

**WATER AND SEWER EXPANSION AUTHORITY
BOARD MEETING MINUTES**

Date: July 9, 2008
Time: 2:00 P.M.
Location: JEA, Tower 8, Board Room

Attendees:

Jeanell Wilson, Chair
John Craddock, Vice Chair
Pete Jackson
Lawrence Jones
Harriet McDonald
Susan Rudd
Al Sinclair

Chair Wilson called the meeting to order / quorum determined. The Board approved the minutes from the June 11 and June 25, 2008 Board Meetings.

General Update

1. Nutrient Study-Conference call was held on 7/3/08 with representatives from DEP and EQD. DEP is in the process of negotiating a contract. EQD is scheduling a meeting with Dr. Belanger of the Florida Institute of Technology and WSEA. Dr. Belanger is conducting a study to determine the effect of septic tanks on bacterial and nutrient loading in the tributaries of the St. Johns River.
2. Oakwood Villas/BJP STPO-Service areas 2 and 3 are under construction. Bids came in yesterday and were considerably lower than engineering bids.
3. Lincoln Villas-Project design for Phase 1 has been started by Mittauer & Associates. WSEA hoped to include Phase 2, but unfortunately it will have to go through council first. A grant in the amount of \$300k was signed off on this week to go towards Phase 2.
4. Municipality Study-CMC's findings for both studies were very eye-opening and will be helpful to move WSEA forward. Report was presented to COJ and JEA on 7/2/08.
5. SSI Data Management Study-Report was presented to COJ and JEA on 7/2/08.

Presentation by Chris Martoglio of the Contract Management Company (CMC)

CMC gave all board members a copy of the presentation. Mr. Odom introduced this presentation by stating that after the studies, WSEA will most likely have to update their charter to implement some of the recommendations. He will continue to meet with Jim Dickenson and Alan Mosley to discuss moving forward, using the studies as a guideline. The two studies give an idea on how to do so. Several cities were studied to learn how

their Septic Tank Phase-Out (STPO) programs operate, as well as what has and has not worked and what modifications were made to each program.

Questions and comments from Board Members:

Study 1- Municipality Study

1. Jeanell Wilson asked about WSEA's revenue from paying customers going towards future projects. Mr. Odom explained that the WSEA is paying 100 percent of construction costs upfront, but since the WSEA is paying 30 percent of the customers' capital costs, they're only getting 70 percent of construction costs in return. Therefore, WSEA is not receiving back all the money they spend.
2. Harriet McDonald asked about JEA bonds contributing to projects. Mr. Odom didn't think that this option was a possibility but assured the board that Jim Dickenson is proactively working towards other funding options. The concern is in low and moderate income areas. Something has to be done to regain money from these areas (regarding STPO in low and moderate income areas). Mrs. McDonald thought that the more incomes that comes into WSEA, the better for JEA as they will receive more customers. Chris Martoglio of CMC stated that JEA recovers large portions of capital costs from connection fees. The revenue that is now generated by WSEA does not have capacity fee component included as it is paid directly to JEA when the customers connect to the system. It is a rate and structural challenge.
3. Pete Jackson expressed concern about the JEA connection fees in certain demographic areas. He also expressed concern about the message the STPO sends in those areas, even with financial assistance available. Mr. Odom, explained the Utility Tap-in Program (UTIP), which allows homeowner to connect free while staying in the home for at least 5 years. Homeowner will still have to pay monthly consumption costs. Mr. Odom stated that the issue is still trying to be solved for the low income areas. Mrs. McDonald agreed with Mr. Jackson's concern and wants to think of ways to assist these people with their monthly bills. She suggested help from JEA or other non-profit agencies who can help these areas, but Mr. Martoglio of CMC stated that some social sources will assist with bills, but generally it is not a "long-term fix." JEA does not want to use this route. Mr. Martoglio stated that the message has to be crafted that the STPO is a good thing. He also added that some studies have shown that in certain areas with failing septic tanks, children visit the hospitals more often due to health problems. Mr. Odom shared a story in the news which recently took place in Kentucky. Hepatitis was spread to adjoining land owners from one septic tank to one well.
4. Harriet McDonald stated that more publicity could come from affluent homeowners with septic tanks who do not want additional sewer consumption. Mr. Odom explained that, unfortunately, no one can write for the media. However, with new columnist following the WSEA, he expects great publicity in the future.
5. Lawrence Jones asked what happens when a homeowner is unable to connect to the sewer line. Mr. Martoglio stated that the UTIP program can step in and help with hardship. Some of UTIP's funding comes from grants as well as feasible loans.

6. Pete Jackson wanted clarification of “economic benefits.” Mr. Martoglio explained it is how well the investments in the ground are producing revenue sources coming back to WSEA. Mr. Odom stated that within the Better Jacksonville Plan STPO, there were 6,700 possible connections. There was a 45 percent connection rate hoped for and 70 percent actual connections.

Study 2- Internal Process and Data Management Study:

1. Mr. Odom introduced this study as an ongoing process. He stated that there is a lot to do before it is completed such as discussing the deferral process and talking with JEA and COJ for funding sources. It boils down to legal and political issues.
2. Harriet McDonald asked which of the three business models are preferred by Chris Martoglio and Fred Odom. Mr. Martoglio stated that he would like the WSEA to own the STPO program but with assistance from COJ and JEA. Once the program becomes clear, it could be absorbed into COJ or JEA. Ultimately, extracting politics, and like other cities in the study, the utility takes over. With politics, WSEA would be kept separate. Mr. Odom stated he would like to see it kept separate but WSEA cannot survive without a dedicated funding source. Thus, COJ or JEA may have to take over. He added that the original concept was a private-type authority with only 4 employees.

Request for Public Comment

None.

Items for Next Meeting

Meeting will be held on August 13, 2008 at 2 p.m. in the JEA Tower 8 Board Room.

Meeting adjourned