts over the years through rates independently established by the City Council following a review of City revenues from all water and sewer sources, cash revenues and capital improvement requirements.

The allocation for Reuse Expansion (\$21,685) represents the City's share of costs associated with the reduction in Golf Course Capacity from 1.1 mgd to .850 mgd in 1998 and also a nominal amount (\$5,000 annually) that the City would contribute to expand/improve the reclaim system. A review of the Reuse Expansion Debt Service Schedule indicates that the City needs to increase its payment by (\$722.14) to (\$22,407.14) for F/Y2010 due to increases in the schedule of payments.

Since the Utility was required to expand its own reclaim disposal capacity, a portion of this debt was assigned to existing customers and allocated between funds 401 and 403. The Golf Course's disposal amount was subsequently increased to 1.3mgd effective with the DEP Permit issued in 2007 and due for renewal in 2012.

It is our understanding that the Reuse Expansion Debt Service for F/Y 2010 of \$17,407.14 plus \$5,000 annually will run concurrent with the \$5.5 million dollar loan currently financed with Coastal Bank and Trust. This loan is projected to retire on 11/1/20.

During the life of most utility systems, long term financing is typically undertaken when the cost of a project is too great to pay from cash on hand. In addition, the benefits or use of a new project, or facility will be realized for a 20 or 30 year period. The beneficiaries of the utility services financed, therefore, also are the ones who pay for it.

There may be other projects that warrant long term financing for SSRUS operations. Whenever such a financing is undertaken, a proportionate share of the debt will be allocated to the 403 (SSRUS) and to the 401 (City) funds.

2002 Burton and Associates Rate Study

In 2002 the SSRUS Board desired to have an independent firm review the Utility's water and sewer rates including a revenue sufficiency analysis, and provide a report for consideration by the Board. The selected firm, Burton and Assoc. met with staff and the Board and provided their report in April 2002 which detailed different rate increase scenarios in conjunction with rate structure recommendations.

The Board endorsed some of the findings from the report and implemented a rate increase to begin positioning the utility to better recoup its operational costs. Soon after, a discussion began within the Board about the proper utilization of tap fees and whether it was appropriate to increase customer's water and sewer rates when the utility had significant cash reserves. This discussion kept the Board in grid lock for quite some time until resignations allowed the Board to move toward common ground.

Memo

Date: 2/5/2010

To: Edwin A Eddy, City Manager

From: Vernon L. Prather, Director of Public Services *V.P.*

RE: Numeric Nutrient Criteria (NNC)

The attached document was provided to staff at a recent meeting to discuss pending environmental issues.

There is no action required by the board at this time; and staff will keep the board updated as necessary.

NNC is the result of a lawsuit settlement between E.P.A. and Environmentalist Group(s). If NNC is implemented and enforced in its current form, there will be a tremendous financial impact on providing wastewater and storm water services.

Since SSRUS does not have an E.P.A. National Pollutant Discharge Elimination System permit (NPDES), we should remain somewhat unaffected as long as the land application does not cause surface water impairments for nutrients.

There is no action required from the Board at this time, and staff will provide updates as necessary.

EAJ

NUMERIC NUTRIENT CRITERIA

OVERVIEW FOR POTW OPERATORS AND MANAGERS

Florida Rural Water Association
2010 Focus on Change

Presented in Collaboration with
Florida Water Environment Association Utility Council

How Did This Evolve?

- ▣ **August 2008**, EPA sued for failing to establish numeric nutrient criteria for Florida. Florida's existing statewide criterion is a narrative standard. EPA regulations indicate that narrative standards are appropriate, particularly when numeric standards cannot be derived.
- ▣ **January 2009**, EPA declares numeric criteria necessary for Florida to be in compliance with the Clean Water Act. EPA documents indicate that the hasty motive was to promote settlement of the lawsuit; not because numeric criteria were "necessary" under the Clean Water Act or scientifically feasible.
- ▣ **January 2009**, EPA sets deadline of 1 year for EPA to propose numeric criteria (Jan. 2010) for flowing waters; 2 years (Jan. 2011) for marine waters. In response, DEP accelerates 8 year process to go to ERC by October 2009 to avoid EPA proposing EPA criteria.

History Cont'd

- ▣ **August 2009**, EPA & environmental groups in the Aug. 2008 lawsuit enter into a proposed (i.e. not yet judicially approved) consent decree that would mandate that EPA propose numeric criteria by January 2010 for flowing waters and adopt the criteria by October 2010; for marine waters and estuaries, the criteria are to be proposed January 2011 and adopted October 2011.

- ▣ **September 2009**, FDEP puts their NNC rulemaking in abeyance given EPA's proposed consent decree with environmental litigants; undecided whether FDEP will move forward with its own criteria

DEP Proposed Criteria*

Geographic Area (Nutrient Region)	Total Phosphorus Annual Geometric Mean (mg/l)	Total Nitrogen Annual Geometric Mean (mg/l)
Panhandle Region	0.069	0.82
North Central Region	0.322	1.73
North East Region	0.101	1.73
Peninsular Region	0.116	1.73
Bone Valley Region	0.415	1.73
South Florida Region	TBD	TBD
Comparison to AWT	1.0	3.0

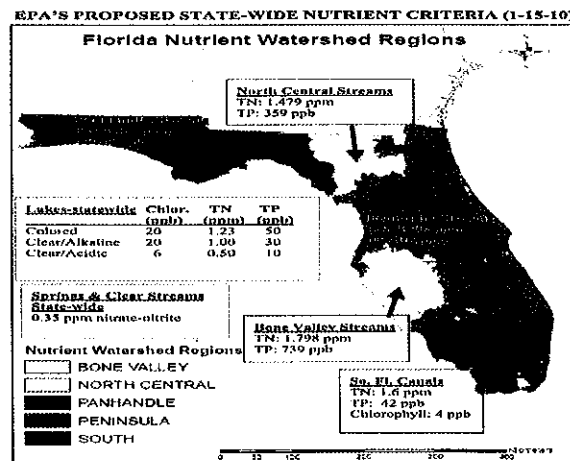
*EPA's proposed criteria, which have not yet been publicly released, are derived from an approach that will result in even lower TP & TN numeric criteria

EPA Proposed Criteria for Rivers and Streams

Nutrient Watershed Region	Instream Protection Value Criteria	
	TN (mg/L) ^a	TP (mg/L) ^a
Panhandle ^b	0.824	0.043
Bone Valley ^c	1.798	0.739
Peninsula ^d	1.205	0.107
North Central ^e	1.479	0.359

^aConcentration values are based on annual geometric mean not to be surpassed more than once in a three year period. In addition, the long-term average of annual geometric mean values shall not surpass the listed concentration values. Duration=annual; Frequency=not to be surpassed more than once in a three-year period or as a long-term average.

EPA Proposed Criteria for Rivers and Streams



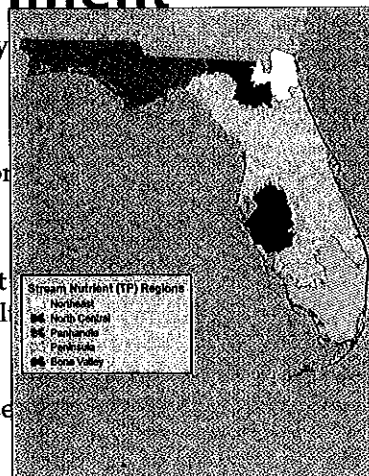
Criteria are to met as an annual geometric mean not to be exceeded more than once every 3 years and must also be met as a long-term average

Some Techniques to Meet Expected EPA NNC Levels

Technology	Issues
100% Reuse	Unmanageable storage volumes to accommodate wet weather/demand cycles
Reverse Osmosis	Very expensive capital cost Very expensive operating cost Green house gas intensive Concentrate disposal issues Not expected to be permittable at many sites
Ion Exchange	Very expensive capital cost Very expensive operating cost Regenerant disposal issues

Approach Not Focused on Environment

- ❑ Nutrient impairment is water body specific. (i.e. separate standards needed by water body type to account for complex function of numerous parameters such as color, temperature, pH, streamflow)
- ❑ Regional statistical approach is not water body specific, and thus results in arbitrary standards based on geographical grouping of streams with no accounting for actual cause to impairment



What's wrong with these numbers?...

- Serious scientific flaws in EPA's regional averaging approach
 - Criteria not based on causal relationships between TN / TP and biological responses in streams (i.e. not tied to impairment thresholds)
 - Instead, arbitrary line drawn on scatter of regional nutrient data, each region's streams falling on the 'wrong' side of the line deemed impaired (e.g. DEP's reference stream approach would result in 25% of Florida's best streams being deemed impaired)
 - For nutrients, causal dynamics change as a function of multiple factors discounted in EPA's approach, including pH, water temperature, light availability, flow regime, etc.
 - Will lead to impairment designations and TMDLs to 'recover' water bodies to nutrient levels they would not naturally meet
- DEP's serious efforts to develop scientifically defensible numbers derailed. DEP forced to abandon causal approach and use a variation of EPA's flawed probabilistic approach
- Simplistic averaging approach for nutrients ignores Clean Water Act process, where criteria are developed to protect designated uses; basic purpose of the TMDL process undermined
- Significant state resources wasted: numeric criteria would mandate expensive nutrient controls that would not protect stream ecosystems

Impact on POTWs

- **WWTF Surface Water Discharges**
 - NPDES permittees will in most cases need to meet the numeric criteria in their effluent
- **WWTF Surficial Aquifer Discharges**
 - Surficial aquifer dischargers cannot cause / contribute to surface water impairment for nutrients
 - Land application systems, RIBs, biosolids land application sites expected to also be required to make reductions
- **Reclaimed Water Irrigation**
 - Reclaimed water irrigation practices cannot cause / contribute to surface water impairments for nutrients
 - Municipal Stormwater Discharges (MS4) permittees will be forced to significantly reduce nutrient loads in discharges
- **Alternative Water Supplies**
 - R/O reject discharged to surface waters

Summary of FRWA's Position on EPAs Florida Numeric Nutrient Criteria Initiative

- ☐ Nonscientific and contrary to law
- ☐ Is singling Florida out
- ☐ Much more stringent limits with no specific ecological driver
- ☐ Derails DEP's scientifically focused efforts
- ☐ Dubious environmental benefit
- ☐ May actually reverse some environmentally focused initiatives

Florida Rural Water Association and FWEA Utility Council Collaboration

- ☐ Work with DEP through FWEA Utility Council to ensure that nutrient criteria are scientifically defensible and that needed nutrient reductions are tailored to individual water bodies, as currently happens under the existing narrative standard.
- ☐ Participating in Utility Council Legal Initiatives:
 - Challenging underlying "necessity determination" as nonscientific & contrary to law
 - Challenging the consent decree between EPA and Earth Justice
- ☐ ***FRWA Goal: Science-based nutrient criteria that protect state water ecosystems and protect utility ratepayers from the economic burdens of unsound regulatory policy.***



City of Gulf Breeze

TO: Edwin A. Eddy, City Manager
FROM: Thomas E. Lambert, Assistant Director of Public Services *TJL*
DATE: February 5, 2010
RE: Capacity Analysis Report

If a wastewater treatment facility is projected to exceed its capacity within a ten year period, there are several requirements that must be met by the Department of Environmental Protection. One of these requirements is an annual Capacity Analysis Report yearly. The Capacity Analysis Report details the current capacity conditions, the projected needs, and recommended actions to meet the needs.

We have included a complete copy of the Report in the Board's packet, but we have also attached a copy of the maximum 3-month average daily flow graph for 2009 and 2008 to this memo.

Our consultant produces a projection for the future based on past trends. SSRUS has in the past used very liberal growth rates (5-6%) in order to be conservative in our projection of future capacity needs. The past two years, the consultant has used 3.4% through 2010, and 2.4% for growth as projected by the US Census Bureau.

As shown in the first attached graph, last year's projection showed the utility would need to have additional treatment capacity in early 2014. The current projection has moved to mid 2014, as shown on the second graph. Unless the current economic conditions change, staff expects that the projection will move into 2015 by next year's report.

RECOMMENDATION: Information only, no action required.

Figure 5. Maximum Three Month Average Daily Flow Projection

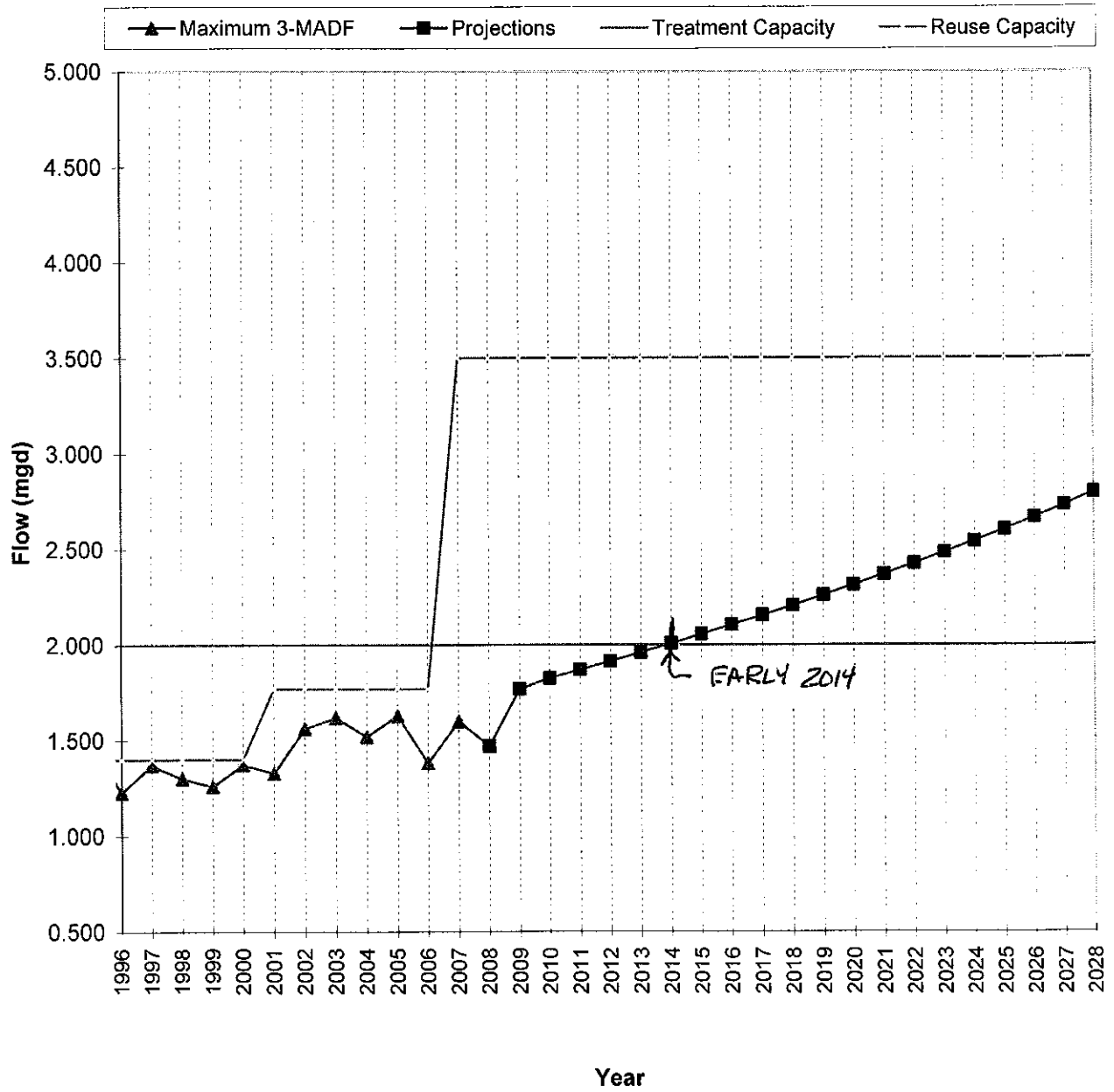


Figure 5. Maximum Three Month Average Daily Flow Projection

