

## AGENDA ITEM 2-b

### MINUTES OF A SPECIAL JOINT MEETING OF THE CITY COMMISSION AND THE UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA, HELD WEDNESDAY, MAY 17, 2006, AT 5:00 P.M., AT 200 CANAL STREET, NEW SMYRNA BEACH, FLORIDA

Mayor Vandergriff opened the Special Joint Meeting between the City Commission and the Utilities Commission with the Pledge of Allegiance and all of the Commissioners from both Commissions were present as follows:

#### City Commission:

Mayor James L. Vandergriff  
Vice Mayor Lynne Plaskett  
Commissioners Randal R. Richenberg  
Commissioner Jack S. Grasty  
Commissioner James W. Hathaway

#### Utilities Commission:

Commissioner Jeanne K. Diesen  
Commissioner William E. Hall  
Chairman Kevin J. Para  
Commissioner William H. Reynolds  
Commissioner Richard L. Spangler

Others in attendance were as follows: R. Rodi, General Manager/ CEO; J. Hagood, Asst. City Manager; R. Montalvo, Director of Finance; R. Mitchum, Director of Electric Operations; T. Beyrle, Director of System Ops. & Generation; D. Hoover, Director of Water/Wastewater; J. White, Director of Engineering; B. Mudge, Director of Human Resources; E. Mahle, Public Relations Manager; C. Hodges, IT Programmer/Analyst; D. Simmons, Executive Asst./Recording Secretary; Bill Preston, Interim U.C. Legal Counsel; F. Gummey, City Attorney; Ann Moore, member of Board of Directors of SJRWMD, Kirby Green, Executive Director of SJRWMD; Bruce Mowry, Executive Director of WAV; Carolyn Ansay, General Counsel for WAV; Jack Hayman, Volusia County Councilman and Chairman of WAV; THOMAS M. MISSIMER, Ph.D., P.G., Melanie Stawicki-Azam, Reporter for the NEWS JOURNAL; Pete Slavin, Reporter for THE OBSERVER; Bill Rogers, Bob Tolley; Sally Mackay, Ken Taylor, and a few unidentified men and women; all members of the public.

#### (1) Information/Discussion RE: Water Authority of Volusia:

City Commissioner Plaskett said she would like to announce that she would have to leave at 6:00 p.m., due to a previous appointment made two months ago. She commented I'm not just leaving because I'm mad or I'm happy.

Mayor Vandergriff stated I think this meeting was called by the U.C. as kind of a joint thing to talk about WAV, so if there are any questions, I see we have some guests here. We have Ann Moore from the St. Johns River Water Management District Board of Directors, Kirby Green the administrator for St. Johns, Bruce Mowry of WAV, a Representative from Daytona, a CDM, a little bit of everybody; so I'm sure the questions can get answered.

(1) Information/Discussion RE: Water Authority of Volusia (cont.):

UC Commissioner Hall asked if someone can give us about a two minute or less summary of how we got to WAV.

Mayor Vandergriff asked do you mean how we got to WAV?

UC Commissioner Hall stated how the legislation got to WAV.

Mayor Vandergriff stated we also have Carolyn Ansay here, she can probably give the real run down because she's been a part of everything from the Coop. Alliance right to WAV so if you don't mind I'll let her run through that.

UC Commissioners Hall and Diesen both interjected two minutes or less.

Mayor Vandergriff asked Ms. Ansay if she could do it in two minutes or less.

Ms. Ansay answered she would try her hardest. She addressed the Commissions and stated she was the General Counsel for the Water Authority of Volusia. The Water Authority of Volusia was formed in October of 2003, thereabouts. There was a year long process prior to that wherein there was a transition team comprised of all the cities in Volusia County, as well as Volusia County, that analyzed the method, the manner in which a County-wide organization could be developed. In part to carry out the wishes of the County-wide Charter mandate that was passed wherein the voters of the County had indicated they were seeking some sort of County-wide effort, and in part, as an evolution, out of the old days of the Volusian Water Alliance in which the City of New Smyrna Beach was a part of. After that launch process took place, and consultants and purchases were a part of that, the Interlocal Agreement creating the Water Authority of Volusia was formed. That Interlocal Agreement was signed by 14 of the local governments in Volusia County, including the City of New Smyrna Beach.

Commissioner Hall stated but there were other agencies before WAV.

Ms. Ansay answered that's correct.

Commissioner Hall continued by stating that basically had the same mission as WAV.

Ms. Ansay stated the mission was much different. Originally, about 14 years ago, there was an organization that was strictly some east side cities and that was mostly for planning purposes. That evolved into inclusion of some of the west side cities and the last organization, the Volusian Water Alliance, included every single city in the county, there were 17 members. It was again, in its functions in terms of its powers granted by Interlocal Agreement, strictly limited to planning. It had no abilities for instance to go out and do any kind of projects, no capital projects of any kind. She stated that was the shortfall and that was why that transition team was formed to form some organization that actually had the ability to do something and that was the impetus for WAV.

Commissioner Hall stated and where were other agencies, like St. Johns, in all this.

(1) Information/Discussion RE: Water Authority of Volusia (cont.):

Ms. Ansay stated they were active participants in the process, in fact they funded a good deal of the consulting fees that were incurred by the transition team, they paid for lawyers, paid for experts that participated including financial analysts, and engineers. So they were active financial partners as well as having staff participate in the meetings that took place on a weekly basis at the time. She reiterated they were active participants.

Mayor Vandergriff stated one of the other things that was probably a part of that process to move to WAV, as I recall, the Charter Review Commission also came out just previous to that. That's what kind of created that because one of the biggest issues in Volusia County was water. That moved from that realm into if the Alliance doesn't move to something more where it has everybody at the table then we're going to take action in the County process from the Charter Review. The Charter Review is going on now, the Commission is, and if you've been keeping up with that, going to those meetings you know that's one of the things on their voice. So you might want to cover that a little bit because I think that's the reason we went from the Alliance to WAV, and the legislature as well.

Ms. Ansay stated that's exactly right, so we don't let ourselves back into that same position, in fact several of the folks that were a part of the transition team as appointees are folks that have been a part of that Charter Review process as well but the net result of it is there was a strong desire through the Charter Review process to see a very active centralized water management authority in Volusia County and WAV was the outcropping of that. We also now currently have some draft recommendations on that same topic, and where they're headed I'm not really sure but that is definitely a course that's out there right now.

City Commissioner Hathaway stated to Ms. Ansay right now my understanding is the Interlocal Agreements that the cities have signed does not have anywhere, in any place, if the representative member goes to the board and votes his or her conscience, that the elected body that sent this representative has no recall of this individual in the sense of had they voted a certain way which was in opposition or without the permission of the Commission or Council members. He stated right now there's no way to recall that vote.

Ms. Ansay stated that's correct.

City Commissioner Hathaway stated and I think that's a problem that needs to be particularly reviewed. You've got 14 members that are up there voting on issues on a monthly basis and then if your Commission isn't informed of certain issues, of the ramifications of certain issues, these things move forward and truly there's no way to extract yourself from that vote. I think that creates a problem not only for the Commission members but for the member that's sitting up there voting because obviously there are issues that are going to come up at a meeting that you can't be versed on, you can't go back to your Commission or your Council and say this was an issue I had to take a vote on at that particular date. I think there needs to be some mechanism in the Interlocal Agreement that spells out if an elected body opposes the decision that its voting member made, they have a chance to recall that vote. I don't see that now and I think that's something that I would recommend that the governing board look at.

Ms. Ansay stated that's an interesting issue, in that for the first time I ever raised that issue was when

(1) Information/Discussion RE: Water Authority of Volusia (cont.):

originally the Interlocal was drafted. The agreement among the parties was to have a delegated representative, whomever each member chooses to send, come on the WAV board and represent that member, and the general way they internally see fit. We have some members, some cities, that have discussed it back at home and given specific directions to their member on how they want issues to come back before them and then we have some cities where I don't know that they've ever discussed the word WAV in their City Commission meetings. That may be a stretch but very rarely do they ever talk about it and strictly from WAV's perspective that is set up as an issue among yourselves. She reiterated now that's an interesting point and it can certainly be raised for consideration by the WAV board.

City Commissioner Hathaway stated the reason that I raised it is because you're getting to a point in WAV to where you're asking for big dollars. I mean it's bad enough, shouldn't say bad enough, but it's been in the past we've gone from \$10,000 to \$20,000 administrative costs, up to \$50,000 a year for administrative costs before we even get into the portion of actually doing something realistic, if you will, in the ground. Once you start reaching that point, obviously, your designated member has to have a direction from his fellow Commission members or Council members as to where we're going on this project, otherwise you've got one person deciding how an entire city's budget is going to be expended. I don't think that's, I know it's not in our Charter, and I'm not sure it's in anybody else's Charter in Volusia County.

Ms. Ansay stated and I think that clearly on any of those big decisions, I don't know that any of the WAV members would vote, for instance, to vote to approve any major capital projects without coming back. I know just recently, probably the largest action WAV has taken to date, was approval of the Master Facilities Plan which took place at last month's meeting and that was again a process over many months where many cities asked for consultants to come back to their city and give a presentation on it and that kind of thing. There are also issues that are before us I know, I routinely and the Executive Director routinely, will get a request from a particular city to come and explain some things. She stated some cities we've never heard from but again your point is well taken. I have a hard time believing though that any of the members at this point would come without ever raising that internally and I would hope that it would be through that process.

UC Chairman Para stated for me, my capacity as a Utilities Commissioner, I realize we represent somewhat of an anomaly because we're a little bit different than most cities in the way we function with the City Commission, it has to do with Home Rule or a Charter issue. I understand your concept about the Charter Review and if we don't do this something's going to have to be done, at the same time there might be other alternatives. A problem that I see on the first page, actually the second page, of the information provided, the goal, is this then becomes a sovereign sole provider of water. In essence what you're asking us to do is as a Commissioner is divest ourselves of a substantial portion of the function of this Commission. Beyond that it goes against a State Charter that was set up by the Florida Legislature. I don't think that we, or even you, or the County has the authority to do that, I don't believe so, and this is why I have a problem, not to mention the economics. I'm not going to grind you on the economics because to me it's like selling a mouse trap, if it doesn't make sense it's impossible to sell it, your own members even said that, that's when I was done with it. When it was three times the cost of water, and I understand size and scale and I'm trying not to go off on a rabbit trail on you, and reiterated I understand size and scale and the

(1) Information/Discussion RE: Water Authority of Volusia (cont.):

economy of that but it doesn't always function with everything. What I saw in attending a number of the meetings is it didn't make sense, it wasn't physically feasible as well. So again all these problems add up for me, one person, saying as a citizen, ratepayer, and everything else, I'm not interested. I think there's other cooperative programs that we could enter into that would meet the State Statutes and St. Johns management although it might a little bit looser held and a little less as far as the overhead. He stated long sentence but that's my take on it.

UC Commissioner Spangler stated I have a couple of questions, number one are you saying it's the responsibility of the municipality to make sure that their representative does what they want them to do, otherwise that's a local issue. When we send a representative to you then as far as you're concerned what he says is it and if we don't want him to say certain things we need to advise that representative before he goes there, is that correct.

Ms. Ansay answered that's correct. The agreement that everybody has signed essentially sets up that structure.

UC Commissioner Spangler stated the second question is does St. Johns Water Management, who you said were involved in these things earlier, do they recommend the WAV plan as being viable, have they spoken on that.

Ms. Ansay stated they're here so I certainly wouldn't want to speak for them.

UC Commissioner Spangler stated but you don't have any idea of whether they recommend it or not.

Ms. Ansay stated in terms of the Master Facilities Plan that was passed at last month's meeting, they have been active in participating and providing comments to the consultants that were hired by WAV and to the best of my knowledge they have no major concerns with the plan.

UC Commissioner Spangler interjected they think its workable.

Ms. Ansay stated I think they're in support of the first project or top project of the plan identified, and I think through their funding mechanism, again I don't want to speak for them, but I think through their funding of WAV through the years and their active participation at meetings I think that they believe in regional solutions and things that when it comes to solving what is a pretty expensive and serious problem for our region, they believe that this is the best model.

UC Commissioner Spangler stated well the fact that they've been involved in the past doesn't necessarily mean to me that they approve what we're going to do in the present but they can speak for themselves. He thanked Ms. Ansay for her comments.

UC Commissioner Diesen asked what's the way out of WAV, how do you get out of WAV?

Ms. Ansay stated according the agreement there are no viable ways to get out of WAV until we reach our conclusion and that is, the agreement says that the term of the agreement shall be 40 years or until all obligations have been paid for. The only ways in which the agreement can be terminated

(1) Information/Discussion RE: Water Authority of Volusia (cont.):

otherwise involves things like a court of law or a legislature or a regulatory agency changing a major piece of law that essentially affects our mission such that then, or four or more of the members can start to get together to disband it. But I mean when it was formed it was intended to serve as a supplier of new sources of water, there's nothing in WAV that says we're taking any existing sources of water that are being produced by the members but to be there as a wholesaler for any new water supplies the members may need. So in order to do that, in order to go out and fund and take that approach we needed to know we had commitment from folks. You can't go out and entertain these capital projects that are going to trade water for years and years to come if you don't have a commitment by someone and so that's why the term of the agreement was set at that term.

UC Commissioner Hall asked how many cities along the way became members?

Ms. Ansay answered 14, I should say 13 cities plus Volusia County. She stated there are three cities in Volusia County that did not join.

UC Commissioner Hall stated and that was Deltona...

Ms. Ansay stated no, that was Lake Helen, Oak Hill which doesn't have its own supply, and Pierson. Those are the three, and added smallest cities.

UC Chairman Para stated but what you just said in this section that we're going to give it to you, section 3.02, exclusivity, it is expressly understood and agreed that WAV shall be the sole and exclusive supplier of water to the member governments and that the member governments shall not own or operate water supply facilities except that's specifically provided in section 3.0. So are you saying that there's going to be, what, one supplier as in unilaterally all the city governments or are you going to actually have two, we're going to supply water and you all will be competing with us, again this is a duplication.

Ms. Ansay stated no, no, the exception, when you go back and you cross reference that exception section, the exception section is all of the existing facilities the City of New Smyrna Beach had listed and identified when we were formed, it continues to operate and supply customers. To the degree they are sufficient for providing water to your customers from here to whenever, they remain your sources. It is all new sources of water, not already identified, new wells.

UC Chairman Para interjected and infrastructure.

Ms. Ansay stated yes, your pipes, everything running your water from your treatment facilities, that's your infrastructure. WAV is merely a wholesaler of new water that you haven't already said this is ours.

UC Chairman Para stated but anything new they come in over the top and basically its a duplication, another agency on the top of a competent agency.

Ms. Ansay stated I wouldn't want to say its a duplication, what it is, is a recognition that there aren't any more, very many opportunities to go out and sink a well in Volusia County and get access to

(1) Information/Discussion RE: Water Authority of Volusia (cont.):

cheap, fresh ground water. There are folks at the Water Management District, not only here in this part of the state but across the state, telling local governments those days are over and therefore you need to start looking for alternative sources. Those alternative sources, surface water, etc., are much more expensive and so the theory being WAV is not necessarily sitting on top of doing exactly what you all do because you all don't do that yet. Nobody unfortunately, or fortunately as the case may be, has had to go out and really explore those alternative sources in our part of the region. So therefore we recognize those are expensive, very difficult propositions to undertake and there are economies of scale because not one of the members of WAV quite frankly in my opinion, that we had at the time of formation of WAV, financial experts that do nothing but analyze this kind of thing, look at it and say from our perspective every city in Volusia County is going to be better off in the long run getting its new water from an organization that has the economies of scale and provides it to everybody because you all can't afford the detailed plan individually.

UC Chairman Para stated that doesn't make the case because its a 300% increase in the price of water, so if you're arguing size and scale the argument doesn't manifest itself because its a 300% increase in the value of water.

Ms. Ansay stated yes, when you compare the cost of surface water to your cheap ground water you're right, but you're not going to be able to continue to sink wells for cheap ground water forever and that's where the distinction comes in, and that was the premise behind WAV.

UC Chairman Para stated and I'll stop with this because I don't want to be like I'm bantering with you, but I think we have some really good people who are right now doing some studies on some surficial aquifer type experimentations which is actually what surfaced in your study group as being the most viable and I think again we can do that pretty well here so I'm just not convinced. I don't mean to be argumentative and I'll finish with that.

City Commissioner Hathaway said I would like to ask Mr. Mowry, if he's out there, to come forward and answer some questions because I think he's the one that's going to dictate as to why is it that we all have these straws in the ground and we're all hitting the same bubble of water and its the same bubble of water that's feeding the St. Johns River. Yet its okay to suck water off the St. Johns River and spend hundreds of millions of dollars to clean that water and then devise a piping system all the way from Deland over here, and how large will the sizing of that pipe going to have to be and how often are we going to have to retreat that water. New Smyrna Beach has fluoride in its water, other cities do not, Edgewater for example doesn't want fluoride in its water. So I'm just curious about some of these inconsistencies that we hear. We talk about the interconnects and the interconnect to me was a good idea. If a neighboring city had a problem with its water supply it was a good idea. My idea is St. Johns has dictated to the WAV that the interconnects would not be the primary project, that's a secondary project. The primary project is the St. Johns water supply plant that sucks water off the surface of the river. So I'm having a real hard time understanding what's the difference between sucking it off the St. Johns or putting a straw into the ground. Nobody, there's not a hydrologist out that's convinced me that there's any difference in that so I'm just shrugging my shoulders. I have to agree with UC Chairman Para, we have a Utilities Commission who is charged with providing us water, sewer, and electric. They're charged to make sure the City of New Smyrna Beach has water. These guys have to go out there and look for water and we have land that they're

(1) Information/Discussion RE: Water Authority of Volusia (cont.):

looking at using some of these new modern techniques of sucking not down in the ground but laterally across the ground to suck water and make this kind of improvement for our water supply. The question is, my understanding is that the St. Johns, even if this plant gets moving forward tomorrow, we're looking 10, 12 years, maybe longer before we have the first drop of water that comes out of that plant. And two, what do we do when the growth issues right now that are facing cities, especially New Smyrna Beach for instance, we have to make sure we have enough water to supply our people for the next five, ten, fifteen years. And in the sense, reading the News Journal this morning, the editorial says WAV doesn't have the CUPs. If you don't have the power over the CUP's then you're just kind of a toothless organization. Again, to me it seems like another layer of bureaucracy that's taking money from taxpayers and ratepayers to just have another machine. Hiring consultants, hiring lawyers, hiring directors and to me I haven't seen a whole lot of benefit and this has been going on for awhile.

City Commissioner Richenberg asked if Ms. Ansay could answer UC Chairman Para's question first.

Mayor Vandergriff commented we have a lot of attorneys here but she's really good at answering these things. The question really that UC Chairman Para was posing was the fact that St. Johns, the State, or the County and the Charter could not come in and do anything with water. He asked Ms. Ansay if she could kind of put a perspective on that.

Ms. Ansay stated well they can and they have, and I guess, I'm a lawyer, and we've got the technical people here, but again the point that I was trying to make earlier is you make a valid point that the cost of water is going to go up. That's going to be true no matter what you do because again long term, and I'm not saying... New Smyrna, and I'll be the first to admit, you're in one of the better positions of any of the cities in Volusia County and there's no question about that. You have a very long term permit, you have a permit allocation that is at least arguably going to meet your needs for quite some time, so there's no question that you're at least better off than some cities. Some cities are in dire straights in the next few years and have a more urgent need but the point was when WAV was formed as a collective effort among the cities in Volusia County, there was a recognition, a very clear recognition that some folks were going to be short term winners and some would be short term losers, I believe were the exact words that were presented. Port Orange is another example, Port Orange is in great shape, they've been investing in their system for years and they're in great shape. Quite honestly if I represented Port Orange I could probably make a pretty strong argument that they should have never participated to begin with, but Ken Parker the City Manager of Port Orange says I don't look at this in the terms of a 20-year horizon, I look at this in terms of a 50-year horizon, and as good as we are right now, I believe in 50 years we are going to have a problem. You can't start too soon and part of the reason why Port Orange is in as a good a position they are today is because 20 years ago they were out there thinking about how to build reservoirs and do things to secure their supply then. She stated to City Commissioner Hathaway, I guess in terms of the issues related to the joint CUP, whether or not WAV can be effective without it, I think clearly it can. That was one of the provisions of that agreement as a compromise. One of the original ideas was we're going to form an organization that takes everyone's existing allocations and then basically take over and manage by WAV. The cities in Volusia County said we're not ready for that, we don't trust that this organization is ready for it, we're not giving up what we've got now, let's back up from that and form some sort of management plan where we have a joint CUP and that's where that term came in.

(1) Information/Discussion RE: Water Authority of Volusia (cont.):

Today the WAV Board voted to remove that requirement from the Interlocal so what that effectively means for the City of New Smyrna Beach and the Utilities Commission is that you all continue to control your CUP, there will be no joint application with the Water Management District and WAV on that CUP for submittal, this has been removed. Part of the reason why is the Water Management District has said that they're not necessarily in agreement with the concept that that is the best way for WAV to go for securing future water. They firmly believe that we need to start looking to alternative supplies that are going to be real and concrete in the very near term. In terms of how many years it's going to take, it could take a long time, there are regulatory and other burdens, there's no question, to permitting a project of that magnitude. But the idea isn't necessarily to take a drop of water that's produced off the river, stick it in a pipe and push it all the way here to New Smyrna Beach. The idea, again, because its a county-wide effort, is to take this plant on the St. Johns River and pump water for servicing cities in the western part of the County, thereby freeing up the wells that are used by... Your wells are not that far off from Deland, if Deland is taking water from the River, you now have the ability to pump more from your wellfields that are west of here. So the idea is free up some of those wellfields from the pumping that currently exists from some of the western communities, they potentially take that water and then you've got additional capacity here. So it doesn't necessarily mean that every city in the county will have water from that plant, we're not going to build pipes from that plant to every city in Volusia County.

UC Chairman Para stated I think the Mayor asked the question legally, I understand philosophical reasons and some of the technical reasons and they might or might not be plausible. The legal question is, and I realize you're not the judge but you're an attorney, a counselor, legally, home rule issues, Charter issues, do you see that by doing this as I see it, is in direct conflict with what we're responsible to do, the service we're responsible to provide for.

Ms. Ansay stated you can contract with anybody to provide a service to you in order for you to turn around and serve the customers. WAV is not providing water directly to customers in New Smyrna Beach, we're serving as a wholesaler to you. She added just as somebody might be selling a filter to you.

UC Chairman Para interjected but you just said we couldn't get out of it for 40 years, you're different, we've got contracts all the time, if we don't like what they do within the terms of the contract we can fire them. You're different, you're a government agency and I don't believe the vote was to mandate that we participate, it was to set it up and that's the legal question I want you to answer for me please.

Ms. Ansay stated just remember why you're a member of that contract is because the City of New Smyrna Beach signed that contract.

UC Chairman Para stated okay well then that's what we've got to discuss.

Ms. Ansay stated there was no mandate from anybody, there was no we're forcing 40 years on you, an agreement was drafted by a group of cities and the county, and circulated to all the cities, and you all signed it.

(1) Information/Discussion RE: Water Authority of Volusia (cont.):

UC Chairman Para commented as a Utilities Commissioner I didn't.

Ms. Ansay stated sorry, you're right.

UC Commissioner Diesen commented and you never considered us.

UC Commissioner Spangler stated we'll get to that part later. There's a couple of practical problems, for instance, I'll think it will be shown, and Mr. Mowry can probably show that Deland doesn't get their water from the same field we do, that there's a ridge that goes between here and Deland so Deland's water isn't coming from where our water is and never will. I think part of this plan is going to be that more wellfields will be sunk near ours and that water will not come over here either it will go somewhere else, probably in Deland. We also have a CUP limitation, where it sounds good, and I don't know how bad the other people are off, if we build out anything like the applications that have come in, our CUP will be inadequate in five years and then in ten years our CUP will be cut in half. And you're saying it's ten to fourteen years before you can provide desalinated water and your only interim for New Smyrna Beach is that you're going to pump ground water off and process it, which we're thinking of doing too. So I see us coming up with a big shortfall here, when our CUP runs out you're not going to be ready to give us any serious alternative waters and in the meantime everybody else is going to dip into the same aquifer that we do. Now that's just one way to look at it.

Ms. Ansay stated I don't see it, I'll refer to Dr. Mowry and maybe he can say whether WAV will be in a position to serve you.

U.C. Commissioner Spangler interjected that's not really for you to answer.

Mayor Vandergriff interjected maybe the real authority is Mr. Green, Kirby Green is the guy who actually gives you the permits for CUPs maybe he should come up and give his take on what's been said.

City Commissioner Richenberg stated may I ask Ms. Ansay one question before she leaves. Ms. Ansay wouldn't it have been in WAV's best interest to have at least had an input in developing a process within the cities that were members of WAV for them to communicate to their councils or commissions and to facilitate discussion in those councils and commissions to where they were better informed as to what exactly was at stake and how this was developing and for their representatives to better represent them on votes of importance, like the Master Facility Plan.

Ms. Ansay stated again, I mean I think that to the degree, WAV right now is comprised of its Executive Director, a secretary, and one employee, not a big organization. But in an ideal world would that staff be out in every city to ensure everybody had everything they needed, probably the answer to that is yes. But as challenging as it is, I work with cities as well to represent five elected officials, we have a board of fourteen cities and then we have to multiply that by five and seven individuals, so its just an enormous job, not my job I don't run the day to day affairs, I'm just saying its a difficult process. But your point's well taken but WAV's membership is the cities and they are served by a representative under that agreement and to the degree that you all wanted a voice to WAV, you could take this to WAV and I'm sure WAV would be receptive to hearing that.

(1) Information/Discussion RE: Water Authority of Volusia (cont.):

City Commissioner Richenberg stated well you're telling me how small the staff is with WAV, and to look at a \$285 million Master Facilities Plan I think that the communication is very vital in those cities and among the members that represent those cities for that discussion and for it to be more functional and more effective in what WAV is trying to achieve.

Ms. Ansay stated there is no question when I'm sure there's any issue for WAV approval of that plan there's going to be a lot of discussion, but no facility has been approved. I haven't been here since whatever day it was I left the City of New Smyrna Beach.

City Commissioner Richenberg stated one other thing that concerns me, and it sounds like its been voiced here, is that it kind of limits us in our pursuit of alternative water sources ourselves, desal, horizontal wells, we're looking at that because our build out is coming and everybody's kind of confused as to when that build out is going to be met. I mean when we're going to achieve that build out but in the meantime we have a utilities that needs to be able to look at those alternate sources for water. If we're looking at WAV to developing alternative water sources off the St. Johns in a 15 year time frame, it makes us hard to justify the expenditures to pursue those alternative sources of water here and then to not really get our full value out of those expenditures.

Ms. Ansay stated well your debt, and correctionally you're not able to, other than the sources you have identified in Exhibit C in that Interlocal Agreement you have agreed for WAV for all the other sources.

City Commissioner Richenberg stated so we're kind of stuck between a rock and a hard place on that because we have a very substantial amount of growth in our western area and its coming down the road and its picking up speed on a daily basis and we have some real concerns as to being able to adequately service those areas.

UC Commissioner Spangler stated I will say that a little differently again, we're concerned that your alternative water sources won't get to us in time but we will have stopped getting them ourselves so we're going to get short, we have no control over that.

UC Commissioner Reynolds asked if there were any other counties in existence today with the WAV authority in Florida.

Ms. Ansay stated yes.

UC Commissioner Reynolds then asked which ones are those?

Ms. Ansay stated they vary, again depending on which kind you look at. WAV is somewhat of a blend of what was established in the Tampa Bay area for Tampa Bay Water, slightly different in that members have not turned over all their existing CUPs, but that agreement was very similar to you. There are several others, the Tahoe group, there's the Peace River Management and Manasota Water Authority, and there's a couple of groups that are in the process of forming in Southeast Florida. They're springing up everywhere quite frankly right now in response to legislation that was passed last year which Mr. Green can talk about, wherein the State has now a created a pot of money for

(1) Information/Discussion RE: Water Authority of Volusia (cont.):

development of alternate water sources and gives great preference to regional organizations.

UC Commissioner Reynolds stated okay second question, we recently received approval for an additional CUP. I think that was after what you said was the time after this date you control it, who controls that additional CUP we received.

Ms. Ansay stated you presumably, while I don't know particularly which CUP you're referring to, the exhibit was not only wells that were in existence of that date, WAV said if you do or had anything in planning or were in the works, list it as well, if you've already invested the time and effort in getting something, even if its not there yet. It was pretty liberal in allowing its members to list everything that it quite frankly in my perspective opinion could even dream up at that point in time, so it may indeed be listed on that exhibit.

Mayor Vandergriff stated it is the one from Duke that you're talking about that you received, that was the one that was on the exhibit, that was part of that.

UC Commissioner Reynolds stated the third question is as I understand it the gallonage that we will be dispensing to our customers here will be taxed at probably 34 cents a 1,000 gallons by WAV. Is that a fact?

Ms. Ansay stated I have no idea where that number came from, its not a fact that I know of.

UC Commissioner Reynolds stated in other words, the water that we control now, you will not apply an overhead to that water.

Ms. Ansay stated an overhead no. WAV is in the process right now of trying to determine which source of funding from which WAV can derive revenue to pay for some of these capital facilities that its going to need to construct and it has not made any determination on any funding sources. Its looking right now at everything from special assessments to bonds, which many of you have heard.

UC Commissioner Reynolds stated but in essence, eventually, our customers are going to be paying a surcharge for WAV or either for construction programs.

Ms. Ansay stated not necessarily no.

UC Commissioner Diesen stated how are you going to get the money.

Ms. Ansay stated there are a lot of opportunities to bond, along with District money. There are provisions in the works right now related to other funding mechanisms that could be generated and right now the WAV board is looking at everything from special assessments to portions of sales tax revenue, so there's a little bit of everything., But the answer is everyone in Volusia is going to pay more for water, Mr. Green can tell you why.

UC Commissioner Spangler stated I have one more legal question for you then, it says here on pages 20 and 21 of the Interlocal Agreement, once WAV begins selling water to a member government all

(1) Information/Discussion RE: Water Authority of Volusia (cont.):

water being produced by WAV and its member governments shall be subject to the unitary rate. What does that mean?

Ms. Ansay stated the unitary rate was a concept when WAV was formed of essentially spreading the costs of the new water supply. The recognition was that when you produced a new facility, not everyone at that given point in time is going to need that first drop of water out of that facility but yet it means just the user, let's just say it was the City of New Smyrna Beach for instance that takes the water out of whatever new facility is generated. If you all had to pay for it your rates would be astronomical and the notion going in was we're all in this together, we've all got our problems long term, lets spread the risks, spread the costs. Nobody at that time knew for sure who would have the first and worse problems; of course now those details are becoming a little clearer.

UC Commissioner Spangler stated well right, I'm just seeing this as saying that somebody is going to charge us for the water that we produce, over and above our cost of producing it, and whether that money helps to pay for facilities in the county that ultimately will bring us water back that's another matter but it looks to me like we're going to get a surcharge on top of our costs to help pay for those plants. I don't know, I thought that is what that said, I understand why because you have to have funding from somewhere but what I'm seeing is that we're going to be paying that funding based on a fee on top of what we're already charging for our water, and we're going to get for that some desalinated water in 10 or 15 years.

Ms. Ansay stated when you referred to a surcharge on top of the water I thought you were referring to the funding sources I talked to you about now as opposed to the unitary rate.

UC Commissioner Reynolds stated I like to call it a tax on the people because that's what it is.

Ms. Ansay stated I don't think its a tax as it is a recognition that water costs more I think and you're right, that's in there now. What I will tell you if it makes you feel any better is the WAV Board, and the City of New Smyrna Beach is not the only the city that is concerned about the unitary rate. When WAV was formed everybody agreed to spread the risk, now folks are revisiting that thought process, the WAV Board agreed at some point to look at the unitary rate again, what it does with it I don't know, but there will be some discussion of that in the future.

UC Commissioner Spangler stated I'm just trying to establish that we will be paying WAV money for our own water and that we may not get any benefits ourselves for 10 or 15 years, but other people are liable to benefit from the water source that we're using now in advance of that. Like you say there are early winners and early losers and it just looks to me like we're an early loser and we might be a mid-term loser too. But you're not really suppose to answer those questions and we really appreciate you taking all this; you're the lawyer.

Mayor Vandergriff commented he had seen Councilman Hayman come in, so he's here too. He then asked Mr. Green if he would like to comment.

Mr. Green (SJRWMD Executive Director) stated he would try to tell everyone how, at least from our view, how we think we got here or how we got here, because I think we're partners in this. Back in

(1) Information/Discussion RE: Water Authority of Volusia (cont.):

1997 the legislature passed a bill called HB715 which was a water resource planning bill and what it did was it told the Water Management Districts that they needed to undertake a 20 year planning process where it identified what the water needs for the area would be and whether or not from the current sources that were being used to get that water, if those sources would be sufficient to meet that 20 year demand in the future. So the first study came out in 2000, and has just been updated in 2005, but in that first study in 2000 it became apparent this area, along with the other east central Florida areas, were growing at a rate that ground water sources were not going to be sustainable to meet all of that need. What I mean by sustainable is that you won't be able to continue to draw from ground water and not have impacts on the surface, lakes, wetlands, spring flows, and those types of things. So we came out with a study that said that, communities in this area you need to start thinking about where your next source of water's going to be because you're not going to be able to get all of your need, all of your demands from ground water in the future. That happened, we started really publicly saying that in about 2000, 2001. That was the same time that the predecessor to the WAV organization was trying to figure out what it needed to do and we started to come out with this message and the powers within Volusia County said we need for it to be more than just a planning agency and it moved to the organization that it is now. But the reason that it got there I think is because those early studies came out and said we're not going to be able to get all our future water needs taken care of from ground water sources.

Mr. Green stated on top of that this past year the legislature passed some legislation, called SB444, which set out a process that looked at regionalization of your needs, kind of a realization that we were all going to have to move to alternative sources and there was an expense associated with that and the State government felt like it should take on some of those costs. They directed the Water Management Districts to match the State funding, for that to be shared with local governments in developing alternative water sources. In that legislation we were directed to look at regionalization as a priority, those groups that are coming together and working with their neighbors to meet a bigger need should be seen as a priority in getting those funds. Now what are those funds, last year the legislature funded \$100 million to be divided among the Management Districts based on a formula. We got \$25 million of that, we had to match that with \$25 million, so we had a little over \$50 million because we had a little more than that in the fund at that time. A little over \$50 million to help local governments develop alternative water sources. This year we've spent about \$18 million of that on 30 projects throughout the District and we're holding \$30 million from that original appropriation to help with the big projects because we see some coming down the road. This legislative session the legislature funded \$60 million which we got \$15 million which we had to match with \$18 million. So we've got \$60 million or thereabouts in funds, in an account, waiting to participate with local governments in alternative water sources development. That's kind of how we've got I think from let's just continue to withdraw from our ground water sources to meet our needs to what I think is a fairly common understanding now that all your long term needs for the future are not going to be able to come from ground water. They are going to need tweaks, and because of unique situations in your area you may be able to get a little more out but your long term needs are going to have to come from upper sources, still be able to use the sustainable ground water level and continue pumping for your need, but anything above that you're going to have to get from an upper source. At this point the sources that you prioritize in costs, it appears to us that the next least expensive water is to go to the St. Johns and treat that instead of going to really big time desalinization of ocean. So that's kind of where we are and I'll answer questions.

(1) Information/Discussion RE: Water Authority of Volusia (cont.):

City Commissioner Hathaway stated all I've heard so far is how do we take care of this potential growth. St. Johns in the past has mandated to the County and the trickle down effect between all cities and municipalities the need to conserve water so we're on this water sprinkling program, if you will, twice a week and so on and so forth. Yet there's not been one mention of conservation of the growth pattern. I don't hear any dictates coming out of the State of Florida, we're the biggest Ponzi scheme in the entire United States of America. We're building our government and our tax base, based on growth. There's going to be a time that we can't provide for our people the services and the product that they need to have a normal lifestyle in any municipality with this growth rate as it continues to grow. I haven't heard a single legislature come out or a bureaucrat come out and say its time to look at this from both angles. Not that we can't afford to go out and spend \$300 million and build a desal plant or a surface water plant and provide water but let's just start slowing down some of this growth. Let's just say County of Volusia you are now limited to x amount of people per year and that's what you're allowed. You can split it up between the County, the municipalities, however you want to do it. But this idea of let's just keep growing, let's just keep paying things by growing, it's not working.

UC Commissioner Spangler stated you can always borrow against it.

City Commissioner Hathaway stated if it were working we could place an impact fee on everybody that came to town and say we've got water, we've got cheap water, we've got good roads. You came to town now we have to build a new school, you came to town now we have to build a new water plant, you came to town now we have to four lane our two lane highways; that's the problem and nobody wants to address it.

Mr. Green stated well, I disagree with you.

City Commissioner Hathaway commented that's the good thing about America.

Mr. Green commented that's right.

UC Commissioner Spangler stated I agree with him, so after you've answered him I'll have at it too.

Mr. Green stated last year the legislature again, it was SB360, which was a planning bill in DCA. It required local governments as they approved amendments to their Comprehensive Plans to allow for that, to look at three things, look at schools, transportation, and water. They had to make a determination, the local government, whether or not they had the adequate water sources, adequate transportation and adequate schools to meet that growth need and if they didn't they had to put in there, the capital element, of how they would meet those elements before the Comprehensive Plans would be approved in Tallahassee DCA to move forward. I think the legislature began last year to recognize some of our quality of life issues were directly tied to the way we were growing and at least try through that bill for the first time to start to connect the use of water, roads, and schools as part of the decision process that local governments looked at as they approve development. I think the legislature and the Governor think that those decisions are best made at the local level so you're the ones who have to decide whether you want to add on that new DRI or not.

(1) Information/Discussion RE: Water Authority of Volusia (cont.):

City Commissioner Hathaway stated I know you've been to DCA and I know that every time you go to DCA you may have to change this or that but they change it. The Comp Plan might have been a great idea at its inception but it's never worked because you know why, everybody that asks for a change of the Comp Plan gets a change of the Comp Plan. If someone came along and said no you can't and I agree with you, it should be at the local level, Home Rules should exist, but we're so inundated by other governing agencies if you will that our Home Rule gets whittled down every year. For me to hear oh the State's taking care of us by doing this DCA program where you've got to look at water, schools, and your growth pattern, that's a bunch of hogwash. We can change that stuff and send a guy up to Tallahassee and get it approved, it might take a little smoozing but it gets approved and I'm just saying the Comp Plan is a problem.

Mr. Green stated I'm not here to defend DCA, I'm just telling you how its moving forward....

UC Commissioner Spangler interjected that's the hot seat up there and you have to stand on it. I think simplicistically one way that people think of it is why should I be restricted watering my lawn so 500 new lawns that have just been planted out here can have water too, it doesn't seem right. When you talk about they're addressing the quality of life with SB360 which sort of means the infrastructure needs to be there before you get started, I think, well started doing what? What you're trying to provide for as a quality of life is not the quality of life that we have, its the quality of life for the people that want to come here and be serviced by the people who own the land and want to do the building. So all that 360 is sort of to say if we're going to continue to sell Florida to people who want to come down here then at least let's not stick the municipalities with residual costs because the impact fees were not enough. That's all 360 is saying and it doesn't take a genius to figure out we're going to run out of water, the question is when are we going to run out of water, cheap water that we can get out of the ground, how far can we go before we have a drought, and even that cheap water's not adequate. We're always pushing the bubble and all of these provisions are strictly so we can continue to have growth which I understand is the mantra. You can borrow against growth, against future growth and spend that money today, governments and people in business and the whole country's been doing that for a long time but as City Commissioner Hathaway says growth is not infinite and even if we have desal plants at some point we're going to have so many people in Florida that when we have to evacuate we can't, not that we've had any problems so far. But its not just about providing for the people that are coming in, its just how much provision for how many people do we want to do so there's that little aspect to it. He reiterated to Mr. Green, you're on the hot stand.

UC Commissioner Reynolds stated I have a question for Mr. Green. I think St. Johns does a great job, you've got a big district, you have a good eagle's view of how Counties operate and how you control them in terms of allocation of water. It seems to me, quite frankly, when it comes to building the right plants, whether it be something for St. Johns getting the titanic acid out of it, plus some salt intrusion or the ocean, seems to me you're in the best position to direct and build these plants. But to add other layers of government in here just raises the costs of those plants. It seems to me that St. Johns should take this job over and we would support you because we think you know a lot more about where the water is and where it's going than another bureaucracy.

Mr. Green stated we talked about that some, in fact we talked about that a lot, and it created a

(1) Information/Discussion RE: Water Authority of Volusia (cont.):

problem for us because we're the regulatory arm for you all. You come in and ask us for a consumptive use permit that we approve. Now if we build a plant for alternative source water and then we're in a position I think of mandating you to use it, and then we set up a scheme where you can't go out and develop what may be the last little bit of ground water that may be available to you, because we won't sell you water.

City Commissioner Hathaway stated that's what WAV has done.

UC Commissioner Diesen interjected yes, thank you.

City Commissioner Hathaway reiterated you've just described exactly what WAV's doing.

Mr. Green stated but WAV is an organization that's built on the desires, I think, of the citizens of Volusia County.

UC Commissioner Reynolds I don't think the citizens of Volusia County know diddly squat about WAV and its our fault perhaps that they don't.

UC Commissioner Diesen interjected no, the City.

UC Commissioner Reynolds stated but right now if we said citizens here's the WAV would you like to join it, sure why not, they don't know anything and its a bad job I think in explaining the value of WAV, what WAV is going to do for us, what the costs are going to be, we just haven't done that, and that's probably all of our faults.

UC Chairman Para stated I would go a step further, I don't know that the folks at WAV have really done it themselves, I don't say that anyone has poor intentions, they went at it hard. I watched these meetings, these folks worked hard at the meetings, they tried to reason through things, but it comes to a point in time when it doesn't fly and from an economic standpoint, we get calls from people on a regular basis when the costs of utilities rises. As UC Commissioner Spangler says, when the sovereignty of this agency prevents us, the taking of that sovereignty prevents us from providing a water source, we're the ones who are going to catch the heat. But again the WAV authority might have been a good idea, but it just doesn't fly, economically speaking it just doesn't work.

Mr. Green stated I have a problem with that analysis at this point.

UC Chairman Para stated 300% increase in the value of water.

Mr. Green stated you don't know that yet, you have rough engineering estimates of costs.

UC Chairman Para stated I don't mean to be argumentative but I heard the consultant, he came in, he made the presentation. Why did we spend, what \$150,000, for that consultant to do that work?

Mr. Green stated no, it was closer to \$1 million.

(1) Information/Discussion RE: Water Authority of Volusia (cont.):

UC Chairman Para stated well whatever it was, they came in, if they didn't know, I'm sure not going to know.

UC Commissioner Spangler stated its hard to commit for 40 years to hundreds of millions of dollars when we don't know what its going to cost, and that's what they're asking us to do, in fact we may have already done that.

UC Commissioner Diesen stated and there's no way out. I mean we're stuck with another bureaucracy and we didn't have a say in it and there's no way out? I don't think so.

UC Commissioner Spangler stated there's a little hard feeling here because the U.C. was really never consulted in these decisions and to a certain extent the Mayor was empowered by the City Commission to represent the City and he did, and has for a long time. But I think there's a feeling also that what's going on is of a sufficient magnitude and duration so that maybe the rest of the City Commissioners and the Utilities Commissioners should have been consulted before we were committed, I think there's that sense here.

UC Commissioner Diesen commented amen.

Mayor Vandergriff then asked if Mr. Mowry should speak now as someone had a question for Mr. Mowry.

Mr. Mowry stated all right, I'll sit in the hot seat now.

City Commissioner Hathaway stated I raised the questions earlier. I've listened to the hydrological mumbo jumbo if you will for a length of time, I've been a Commissioner for 12 1/2 years and I was a representative on the previous organization but the concern that is now facing the City of New Smyrna Beach Commission is this organization stayed in existence because of one vote. Had one more vote gone the other way, WAV, its my understanding, would have been dissolved. He stated you can shake your head but that's the way it was reported in the newspaper, you had three dissenting cities, if you had a fourth dissenting city, plus you've got to see Daytona Beach who has been in litigation with you trying to extract itself. What we're getting the point to is that you lose a major city, if a major city does win a lawsuit and does extract itself from the organization, you're going to have a hard time selling the rest of the cities that are being left that they're going to have to pick up their share of whatever expense you're going to have on any kind of plant and you've also excluded this particular city from then, I guess, from purchasing from WAV unless you're going to put a surcharge on them. Say okay, well you didn't want to participate, in order to get extra water if you need it you're going to have to pay above and beyond what the member cities are paying. The City of New Smyrna Beach has a little hardship here because we weren't consulted prior to that vote. No offense to the Mayor, the Mayor represents us on a number of boards but the City Commission, and we can fault ourselves, maybe we should have raised the issue before it, I don't think we were privy to what was actually going to be on the agenda that day because we had a meeting the night

(1) Information/Discussion RE: Water Authority of Volusia (cont.):

before, we sure could have raised the issue and discussed it prior to sending the Mayor to make a vote. But I think its left a sour taste in a lot of our mouths that we're moving forward with this WAV issue, and we might have been that one vote that would have ended the whole situation a month ago. He reiterated I think we all have a sour taste in our mouth right now.

Mr. Mowry stated the question is, and your point I think you're talking about is the vote on the Master Plan.

City Commissioner Hathaway stated yes.

Mr. Mowry stated a failure of a vote on the Master Plan did not really mean, but yes, if an organization is not moving ahead, what does it do, and I think that's the point you were bringing. It was a critical vote but it was not a vote that says if it was not approved WAV goes away, but it was an important aspect, it was approving as you indicated this Master Plan. This Master Plan was basically developed and it was presented to the City of New Smyrna Beach. I was involved in some of the meetings, then others the consultant, as a matter of fact I believe the Chairman of the Utilities Commission was in one of the presentations by the consultant. He stated I didn't attend all of them because I felt sometimes it was better for you to have direct communications with the consultant and not have me there because again as I was pointing out to people this is not the Executive Director's Master Plan, this is the Master Plan of its members. So I felt like if I was there trying to push an agenda it would not be good so I let the consultants come on their own. He reiterated I believe you'll find I wasn't in attendance at some of those meetings not because I was ignoring you, I thought it was best you had direct communications.

Mr. Mowry stated now this Master Plan was presented in a draft form in December, it was presented again in January, and actually was up for a potential vote in February. It was actually even posted on the website of WAV, it was also distributed to the board members and to the alternates. It was also talked about by your technical advisory committee which the Utilities Commission staff does sit on.

City Commissioner Hathaway wait a minute, hold on a second, you're telling me that book came to the alternates.

Mr. Mowry stated that is what my understanding is.

City Commissioner Hathaway stated no sir, I'm the alternate, I never received that book.

Mayor Vandergriff stated it actually wasn't in that book, it was a composite...

City Commissioner Hathaway interjected well I don't know where it went, I have a mailbox where all my mail goes to at City Hall and that was not in my mailbox.

Mr. Mowry stated it did not have a hard cover, it was basically like this, but this was also essentially reviewed by the technical advisory committee which the Utilities Commission staff sits on and they had comments. We have over 400 and something comments from the technical advisory committee and so forth reviewing this, so this document was not basically just one day brought to the WAV

(1) Information/Discussion RE: Water Authority of Volusia (cont.):

board and said here it is take a vote. He stated in fact in February one reason the vote didn't occur is because there were some last minute changes that were made and one of the board members said there is no way that I'm going to take and review and approve a document. It happened to be the Director representing the City of Debarry and he had a valid point, don't put something in front of me that came within the last 24 hours that's changed and expect me to vote. He was correct, it shouldn't have been done but it was because there was some last minute changes, inserting some of the items in the book that were from comments that we received that we made some changes and to get it done in time. So therefore it was then carried over for several months in doing that, it went from the February meeting to the March meeting, and from the March meeting to the April meeting and it wasn't voted on. The very first time it was voted on was the April meeting, that's the meeting you were making reference to.

Mr. Mowry stated to give you a history of kind of where this book is and what we did, it wasn't something just dropped on, and the dollar values appear to be very, very familiar with everybody here knowing how much money this book says. The other point is this book is an approval of a Master Plan that does not authorize anything, a Master Plan when you approve it does not authorize the WAV board to do anything, it only says we looked at the plan, we've looked at the information and we believe this road map has valid points in it. Until we can then take each of those, set aside, we're going to follow this path or this route and take that to the board on a particular project. At that point then there is an authorization with obligations that may start occurring. It is now also the position of the WAV board that they would not move ahead with a project of a financial level without a funding plan to describe it. As of today, as you've heard from legal counsel, there has not been a funding program, other than the base funding you have been participating in to pay for the base costs of WAV, which has been seen, and again the Water Management District did pay over \$1 million of this document, that is actually primarily in electronic form, and is actually this thick with all of the appendices.

UC Chairman Para stated thank you, the question I have for you, as a Utilities Commissioner, we received an invoice I guess a couple of weeks back and that was probably what started all this into motion, \$52,000 roughly. I'm not going to pay it, as a Commissioner, as a ratepayer, as a citizen I believe and last year I agreed to only because I wanted to see, because I'm a great one for show me. If you can convince me, in a convincing, compelling discussion of facts and the law, I'll go with you, but you all haven't made your case and that's nothing against you or the folks at WAV. The case isn't made and I'm not paying the bill. So its not really your situation here, your place today, this is between these folks and us. I'm saying I'm not paying it so I vote against it.

Mayor Vandergriff stated this is the approved interconnects I think.

Mr. Mowry stated that's what I'm saying, that is a completely separate issue from the Master Plan and is really a separate issue from WAV. Prior to even me coming here as the Executive Director, there was an application that was being developed to request federal funding, it was through the STAG program, and its monies administered through EPA, in which the Utilities Commission staff participated in a study of interconnects, they participated in the study of priorities of which interconnect should be constructed, this is all the cities water systems. The application was basically Quentin Hampton did most of this work. This application was submitted basically the first day I

(1) Information/Discussion RE: Water Authority of Volusia (cont.):

came to work here as the Executive Director, I signed it, the application had already been done and submitted it to the federal or EPA to get approval, and it was approximately \$900,000 received and this was paying up to 50% of the costs of constructing the interconnects. When this money was approved, then at that point we needed to move that into a delivery project, again the projects were defined and discussed through the technical advisory committee which the Utilities Commission staff actually sits on and actually reviews and makes comments. Mr. Brad Blaise of Quentin Hampton worked with your staff on doing that, and again this was not a surprise document. Mr. Mowry stated you're right, the City of New Smyrna Beach, the Commission, signed the agreement but it was basically worked through the Utilities Commission as far as prioritizing what should be done, they reviewed the plans, and reviewed the specs. They also attended the pre-construction meetings in which we actually advertised this project, to receive competitive bids and awarded a contract; again they were involved in this activity knowing that whatever you're spending that's only about 50% of the cost of the actual construction because the other 50% is being paid for by the federal government. Now at this point if that's the direction in which we're going to get, that we aren't, I don't think that work has actually started because we've started building primarily several thousand feet of pipeline in Deland, Orange City, and County utilities and so forth. We're getting ready to move, the contractor is, to start building facilities up in Ormond, Holly Hill and the next one they'll be moving down here into the Port Orange and New Smyrna Beach, which is where the interconnect is that you're talking about. I don't think that equipment has been procured as far as delivery, its probably on order. If that is the direction I will need to know quickly to basically make notification and determine what the change order would take to extract that work promptly if that is the case. At this point I am in a situation where I have the document showing that the City of New Smyrna Beach is participating in which your staff has been involved. I'm not here to argue either way, my comment is if that's what it is, I just need to know and then I would then have to come back and say it. Then if there is a cost, then there would have to be discussions saying if there's \$50,000 worth of work, and there's \$20,000 of costs already expended but nothing's going to get done, I would then have to go back to the board and say tell me what to do because we went into an agreement, they decided to stop work, there has been an expenditure of funds by the contractor, then that item can be addressed. That's the invoice you're talking about, really has nothing to do with a directive, WAV is strictly an administrator because EPA said we want to work with one agency, we had multiple agents with most of the cities in the county, and it was a way of doing this. WAV is doing this with essentially no mark-up.

UC Commissioner Reynolds stated well that's funny looking at that bill, I was going to ask you, there was a 10% mark-up for inspection and administrative costs.

Mr. Mowry stated that is the cost of Quentin Hampton for their inspectors, for Brad Blaise to do shop drawing reviews, and those items.

UC Commissioner Reynolds asked who do they work for?

Mr. Mowry answered they work for you through a contract with Blaise.

UC Commissioner Reynolds stated in other words, its WAV's administrative costs, they're just passing it to us.

(1) Information/Discussion RE: Water Authority of Volusia (cont.):

Mr. Mowry stated no, it is a cost of the consultant. WAV is not investing any of WAV's money. The monies that you paid to WAV in the assessment each year, is not being used to subsidize a project because not all the members are participating in the interconnect, some cities do not have interconnect projects like the City of Deltona, and some elected not to move ahead with their projects early on. The City of Daytona Beach went through the design phase and then decided not to go ahead and exercise in the construction so they notified us and said thank you, we want the design but we're not ready to move ahead, so we're not doing that. That is a direct cost, there's a \$94,000 cost to Quentin Hampton to do the construction and services which includes inspection, and that's being passed through WAV at no mark-up.

UC Commissioner Reynolds stated all I'm saying is that was a case where perhaps we had the in-house capability to do some of that work, but let me get to a better question here. On pages 20 and 21 of the WAV Interlocal Agreement, and my colleague here pointed it out, once WAV begins selling water to a member government all water being produced by WAV and its member governments shall be subject to the unitary tax, I call it a tax, which is determined by a rate of total cost of water divided by the total amount of water being produced by member governments and WAV. To give you an example, and you may argue over the numbers that would amount to us, our City, of \$620,000 a year on the tax, of this unitary tax. So right away if I had anything to influence you by I would say this is really a red flag and I don't think it should be in the agreement and how do we get this taken out of this agreement.

Mr. Mowry stated you're making reference to an example that the author used to demonstrate how a computation can be done but none of those are real numbers. None of those dollar values or costs there are real.

UC Commissioner Reynolds stated all right but there is some dollar amount that somebody's going to pay, right?

Mr. Mowry stated I believe legal counsel said that, when its certified that this unitary rate will apply. Yes, that was agreed upon that a revenue stream would have to be necessary to offset because we all know if your point of 300% is correct and its been studied by multiple agencies. Tampa Bay right now is looking at doing desalinization on brackish water, surface water, it's over \$3.00 per 1,000 gallons, that's 300% of your present rates, those are real numbers. The Water Management District commissioned a multi-million dollar study to do a pilot study down in Sanford, \$3, 047,000 I believe is what that report cost.

UC Commissioner Spangler interjected somebody is going to have to pay for the water at some point, when the cheap water's gone, either we're going to pay for it, desal, or WAV is going to pay for desal. I'd like to get away from that part, pay me now, pay me later, pay it this way, or pay it that way, we're going to spend the money. We're talking about who's going to spend the money and when we're going to get the benefits, but what I'd like to clarify about New Smyrna Beach's technical people attending the meetings, the fact that they attended doesn't necessarily mean that they approved of the plan. I've heard nothing from our technical people from what they heard at WAV or whether they agreed. I've heard a few technical problems that they rose, but I've never heard from any of them that they were in support of the way that the whole thing is set up or the way they're

(1) Information/Discussion RE: Water Authority of Volusia (cont.):

going to propose it when they do set up. I'm just going to say that the fact that our people were there, I know Mr. Hoover was there and UC Chairman Para, but that doesn't necessarily mean that they agree. It may mean that they disagreed and you took into consideration their disagreements and tried to deal with it but it doesn't necessarily mean that anyone from this Utilities Commission is in agreement with the plan, that's all, just means they were there.

Mr. Mowry stated the only reason I was making comment is that I understand this was done in the closet. My comment is the closet had a lot of people in it and your people were in the closet with us whether they agreed to what we were doing in the closet is another thing ...

UC Commissioner Spangler commented it was democratic even if they were outvoted or whether they were with the majority.

Mr. Mowry stated if they wanted to come back and report to you that they were shocked by what was in this plan, that was not my problem or issue. That was that, it was not hidden, your staff was invited to participate just like all the board's members were invited to participate and these were all public meetings.

UC Commissioner Spangler stated so basically the process problems that we have are of our own making. If we don't like the vote for instance that Mayor Vandergriff made, then we should have told him at some point because what do you know about what we think if he can't tell you and relay what we think, so maybe we're a little late thinking about it.

Mr. Mowry stated again that's something internal as you say.

City Commissioner Hathaway stated and if I may interrupt too Mayor, I think the hour's getting late and I think what the two bodies need to do now, and we appreciate you coming and giving us your time and knowledge, but this board and that board need to discuss truly what the potential plans are for the utilities at this point, what Mr. Rodi has laid out to the various Commissions at various meetings as to what your plans are for future water supply for the City of New Smyrna Beach. I think this is the page that both of these bodies need to be on, to me I can't see us spending a bunch of money out there at the sewer site to try to bring in brackish ground water and spending x amount of dollars on this program at the same time. I think long term they might be able to supply us water, we need to look at our issues that face us today and what's going to face us in the next few years. They're not going to be able supply it so the issue is, from my standpoint is, what do the two boards sitting here tonight deem as important.

Mayor Vandergriff stated let me ask one thing since Mr. Mowry's up there, in the Interlocal Agreement if our CUP runs out at any particular time, at that point if WAV cannot supply us the alternative water or the water that we need, what happens to that within that Interlocal.

Mr. Mowry stated there's a couple of processes in there, and Ms. Ansay can enter in if she wants to, but the first thing is we have to receive a request from New Smyrna Beach to know to even plan for you, and so far until you submit that request, you keep making statements like you won't have water from us for 10 or 15 years, nobody has told me from New Smyrna Beach that you need water in five

(1) Information/Discussion RE: Water Authority of Volusia (cont.):

years. If you do then I take that to the WAV board and we immediately come up with a plan. Now the point that your Mayor's asked is what if we can't and in the Interlocal it covers that. It says if WAV cannot do that then you are allowed to go out and develop that but what it also says that when WAV is financially able to basically perform that we will buy back whatever investment that you had. If you went out and invested \$10 million in building an alternative water supply system because we couldn't meet your needs after you had made a timely request for us and we couldn't essentially produce, then the Interlocal says you have the right to make sure your residents are supplied water and if you invest \$10 million, I buy it back for \$10 million and you aren't out a dime when we're not able to do that.

UC Commissioner Diesen stated but then we buy the water from you.

UC Commissioner Spangler stated plus you can capitalize the investment that we made by taxing it too but that's not as bad as we make it sound if I understand what you're saying.

Mr. Mowry stated we would like to build this on a regional basis, meaning if you do an investment we would like to know and say lets build this and also supply water for Edgewater and Oak Hill and possibly Port Orange because its strategically located. In fact New Smyrna Beach has been studied as maybe a good location to put a desalination plant sometime in the future. So its very likely this could be the regional plant and that's the reason we'd like to be involved. If you say hey we've got to move quickly, we can't hold up, all we would say is let us work with you and help so that we can expand that to a plant larger economically in the future for the benefit of all the people in the area, not just New Smyrna.

City Commissioner Hathaway stated let me get a clarification then. If New Smyrna Beach goes out and they spend x amount of dollars and build a plant because we need it in five years. Now you're telling me in 10 years when you're able to supply the water you're going to come back to New Smyrna and say okay we're going to buy back that plant because your CUP's expired and you kind of got that water when you really shouldn't have got it, but you got it, now we're going to buy it back from you. Whose money are you using to buy it back from? We paid to put the thing in the ground, now we're going to pay you so you can buy it back from us. Wait a minute, left hand, right hand, I'm getting confused.

Mr. Mowry stated what happens is, what the unitary rate says that's water is not going to be cheap. As a matter of fact Ormond Beach right now is looking at building a 2 MGD plant, they've looked at, evaluated, studied and looked at alternates, \$14 million. Okay, \$14 million is what they're looking at to putting out for a 2 MGD plant. Tell me what your present plant cost you for 2 MGD plant, a lot less. So the point is, if Ormond Beach is having to pay that in today's market for a new plant, what do you think New Smyrna Beach's plant will cost. You're right, now the question is well whose money are we going to use. Yes, it will be part of New Smyrna Beach's money, because why, we're all going to talk about it on the unitary rate but what it means is it also means the people that live in Ormond Beach, Daytona Beach, Holly Hill, the Shores, Ponce Inlet, Edgewater, Deland, Debary, Orange City, Deltona, and also all the other unincorporated areas of the County, Jack Hayman's area, will also be helping to pay so you only pay a small portion of the cost of that plant when we buy it back because we have leveraged the value of all people and all the users and that's what the intent of

(1) Information/Discussion RE: Water Authority of Volusia (cont.):

WAV was when it was created and that's the reason for the Interlocal Agreement.

City Commissioner Hathaway stated you're painting a program where you're saying that bigger is better, you're painting a program that's saying lets take away the powers from the cities, lets move them to the county, or if the county doesn't work lets move them to St. Johns, or St. Johns doesn't work, lets move them to state level; that never works. The further away you get from the people the more expensive and less governing the people get from their elected officials or from their representatives. Now you're saying the same thing could apply to fire, to police, if you want to use your argument, any thing in your scale, well bigger is better because we can take care of everybody. That's just not true, there's a level of service in everybody's government that is different and its a service level that people are willing to pay for based on the taxes that we charge those people. What you're saying is its alright because we're taking care of everybody in the county we should feel good about it and open up our pocketbooks. Well there's a lot of people that are very philanthropic, and there's a lot of people that could give the lesser, you know hooey about it.

Mr. Mowry stated I have to go back to your earlier request, the point is the question came to the St. Johns Water Management District, why don't you build a plant. That goes truly opposite of what you are saying here because that's even more remote, you would have now a more remote organization.

City Commissioner Hathaway stated I didn't say the St. Johns, that was from the Utilities Commission.

UC Commissioner Reynolds stated I said that.

City Commissioner Hathaway stated I would never ask an appointed official, someone that I couldn't vote out of office, tax me, I would never agree with that.

After various comments from both Commissions at one time, UC Chairman Para stated one quick question, in the scenario, and I don't want run long on this, but if you can't supply it, we supply it, we build the plant, \$10 million or whatever, as I read pages 20 and 21, we're still going to pay the unitary rate, the way its written, and we're going to still be paying basically double and triple.

Mr. Mowry stated that's the grey areas of the Interlocal Agreement, have left a lot of things out and when I read this Interlocal, I asked Ms. Ansay, when I came because I wasn't involved in the writing of this text originally, and I read and I said well there's a lot of undefined things here because the WAV board creates what costs of water is, WAV creates this. Those are all decisions you're saying but your valid point is if you've invested your money how could they then come back and now make you pay a unitary rate. Well I don't think the WAV board has gotten there because the unitary rate is still so far out that I've got not only New Smyrna Beach, I have a lot of people asking me, tell me what the unitary rate is. When you brought up that comment, if you can figure it out come to my next board meeting and explain to them how you came up with your computations because myself and Ms. Ansay and I have talked about it, I can do it a lot of different ways. The methodology, the final unitary rate is something we're probably going to have to bring before the WAV board, hopefully sharing with all of you the information. I'm saying how do we basically better define

(1) Information/Discussion RE: Water Authority of Volusia (cont.):

the unitary rate so that it takes into account the things that you're talking about, because the computations, those are only examples in there, none of them are real. I showed one way with Ms. Ansay, this was between Ms. Ansay and I, that it looks like there's a certain possibility that we can pay certain people for water. Like in your case, you build a plant and if your cost of water is greater than the average cost of our computation, it means that we're actually on the negative part of the unitary rate computation, so do we pay New Smyrna Beach for your water that you produce for yourself.

UC Commissioner Spangler stated you've got 40 years to determine that.

Mr. Mowry stated that's what I'm trying to say, the areas are undefined, and I'm saying there's a choice.

UC Chairman Para stated we're just trying to drive out truth here and thank you for your time.

City Commissioner Richenberg stated I have two things I wanted, one was that was one of my concerns what you just stated, there were a lot of grey areas in this Interlocal Agreement and its hard to have confidence moving forward and the commitments we see in this agreement with all those grey areas existing. The other thing I have to say is when I look at a lot of the information on WAV, there doesn't seem to be as much of an emphasis on conservation as on supply. That was something I was concerned about and some other people I spoke to about it were very concerned about that, there was more of an emphasis focusing on supply rather than on conservation and reducing demand somewhat.

Mr. Mowry stated to answer your first question many people around the world state that the Constitution of the United States was probably the best document ever written and the authors spent a lot of time on doing that, but it wasn't perfect, it took a lot of amendments. The Interlocal Agreement is the same way, we talked about it, the authors that wrote it didn't really sit down and talk about, but why, the unitary rate wasn't there and we had to take into account land. Every time you bring somebody new in and look at it they take a different viewpoint on it just like I did when I sat down and read this, I saw there's some areas that may be better defined. Well I was the new kid and every time somebody looks at it they know there's got to be improvements, so no document is perfect and the unitary rates not perfect and yes, we'll have to take a look. Your other question, on conservation, that is always an issue. It is one of our purposes, its listed in there but the question comes back, and the biggest problem we have with conservation anywhere in the whole county, and as a matter of fact in the whole state, is talking about enforcement. We can talk about it, we have a full educational program, we have a staff member that does nothing but conservation. She goes out talks about using native plants, planning, and replacing high volume water using toilets.

City Commissioner Richenberg stated but there's other ways to conserve rather than enforcement.

Mr. Mowry stated we have a staff member who educates, we have a staff member going out, attends all the different fairs, and she's going to the plant thing in the Shores right now, this weekend. She goes to the schools, she had a poster contest with the kids, and we basically gave out all new valves for commercial toilets to all the board members. He said she introduced these to all the members

(1) Information/Discussion RE: Water Authority of Volusia (cont.):

and said these are things you ought to be looking at. The board has talked about and adopted the concept of working with each of the members saying its hard for us to go out to the public and tell them to look at conservation when many of our governments are not doing conservation to the highest level. We talk about conservation at the irrigation level, we just took action and gave guidance to the County Council concerning the irrigation schedules. We basically said there was confusion because the County had one and the Water Management District had another, I felt like that was confusing the people. You see right now we have confusions among all of you and you are probably higher educated and informed than most people; what do you think we do to the general public. We basically said lets go with a single message, lets adopt whatever the Water Management District has done, they are paying huge amounts of money for advertisement, lets not have a different program because it didn't work. So yes we are talking conservation but we are limited because you know we do certain levels, maybe we can do more, and we're always open to hear more, but one thing we are not able to do is sit down and do an enforcement at this time because its not in our Interlocal, the giving away any powers to do that.

UC Commissioner Reynolds stated I have another question I would like to ask you, not putting you on the hot seat, but just the process. The City Commission, say, adopts an expenditure for WAV, let's say its \$10 million to do something and our pro-rated share is \$1 million. They have to tell us that we have to increase the rates for our ratepayers so we go to a process the first and second notification, we listen to the citizens why they like it, why they don't like it, and we put it into effect. The point I'm getting at, unless we have some kind of good planning at your level, just like our level we have to do a capital improvement program, etc., we won't be able to react to your cost requirements or your billing like you would want. So it seems to me until you develop a five-year plan and put costs behind it, or 10 or 15 years, how are we to know how to approach our citizens here in this city to pay it. I think this is true for all 16 cities, you know they're going to have to go through this.

Mr. Mowry stated okay, in the process of WAV, on an annual basis, we're required by April 1st of each year to have a tentative budget presented to the public or to the board which is then a public document then, and that was done this year. We're required by July 1 of each year to have them actually approve that, which requires a public hearing, which we're planning on scheduling in June on this budget. So item four, the board, the WAV review of approving the budget, which sets your assessment effective October 1 will be voted on in June at a public meeting after a public hearing, so that's on a yearly basis. Now on a five year basis what we were trying to do and in this plan it appears not everybody has read or some people have read more than others, there is a five, ten, fifteen year plan concept of cost. Now again the key issue is this is not the five-year CIP because its not been adopted by the WAV Board. Why because the WAV Board looks at it and says this is a road map and until we decide to move ahead with a project, at that point then I can sit down and tell you the Board is moving to adopt a treatment plant on the St. Johns River which is the top rated project. That's project's going to cost \$80 million is what we're saying first phase, it has a schedule in there showing how much is the anticipated payment next year, the following year, once the Board approves it. That is in here but at this point I cannot tell you that is your obligation or what's the cost of WAV until the WAV Board brings this item up or an approved authorized project. At that point yes we do have it, it's here, it's public document, it's on the web site, it's in many different forms. But if someone comes back, people throw it up and says Bruce you're spending \$285 million, and I

(1) Information/Discussion RE: Water Authority of Volusia (cont.):

heard someone say well your staff is only three, we're not spending anything. I could have zero staff, because we're not spending any dollars on capital projects. And the other thing is right now, just like the interconnects we hire somebody for short term to do it because there's no reason to staff up to do it and then pull it away. It was the decision of the TAC, the members, to actually hire Quentin Hampton to do this and for economy, so as Quentin Hampton gathered information for this arrangement, and I know they've worked for you on other projects. They were the most efficient and most knowledgeable so they wrote the documents for all the members, it was the efficient way of doing it. To me I looked at them, I use to be a consultant for years and years most of my life, and I didn't think their price was exorbitant, I thought it was very fair.

UC Commissioner Reynolds stated I was going to the fact the Mayor is our representative, and he goes to this meeting. Say we put on the table a motion to approve this expenditure, well the Mayor has to come back to the City Commission and say what do you think about this and then he has to come to the Utilities Commission to figure out how we're going to pay for it. We stay out of the politics, we're just the people that pay the bill, but what I'm asking you is a question. Is your organization and your structure set up to permit the time necessary from when you bring this up formally for each of the representatives to come back to find out whether the citizens of this city want to do that.

UC Chairman Para stated the problem is you don't have the say, if its \$10 million, it's not an option, if they voted on it, its going to happen, that's the bottom line.

Mr. Mowry stated but I don't think a \$10 million obligation's going to happen in these meetings being introduced as a new item. One thing is I've already told you, the WAV Board members are not mysterious people, they're just like many of you. After a couple of comments, Mr. Mowry stated if I said next year I want to go out and build a treatment plant tomorrow, the first thing the WAV Board says until we define a funding mechanism, you're not going to go out and build a plant. I think the guidance of these members that sit on the WAV Board, Mr. Hayman also sits on that same board and is actually the chair this year and I don't think that he's going to basically allow us to move quickly off one meeting. There's going to be meetings on fundings, when fundings define projects, and you won't see us coming up in a meeting, for instance, Chairman Hayman do you think you would approve a \$10 million commitment if I handed it to you 15 minutes before a meeting.

Mr. Hayman jokingly answered yes sir.

City Commissioner Grasty stated to Mr. Mowry before you go I have a question.

Mr. Bob Tolley from the audience interjected this is not about WAV, this is not about Mr. Mowry, this meeting is suppose to about our Commissioners talking. I'm sitting here getting ready to pull a gut, its suppose to be the ten members talking to each other. He reiterated its not about Mr. Mowry's floor, it's not about Mr. Hayman's floor.

UC Commissioner Spangler interjected we'll get there.

Mr. Tolley added its ridiculous.

(1) Information/Discussion RE: Water Authority of Volusia (cont.):

Mayor Vandergriff stated its an education process I think Mr. Tolley.

Mr. Tolley stated we've been hearing it for ten years Mr. Mayor.

Mayor Vandergriff answered well apparently some people haven't heard it for ten years, you've been there I guess.

City Commissioner Grasty then asked how about the individuals that live outside our water districts who have their private wells, are they going to have to pay the charge too, or how it is that going to work.

Mr. Mowry stated that's a struggle, there is discussion at the WAV for it, again this is not a quick decision. One of the reasons you heard from legal counsel, Ms. Ansay, the discussion about a special assessment, something similar to storm water assessments, that applies to everybody whether you actually put a swale and a ditch and a retention pond on the property of your house. The same would occur to a land owner whether they had a well or not, they would be paying into a special assessment basis. That is one of the mechanisms we're talking about and why, because it not only takes those people that get a utility bill every month but those people that are actually out there drilling private wells saying I'm going to get out of this, I'm going to drill my own well. But they're tapping the same sources of water. The point I heard earlier about we're going to put in surficial wells, and we're going to get out of this, my comment is mfl's, the l part is directly controlled by surficial water. The issue is the restrictions that you have on your wellfields, when they're limited by minimum levels for your wells which are deep, it's when it rises and draws water from the surface that you actually have restrictions. A horizontal well in a surficial aquifer will fall and have a greater impact than the deeper wells. In fact we're looking at going deeper into the aquifer to reduce impact on the surface, not shallower. Why, shallower will be more of an impact. The City of Palm Coast has a project they want to build but are being held up because the surficial aquifer they're going to draw from is going to have limitations and I don't believe they're going to get a CUP for their raw water. Those are the kinds, and we're going to see the same things here, when we do dewatering, Venetian Bay has a dewatering permit right now, it is limited for a short period of time because its a necessity to do the construction, it is not a long term basis. The Water Management District doesn't issue dewatering permits for 20 years.

UC Commissioner Spangler asked what is Noland Sod Farm going to pay to WAV for all that water they pump out of the ground, and everyone like them. What are you going to assess them because their use is probably pretty high?

Mr. Mowry stated that's the reason today we've retained a consultant, GSG out of Tallahassee, that specializes in looking at special assessments and collecting the benefits to basically an assessment, and we're going to be looking at that. Nobody's assessed yet, and again it will have to be an item that will come before the board, not one that will move quickly. But we're looking at it, the same point as the private well owner, we're looking at agriculture. He commented nobody is looking to put agriculture out of business but yet agriculture does reap some benefits from a city getting an alternative water supply.

(1) Information/Discussion RE: Water Authority of Volusia (cont.):

UC Commissioner Spangler interjected I understand that.

Mr. Mowry stated if you reduce your demand on the aquifer then they're being able to pump more.

UC Commissioner Spangler stated but what we're talking about, if we don't find water sources, is putting builders out of business, so that's the only thing we're talking about. But what I'm saying is these agricultural uses are pretty heavy. I think by now you people would know what percentage of the water that's pumped out of the ground every year goes to those and is not going to be impacted by all the various cities that have signed up with you, are going to pay. Are they going to get a free ride or are they going to go along with an impact tax, how are you going to do that?

Mr. Mowry stated the agriculture is only drawing about a fifth or so of the water supply that is being produced in Volusia County.

UC Commissioner Spangler interjected that's 20%.

Mr. Mowry stated that is a significant amount, the point comes back to what we look at is maybe by looking at a regional benefit, what if I go out and supply them an alternative water, that is not potable water that is suitable for their use, so that they do not continue drawing on the same source of water that we could draw off of. The only way you can do that is to look, not just looking at the boundaries because we may be moving water across the county, not clear across the county, but where its cost effective.

City Commissioner Hathaway commented that's the first time I've heard anybody say anything sensible all day.

Mr. Mowry stated when doing that relieves some additional water that New Smyrna Beach or somebody else could then produce it into their system.

UC Commissioner Spangler stated but even that will cost some money and the question is will they pay for that water as opposed to just pumping it out of the ground. They're not going to like any increase in their costs.

Mr. Mowry stated and my comment is maybe, because when you look at the value of potable water and the alternative, that 300% increases I hear, which are correct, I'm not denying those and they may be even higher, we're probably better off just giving the water free to free up that cheap ground water that we could do for less than \$1.00 for a 1,000 gallons. So it might just make sense for us to actually deliver non-potable water to agriculture if we are getting offsets from them, not just to deliver somebody free water because they're there.

UC Commissioner Spangler stated well that's giving them the right to what you're not giving us and that's the fact that they already have the right to that water.

Mr. Mowry stated and we are again, and that's what the Interlocal says, it says that right that you

(1) Information/Discussion RE: Water Authority of Volusia (cont.):

presently have is the right that you maintain and that was protected in the Interlocal. But what it says is the only way we can plan on the future of a regional is say any incremental increase from that or for new water has to be looked as regional, some place we have to draw the line. What I'm saying and what happens is some cities are 20 years from now but some cities are five years from now, and you fall in between those. The question comes back we've got to draw the line and I can't do it for one city and not for another and look at economy scale. If not, throw WAV out the door because it can't work.

UC Commissioner Spangler stated so I'm just saying these agricultural users are falling in the crack and they are going to feel that they have the right to pump all the water that they can pump because they've been doing it. I don't think they pay a fee to anyone of any significance for the water they're pumping, and they may very well be happy to accept a lesser quality water as a way of increasing the ground water, good water for everybody else, but we're still subsidizing them when we do that.

Mr. Mowry stated and to clarify your point, the Water Management District does not allow agriculture to pump all the water they want.

UC Commissioner Spangler stated well 20% of what's pumping they're using we'll say.

Mr. Mowry stated when they review their demand, I've seen their stuff, they review the irrigation, the type of application and they don't come back and say well you can irrigate ten times more than what you need. They actually hold them accountable because they have to hold a CUP just like you do.

UC Commissioner Spangler stated but they're still, what are they paying for the water per gallon and who are they paying it to.

Mr. Mowry stated well nobody pays for water coming out of the ground.

UC Commissioner Spangler stated that's right, but we are.

Mr. Mowry stated we don't have water rights here and we don't have replacement assistance, and if we had the water laws of the west it would be entirely different, we don't have that here. He commented be glad you've got what you've got because you could be knowing this is a right of water rights and I've been there.

UC Commissioner Hall stated to the Mayor, we've been at this almost two hours and we have heard three different people talk about WAV and how it got to be, etc., etc. We're really here to talk about the bill and can we do that in about seven minutes.

Mayor Vandergriff stated about the bill that was presented.

UC Commissioner Hall stated yes, question one, I want to know who authorized Frank Roberts to send the U.C. the bill. Question two is does the City Commission have that authority to do that and if they do and we don't pay it, question number three is what are you going to do about it.

(1) Information/Discussion RE: Water Authority of Volusia (cont.):

Mayor Vandergriff stated well question one, the bill is not a WAV bill, that's a participation between Port Orange and the City of New Smyrna for improving their interconnects.

UC Commissioner Hall stated what was question number one, I forgot already.

Mayor Vandergriff stated I guess the bill is what you said.

UC Commissioner Hall stated I'm talking about the finance bill that was sent to us.

Mayor Vandergriff stated that's what I'm talking about and I don't even know the amount.

UC Chairman Para commented \$32,000, as I understand it.

UC Commissioner Hall commented I've heard \$36,000, I've heard \$54,000, I've heard \$32,000.

Mayor Vandergriff stated well it's 50% of whatever the cost was for doing the improvements to the interconnect and its the same interconnect I guess we gave Port Orange water during the hurricane when they were out of water and I think we've received water back through that same one too. And from what I understand, correct me if I'm wrong Mr. Mowry because you know more about it since you're kind of the pass through for the STAG grant that's a part of that, is that its an improvement to put some metering devices on there so you know exactly how much water goes back and forth and those type things. He stated I guess maybe Dave Hoover knows, I don't know what its for, other than that's the interconnect and the improvements.

Mr. Hoover stated presently we have a physical connection designed in with Venetian Bay, its a manual run with an interconnect like the one we have for Edgewater. This improvement was designed to motorize the control valves, put in meters, and RTU's so that both plants could remotely operate that equipment. That's an improvement that would increase the reliability of that when it's needed mostly for emergency use. It was really handy during the hurricane and they didn't have adequate back up power for their wells. Recently we had a water line break out in Venetian Bay which is a single source, what we call a dead end bank, and we back fed to Port Orange so we could fix the line without interrupting what is now about 400 homeowners there.

Mayor Vandergriff asked if that was being done between Edgewater and New Smyrna as well, was that part of the plan I guess.

Mr. Hoover stated it wasn't, we have very simple connections with Edgewater at two locations, just straight pipes with valves on each side, on each owner's property so to speak. We have a very simple procedure in place of how we run that when we need it. It's sort of like that with Port Orange but what was put in was originally designed to be retrofitted at some point in time for additional cost and make it automated.

City Commissioner Hathaway stated I think the biggest problem is that we're finding out tonight is just a lack of communication. Both boards, simple procedure, this is what is going to occur, do you agree that this is necessary, your staff may make a recommendation to either approve or disapprove

(1) Information/Discussion RE: Water Authority of Volusia (cont.):

that recommendation. If you approve it, it goes forward. Technically I guess you can say well this is an addendum to the budget, do we need to amend the budget and come to the City Commission for approval of that change to the budget which the Commission has oversight of your budget. I don't think so, something that small I wouldn't think would be necessary but I guess we'd have to listen to the legal eagles up there who haven't said a word all night long. And getting paid a hefty sum I might add, Mr. Gummey would you like to comment?

Mr. Gummey commented I'm getting time and a half. Mr. Gummey stated I've not reviewed the agreement with WAV for the expenditure but its obviously a utility related cost and that's, I assume, why the Manager forwarded the bill, and its an improvement to the utility system. I would think that it would be available within a line item of the budget.

UC Commissioner Reynolds stated I think that this amount is not really the issue, that's just a small amount, we can absorb that, but when you begin to talk in millions then that's sort of like a rate increase to our customers that somehow we have to go out for prior to, whether you approve it or not, we still have to get our customers to agree to it or at least listen to it.

Mayor Vandergriff stated I guess my issue is Port Orange in the first interconnect, it was just Port Orange and New Smyrna had the agreement between each other and I don't know if Port Orange took the lead in that or New Smyrna did when they actually did the interconnect the first time. This is an improvement on that, I would have thought it was some kind of agreement between Port Orange and New Smyrna that made this even happen to apply for the grant as part of that interconnect process, is that not true. I mean I'm kind of caught too here. He stated to Mr. Hoover, if you can respond to that, I think that's the issue here, everybody's wondering where it came from, and Port Orange and the Manager's and during the Manager's meetings brought this forward, and from what I understand it was a Port Orange, New Smyrna issue, between the Utilities and Port Orange.

UC Commissioner Reynolds stated it just brings up a process we've got to figure out how to do when the bills get really big.

Mayor Vandergriff stated we're not talking a WAV issue, WAV is nothing more than a pass through for the STAG grant, that's all it is.

Mr. Hoover stated this first came to my attention about a year ago, Genny Turano was the interim CEO and she had a copy of the bill that went to Frank Roberts, an estimated billing for the upgrading of this facility, she asked me what I knew about it. I said absolutely nothing. At the next TAC meeting I asked a guy named Joel with CDM, what's the story on this. He said we sent you a plan, I don't know where they went, I don't know if they got lost in our Engineering Department or if it went to City's Engineering Department. I have a suspicion that's where they went, just like the bill. At that time Mrs. Turano asked my opinion on the project and I said its an upgrade, a good improvement I could use but the question is who's approving it, the City, the Commission, who's telling me to do the improvements or oversee them. I think that's the issue of the process UC Commissioner Reynolds was talking about. It wasn't anything we budgeted for, it came out of nowhere for us and we had no Chief Engineer for a couple of years going forward. Nobody was instructed to go to those meetings so we were completely absent until our Commission said they

(1) Information/Discussion RE: Water Authority of Volusia (cont.):

wanted us to start attending again and our new CEO delegated that the Engineering Department would attend the TAC and I would attend the Board of Director's meeting to keep in touch with what is going on because now significant things were happening and we wanted to know.

UC Commissioner Hall stated so you're talking about things that happened before most of us, or any of us were on this Commission.

Mr. Hoover stated the Chairman and Commissioner Diesen were on the Commission.

UC Commissioner Hall stated well three of us were not.

Mr. Hoover stated they said they were very concerned that we weren't attending and active in this association.

UC Commissioner Hall stated and we have at least two City Commissioners who were not City Commissioners at the time.

UC Chairman Para stated I think the matter comes back to, the interconnect I don't have a problem paying for that, my problem is that again we have this disjointed communication. You say you don't know where this bill comes from, that's not good government, so we've got to figure out how we're going to master this. If this is something that floats up through and that you're involved with and this is important for us, let's do it. But again philosophically speaking, I'm against paying for WAV because I don't believe in it, I'm not voting for it, I don't support it, I'm against it. So that side of it I want to be clearly understood, as far as the interconnect, if we can participate to finish what you started then let's do that. If that's what we have to do to finish this, then let's finish that.

City Commissioner Hathaway stated and I think you raised a good point in the sense that I don't know whether any of the board members, or a majority of the board members are in favor or against the WAV moving forward. I'm not so sure that there's a majority of the City Commission in favor of the WAV moving forward, though I can only speak for myself. The real issue is I'm not certain we can extract ourselves even if there were a majority of the City Commissioners told the Mayor tomorrow we're going to extract ourselves from the WAV board. The other problem is if we can't extract ourselves from the WAV board and regardless if the Mayor votes no on issues that we tell him to vote no on for expenditure purposes, there's a majority of that board that's there and they vote for it, we're going to pay for it, we're going to pay our fair share. And I think that's why I would think that there needs to be some type of Interlocal Agreement out there so if other cities are angry about the direction its headed in, you can say look we're going to get together as a group of cities and say this is not the right direction for at least the east coast to head in, when the west coast is doing these things and causing the expenses. And there's no way for us to extract ourselves, there's no way to recall a vote, it is what it is, you're stuck with it, and I hate to hear that verbiage for 40 years.

UC Commissioner Diesen stated I don't think that can be upheld, I'm sorry Mr. Gummey notwithstanding. There's something wrong with the process and the other night I heard the Mayor say, I was sitting in the City Commission meeting when he said if you want out of WAV, Mr.

(1) Information/Discussion RE: Water Authority of Volusia (cont.):

Gumme have at it, if you want out right now. I assume that was a serious offer you put on the table?

Mayor Vandergriff stated it's a Special Meeting right now.

UC Commissioner Diesen stated and you must have expected that there was a possibility for that. I don't know maybe we're at the point we need to vote, maybe the Utilities, maybe the City Commission needs to vote, do we want to be in WAV. That's the bottom line here, we spent two hours listening to pulls and straws and everything else and I think we've all been involved with it. I fought with Roy Schleicher when he was here doing this stuff, that's the bottom line, do we want to be in WAV, yes or no. If the answer is yes then hey, we're stuck, if we don't then we have to look at how you're going to extract yourself, that to me is pretty simple.

City Commissioner Richenberg stated we got ourselves in this position due to lack of communication. You know to try to point the finger at one person, I don't really support that but what we need to do is develop a definite process like I was talking to Ms. Ansay about if WAV wants to see a smoother operation and smoother coming to reality of WAV, then this needs to work a little bit better than it has because obviously we have some problems here as far as communication goes between our representative, between our Commission, to the Utilities Commission, to be able to arrive at a conclusion or consensus on what exactly, what direction we want to go and to have questions answered and to have a better idea of what we're doing. We sat in here for two hours already tonight and I learned some stuff about WAV that I didn't know previously but with our two Commissions sitting here, the main thing we need to do is develop our process of communications and to have our representative, and I'm not saying that its your responsibility entirely, to provide us with the information that we need, and for us to have discussion and consensus carried forward. But somewhere along the line that's what needs to happen because right now we are where we're at because there was a lack of communication. We never sat down, we never discussed WAV, we never talked about any of what the future plans were for WAV, and I can say that fault partially falls on all of us but I know from this point on we need to go ahead and move in that direction. We need to evolve and develop that process and we need to have discussion in order to get up to speed and to know what we're committing, we're talking 40 years.

Mayor Vandergriff asked Mr. Hayman if he wanted to say something.

Mr. Hayman thanked the Mayor and UC Chairman and commented to City Commissioner Richenberg that he said it right and let me offer this. I would submit first of all that New Smyrna Beach City Commission and Utilities Commission are not the only ones that are in the dark, I think, if we were to be honest about it, all the members have a Commission or a Council that's probably not as well informed as they should be. So how do we fix it, I would propose this, my Executive Director is here, I think one of the things that we'll walk away from here is we have to support both the Utilities Commission and the City Commission on their needs for information to become better aware of what our mission is, our function is, our goals, objectives, and priorities. I say "our", you're included, and if there's any differences then you all have to sort them out but we will definitely accept your decisions, its a collective decision. He stated you have a challenge because of your unique relationship that you all have that I'm sure you will resolve that, but communication is a two-

(1) Information/Discussion RE: Water Authority of Volusia (cont.):

way street as we all know, I'm preaching to the choir. We have a job to get you the information, address your needs for information. We also have a job to work with your technical experts and our technical experts. I am not a technical expert, I rely on your experts, your staff and my staff, and the Water Management District staff. That gives me the best answers to the questions that I have that pertain to WAV collectively and to the County representing you as well in the County unincorporated areas.

Mr. Hayman stated another thing that I would like, if you allow me Mayor, is to suggest that...

Mayor Vandergriff stated as long as it's quick.

Mr. Hayman stated we keep talking about the planning process and how we interface this. It's no different from any government agency, you have a planning cycle, if you look at your budget every year, your budget director will tell you the month, the date, and everything certain events take place. We need to interface with that and our board is trying desperately to do that and we do a pretty good job of that, with the Water Management District's planning cycle and our members' planning cycle. We need to be more attuned to what your interests are. I heard in the paper this morning that you had a \$10 million, I think, capital program that you're looking at for the near term and mid-term. That's fine, if it has to do with water, stormwater, those things down in the future, we're probably going to be involved in some way, or we could be involved in some way.

Mr. Hayman stated lastly, we talked about 360 and 444, what that's done to us, to WAV and to the members of this organization, it's driven us to talk and driven us to work together, and the outcomes are pretty interesting. If you can't say yes to the financial impact announced, then you can't give the permit. It could be for roads, for schools, it could be for water, wastewater, parks, and it's just a whole litany of things. That's what the legislature's done to us, many of us haven't fully understood how to implement this and we're kind of reaching out for that. I think what you'll see happening in the days to come, along with this communications thing, you're going to see us working with you to help us meet the mandates, to help you meet the mandates in the recent changes in the legislation.

Mr. Hayman stated we believe in Home Rule, I have been a strong supporter with WAV in saying that. Now the good news is I think our organization will survive, there's some saying it won't survive. If New Smyrna Beach doesn't want to be a part of WAV, that isn't going to kill us, it would be much better if they were a part of WAV because ultimately they're going to be doing business with us, and we are going to do business together. WAV's function is to do the things, I believe, that the City can't do readily and easily itself. That's why we have big brother in the Water Management District and that's why the legislation in SB444 has infused more money in the system to help us. He stated with that I'll answer any questions.

UC Chairman Para stated so what you just said, I can ask you, you'll let us out. You just offered to let us out of WAV.

Mr. Hayman stated my view is, if you don't want to be a member of an organization, why should you be a member of an organization.

(1) Information/Discussion RE: Water Authority of Volusia (cont.):

UC Chairman Para stated amen, so you'll let us out.

Mr. Hayman stated I don't have, it's not me, it's us.

UC Chairman Para stated one as a vote, as a matter of record, we can convey...

Mr. Hayman stated if you want to quote me for the record sir, quite simply if you don't want to be a part of us, and a majority of the members of your Commission and that City Commission doesn't want to be a part of us, I'll say let them go.

UC Chairman Para stated good enough, thank you.

Mr. Bill Rogers asked if he could ask Mr. Hayman a question. He asked what can WAV do for this City that our Utilities can't do or to put it a different way, what can our Utilities do for this City that WAV says they're going to do. Can we duplicate the process, can we do it ourselves, or do we need WAV to do it, I think that's the real question.

Mr. Hayman stated right and I appreciate that question. The question was for those that didn't hear it, what can WAV do that the City can't do for itself, essentially. We don't want to do the things you do for yourself, we want to do the things you can't do for yourself, and the bottom line is we want to get you a return for your investment. If we can't give you a return on your investment that you're satisfied with, then we shouldn't be doing it for you. It's that simple.

Mr. Rogers stated who is determining that the Utilities can not do the job that everyone's talking about that needs to done. I haven't heard that determination, you're saying the things that the Utilities can't do for itself, what are they.

Mr. Hayman stated how about a desalinization plant, I don't know if this community...

Mr. Rogers and UC Commissioner Diesen both answered they can do that.

Mr. Hayman stated you say they can, are they solvent enough to do that right now?

UC Commissioners Diesen and Spangler answered that's right, you bet.

Mr. Hayman stated they have the resources? Then they haven't done it yet, and I'm not going to debate that with you.

City Commissioner Richenberg stated since we have WAV hanging over our heads, how are we going to spend the money on that, are we committed to that?

Mr. Hayman stated you're talking about a budget that I haven't seen on what you're doing, on what you're proposing for the next year, we're only asking for you to pay your membership dues for the next year, we'll not asking for any capital funds.

(1) Information/Discussion RE: Water Authority of Volusia (cont.):

City Commissioner Richenberg stated but we're moving forward in the WAV process, and there are definite commitments and timelines established in that process and for our Utilities, although Mr. Mowry gave us a little reassurance that they would purchase our utilities, and City Commissioner Hathaway pointed out that its going to be some of our own money purchasing our own utilities with. Once again that's one of those grey areas that I've seen in the Interlocal Agreement and when I see all this moving forward, in the meantime we're stuck in neutral, we need to move. Our utility needs to move forward in developing alternative supplies for water for our residents and the people we need to service.

Mr. Hayman stated I agree.

City Commissioner Richenberg stated right now, we can't in good conscience move in that direction with those grey areas hanging over our head, and the substantial amount of money that it would cost to move into those areas.

Mr. Hayman stated one of the grey areas that you're talking about I believe is the unitary rate structure of which a lot of the members are having second guesses at the present time. As an aside, the city residents of the largest city in this county, Deltona, bought their facility three times. They paid for their facilities, their water facilities, wastewater facilities, three times. There were three separate bond issues, that was in private hands, but each time when they paid that debt off they had bought it all over again for three times. That's the thing you're trying to guard against, that's the thing that we're trying to prevent as well.

UC Commissioner Reynolds stated it seems to me that if you could do things for instance like running a wastewater line from excess wastewater from the cities up to Pierson or out to these things, things that we wouldn't do, those would be pretty good eventual or first class plans that WAV could accomplish. Those things the cities cannot do or really don't have that much interest in, and that way, as you said, 20% of the ground water would be saved by doing stuff like that.

Mr. Hayman stated I agree and I think that we're saying the same thing, this is what we want to do.

UC Commissioner Reynolds stated to this we're talking about it looks like we're going to be in trouble around 2012 or something like that, we've got to plan for that now. There's no plans in WAV to solve our problems so we have to, just like City Commissioner Richenberg said, it seems to me, and what bothers me, is the fact of this taxation without knowing what the tax is going to be and what it's for. I would think that perhaps what we need to do is come up with a plan that we need to do in this City and WAV needs to say yes you need to do that in the City, go ahead and do it, or either we do it ourselves. But it seems to me like we're moving in two directions here and its going to cost us twice as much to get this done.

Mr. Hayman stated we need to prevent that, but there's one thing that we can't lose sight of, there's an issue out there, and the issue is if you want to turn it around and you want to change it, you have to have the support of all the cities and the county government and the county. Because in the agreement what it says is that the future of WAV will be based upon providing the raw water resources for all the cities, the cities will retain what they have.

(1) Information/Discussion RE: Water Authority of Volusia (cont.):

UC Commissioner Reynolds commented paying taxes on it.

Mr. Hayman stated yes, they will retain what they have. When you get into the unitary rate structure which you have, and I both have great exception to, what they're saying is if you produce the water efficiently in New Smyrna Beach but you're inefficient in Deland, but you're going to level out the rates and New Smyrna will be penalized where Deland would benefit, and I have great problems with that. I think you have to pay for what you get and I think you have to have a return on your investment. That's where the business model comes in, how many people feel that way, I must tell you Jake Varns didn't feel that way and he helped write and craft this. He's an attorney with a great deal of experience but that's the way I feel about it and there's a lot of my colleagues, I dare say I'm looking at one right over there who's represented those same feelings on behalf of the City Commission. The point is though, it's in the agreement today and we are cognizant of this important issue. Today we looked at the consolidation of the consumptive use permits, we resolved that important issue, that was a tough issue, we did it, we took that out of the agreement. There was a proviso that we agreed that before 36 months transpired we would make sure we re-looked at it to make sure that decision is still valid. That's a fair compromise, I don't have a problem with that. But the changes you're right about, you're picking up, you're doing your homework and you're finding these issues, and these questions, there's some great concern. Unitary rates, taxation, impacts on your rates, impacts on top of things that you're not prepared for that are coming in out of left field because you're part of an organization. If we're smart that isn't going to happen and one of the ways we're going to prevent it is we're going to start talking and we're going to start planning together, that's the important part, in a timely way. If it's not time for your city to do something that we would be involved in, then by golly it isn't going to be.

UC Commissioner Diesen stated so how many votes will it take for it not to be.

Mr. Hayman stated good question.

City Commissioner Hathaway stated if I may, UC Chairman Para has already raised the issue, and you answered the issue saying if the city doesn't want to be in the WAV you're going to allow us out of WAV whether its legal or not, you've made that part of the record, I don't know if you as the Chair can make that determination, but you've made it on the record. What I would like to hear tonight since we are all getting tired, we've been here a long time, I'd like to hear that if the Utilities Commission is ready to make a recommendation to the City Commission, if they're ready to do that tonight. If not, then we'll give you time to mull it over, make a recommendation to the City Commission. Whenever you do, the City Commission will agenda that item on our next agenda or our future agenda to determine whether or not we accept your recommendation or not, and then make a determination whether to stay in or leave WAV. I think that's where we're going tonight.

UC Chairman Para stated right because I think you bring up a good point, that's where I want us to go. We need to decide among ourselves and Mr. Hayman I mean you no disrespect, this is family issue, this has to be resolved, it has to do with Home Rule, has to do with the sovereignty of the Utilities Commission, City of New Smyrna Beach, its Charter. That's the issue here, it's got nothing to do at this point personally with WAV and there might be some agreement but at this point, Mr. Chairman (Mayor), I would like to ask this Commission for a motion if you don't mind.

(1) Information/Discussion RE: Water Authority of Volusia (cont.):

UC Commissioner Hall stated I'm not ready to vote.

UC Chairman Para stated I didn't ask for a vote, I asked for a motion.

UC Commissioner Hall stated I don't want a motion. I don't think we as a Utilities Commission has had the time to really discuss this issue, maybe a couple of you have, but there are a couple of us who have not and I am one of them. I don't want to see a motion, in fact I'm against motions being made at workshops.

UC Commissioner Diesen and Mayor Vandergriff stated this is a Special Meeting.

UC Commissioner Hall stated Special Meeting or whatever, it's not on the agenda. We do have some public here but I'm opposed to that because if we were to agenda it and advertise it we might have a whole lot more people here, so I'm opposed to it at this point.

City Commissioner Richenberg stated I would agree with UC Commissioner Hall, for two and half hours we've been sitting here, and well over two hours of it was basically a WAV presentation, it should have been spent with us talking to each other, discussing what we need to get ironed out, and developing some processes to make things run a little bit smoother. We're looking at a couple of hours right now and we've just touched on that in the last 15 or 20 minutes. I agree, in 15 or 20 minutes, I don't think I could confidently move forward on something like that. What was suppose to be the original concept of this meeting was just us getting together and talking about this and now we took a left turn and we went into WAV, looked at legal aspects of it, hydrological, St. John's; where was what we were suppose to be accomplishing at this meeting. The interaction and the discussion between the Utilities Commission and the City Commission to try to iron out some of these problems that got us where we're at, we can't solve it in 20 minutes, we've already spent two hours on it and we've moved this far. I'm disappointed in that, it's great to have a presentation and have the people from St. Johns and WAV and the legal opinions, that's great but here tonight what should have been accomplished is us discussing how we got where we're at and how, what direction we're going, and the problems that got us here and how to address those and try to eliminate those problems and come up with a better process to move forward.

UC Commissioner Reynolds stated I have a recommendation, it seems to me that the way we work as a City is the Utilities Commission comes bottoms up with a budget, lays everything out on the requirements and brings it to the City Commission for a vote. Does it seem logical that maybe the representative on WAV should be from the Utilities Commission, if we're going to stay with the Utilities Commission, so that we can bring you these plans and the recommendations and the validations from the bottom up like we do our budget.

UC Commissioner Diesen stated it can't be.

City Commissioner Hathaway stated the Interlocal Agreement doesn't allow for non-elected officials to be representatives, do they.

Mr. Hayman stated no.

(1) Information/Discussion RE: Water Authority of Volusia (cont.):

Mayor Vandergriff stated maybe make a Charter change and make the Utilities Commission all elected officials.

UC Chairman Para then stated excuse me there's a motion.

UC Commissioner Diesen stated I would like to make a motion that the Utilities Commission puts this as an agenda item for the next meeting.

UC Chairman Para asked if there was a second.

UC Commissioner Reynolds seconded this motion.

UC Commissioner Diesen asked should I explain it, to determine whether we want to go forward with WAV or not, our recommendation to the City Commission.

UC Chairman Para then asked is there a second.

UC Commissioner Hall then stated I'll second it and the motion passed unanimously on a roll call vote.

Mayor Vandergriff stated okay, the City Commission will wait for a recommendation.

City Commissioner Grasty asked Mr. Hoover if this work on the interconnect, is it complete and done or is this just in the planning stage to get it there.

Mr. Hoover stated this work was not planned, I don't know anybody on our staff that had a part in it, but now it is part of work that is planned. We're the last one on a list of many STAG items and it has not been completed yet, but still the bill came, it's still in the process.

City Commissioner Grasty stated I just wanted to know if the work was done, so it's not done.

Mr. Hoover stated there's a workshop next week about the contractor planning the work out.

Mr. Rodi stated I need to interject here, is there a functional interconnect right now between Port Orange and New Smyrna Beach.

Mr. Hoover stated yes.

Mr. Rodi stated okay, so what this work amounts to is adding automation so someone could do it remotely and to meter the amount when it is used to switch from one city to another. I don't want this point messed up here, there is an interconnect, it isn't about putting in an interconnect. So I've been quiet here but I needed to inject at this point.

Mr. Hoover stated that's a great point because when Mrs. Turano asked me if we wanted it I said its a nice feature but I've got a lot of other things that take priority over it.

(1) Information/Discussion RE: Water Authority of Volusia (cont.):

City Commissioner Richenberg stated so in other words its an upgrade.

Mr. Hoover stated yes, it's an upgrade.

UC Commissioner Spangler stated I would like to make sure that we know what we've said here, what we've said is the Utilities Commission is now in the WAV loop as far as having a voice and we're going to meet, at our next meeting, and we're going to discuss whether or not we want to be a part of WAV. If we determine that we do, then we will tell the City Commission that and they will determine whether they want us to be or them to be. If we determine we don't, we're then going to tell the City Commission we don't want to be a part of WAV, they will then discuss and determine whether they want to be a part of WAV or not and then the big question is if we say we don't want to and they say they do want us to, what happens.

UC Commissioner Hall stated they can replace us.

UC Commissioner Spangler asked who said that.

UC Commissioner Hall stated I said that.

UC Commissioner Spangler stated they can get rid of all of us again.

UC Commissioners Hall and Diesen both said yes.

UC Commissioner Spangler stated okay, that's fine.

Mayor Vandergriff then stated one of the things that Mr. Mowry said about the fact that the interconnect has not been done, if the Utilities Commission wants to take a vote not to do that, I think he can stop that process right now, is that not right Mr. Mowry?

Mr. Mowry stated it has been bid, it has been awarded, and the contractor could claim for costs that would have to be paid by somebody if you decide not to participate. Your Utilities Commission staff did attend a pre-construction meeting after the job was awarded and nothing was said about not moving ahead so even at that level, after the contract was awarded, there was no indication so therefore the contractor is continuing to move ahead. I think I told you the earliest as possible if that's what you're going to do, the better, but I'm not saying that you're not going to owe anything because you may have to pay for restocking costs because there are meters, valves, automation, and they have been processing shop drawings. Again Quentin Hampton has been working with Utilities Commission staff, that's my understanding when talking with Brad, for an extended period of time on this project.

Mayor Vandergriff stated I'm just putting that out there for the Utilities Commission, if they don't want this to move forward then they need to do something.

UC Chairman Para asked if that could be put on the agenda as well, and does that require a motion?

(1) Information/Discussion RE: Water Authority of Volusia (cont.):

UC Commissioner Diesen the confirmed again its only an upgrade, we already have the interconnect, this is an upgrade.

UC Chairman Para stated we'll work that out.

City Commissioner Hathaway stated it's your bailiwick, I'm just curious is there a reason why you would want to know how many gallons are flowing, I mean you're not going to charge Port Orange back for the water. I'm just curious, I know we have an agreement where we share if we need to, do we charge them.

Mr. Rodi stated what we've done in the past is we've estimated usage back and forth but its not used regularly, that's the basic point.

City Commissioner Hathaway stated so you can determine if you open up that pipe for an hour or two hours, you know exactly, roughly how many gallons of water you're giving away or vice versa.

UC Commissioner Spangler stated I saw that bill that went to Frank Roberts as sort of a trial balloon to see how we felt about it.

UC Chairman Para then thanked the Mayor and the other City Commissioners for having this conversation with us tonight.

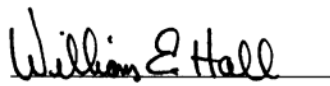
Mayor Vandergriff stated one of the other things I will say for WAV, depending on what happens, but there is a Manager's Group that meets and I know that Mr. Roberts has invited Mr. Rodi, most of that conversation goes, usually the Managers disburse the information that comes out of there to everyone. I would hope that your Manager attends those with Mr. Roberts so that those things can be disbursed between everybody through your management. Mayor Vandergriff then stated having said that, we stand adjourned. Mayor Vandergriff closed the Joint Special Meeting at 7:30 p.m.

APPROVED:



CHAIRMAN

ATTEST:



SECRETARY-TREASURER

These minutes were formally approved by the Utilities Commission at their  
June 19, 2006 meeting.