

**MINUTES OF MEETING
NORTH SUMTER COUNTY UTILITY
DEPENDENT DISTRICT**

A Budget Workshop of the Board of Directors of North Sumter County Utility Dependent District was held on Thursday, May 28, 2020 at 9:00 a.m. in the Ashley Wilkes Room at the Savannah Recreation Center, 1545 Buena Vista Blvd., The Villages Florida, 32162.

Board members present and constituting a quorum:

Charlie Smith	Chairman
Dom Berardi	Vice Chairman
Jerry Watts	Board Director
Thomas Hosken	Board Director
Matthew Friedland	Board Director
Richard Rademacher	Board Director
Diane Spencer	Board Director

Staff Present:

Kenny Blocker	Assistant District Manager
Blair Bean	District Property Management Interim Director
Barbara Kays	Budget Director
Anne Hochsprung	Finance Director
Candice Harris	Deputy District Clerk

FIRST ORDER OF BUSINESS: **Call to Order**

A. Roll Call

Chairman Smith called the workshop to order at 9:00 a.m. and stated for the record that all Board Directors were present representing a quorum.

B. Pledge of Allegiance

The Chairman led the Pledge of Allegiance.

C. Observation of a Moment of Silence

The Board and residents observed a moment of silence for those who have served our Country and community.

D. Welcome Meeting Attendees.

The Chairman welcomed the meeting attendees.

E. Audience Comments

No audience comments were received.

SECOND ORDER OF BUSINESS: Budget Review: FY 20-21 Recommended Budget

Barbara Kays, Budget Director, advised that a budget packet was provided to the Board. In March the District converted to new software platform so the forms look different, but they contain the same information. Ms. Kays stated the North Sumter County Utility Dependent District (NSCUDD) is the governing Board for three (3) Utility Funds, North Sumter Utility (NSU) Fund, Central Sumter Utility (CSU) Fund and Sumter Sanitation Fund (SSF). Ms. Kays presented a PowerPoint presentation overview of the Proposed Budget for Fiscal Year 2020/2021 and highlighted the following:

1. Economic Forecast

Ms. Kays advised that as a result of Coronavirus, Staff has reconsidered the impact the mixed economic forecast will have on the District and when the return to “normal” will occur. Considerations of the economy include unemployment, supply chain disruptions, the impact that closures have had on local business and vendors and what the “new” costs to the district will be. The Consumer Price Index (CPI) in February 2020 was 2.33% which decreased in April 2020 to 1.54 %. Due to interest rates being near zero, Staff has not budgeted interest income as a revenue line items.

Ms. Kays provided the following highlights of the NSU Fund:

- NSU provides potable water and wastewater services while Villages Water Conservation Authority (VWCA) provides irrigation services.
- NSU is comprised of 229 miles of potable water mains, 172 miles of sanitary sewer mains, 33 miles of sanitary force mains, and 30 lift stations. VWCA is comprised of 244 miles of non-potable water mains and hosts 1,972 fire hydrants.
- Residential customers located in Village Community Development District (VCDD) Nos. 5, 6, 7, 8 and a portion of 9.

- Commercial customers located in the Sumter Landing Community Development District (SLCDD).
- Regulated by Southwest Florida Water Management District (SWFWMD) & Florida Department of Environmental Protection.
- Customer Base for NSU is as follows:
 - Residential Water: 23,346
 - Residential Sewer: 23,344
 - Residential Irrigation: 23,330
 - Commercial Water: 446
 - Commercial Sewer: 370
 - Commercial Irrigation: 703

2. North Sumter Utility (NSU)

FY 2020/2021 Recommended Revenues

- A 3% or \$548,376 increase has been budgeted for the Water and Sewer Fees; a -26% or \$86,000 decrease has been budgeted for Leases/Other and 73% or \$413,000 for the Interest Revenue.
- A 0.2% or \$49,376 increase has been budgeted for the fund's total operating revenue.
- Working Capital Use had an increase of \$1,772,826 or 365%.
- Total Revenue: Overall, an 8% increase or \$1,822,202 has been budgeted.
- Irrigation Fees represent 44% of the budget.
- Sewer Fees represent 34% of the budget.
- Water Fees represent 20% of the budget.
- Miscellaneous/Other Fees represent 2% of the budget.

FY 2020/2021 Recommended Expenditures

- Debt Service represents 47% of the budget.
- Capital represents 22% of the budget.
- Professional/Contractual Services represent 20% of the budget.
- Utility Services represent 5% of the budget.
- Repair and Maintenance represent 4% of the budget.
- Other Operating represents 2% of the budget.

- An 8% increase or \$70,279 placeholder was included for Management Fee and Technical Services.
- Engineering Services: A \$146,196 increase has been budgeted for the additional costs associated with Capital Plan Engineering and engineering expenses of Arnett Engineering.
- Other Professional Services: An \$114,486 increase has been budgeted for new expenses pertaining to the rate study, utility standards/front ends development and emergency response plan development.
- Systems Management Support: A \$67,875 increase was included for IT services as well as the Asset Management Project.
- Misc. Contractual Services: A \$126,545 increase has been budgeted for a contract increase for Jacobs.
- Equipment Rental: A decrease of \$15,000 was included based on historical spending.
- Casualty/Liability Insurance: A decrease of \$34,656 was included as an estimate per the insurance provider.
- Building/Structure Maintenance: A \$544,360 increase has been budgeted based on the maintenance projects per the work plan.
- Meter Supplies: A \$32,500 decrease was included due to the meter change out program.

Ms. Kays reviewed the list of NSU Capital Projects with the Board advising the total recommended is \$5,639,171 and stated \$3,600,000 of that recommended is for the AMI Implementation for the metering system.

Capital Improvement Plan

The District's five (5) year Capital Improvement Plan (CIP) as well as the five (5) year forecast was provided and reviewed with the Board.

Working Capital/Reserve Balances

Ms. Kays stated the Working Capital and Reserve Balances are as follows: The Fiscal Year 2020/2021 Working Capital recommended ending balance is \$15,511,068; the General R&R Reserve

ending balance is \$15,117,050; the Capital Projects Reserve is \$416,334 and the Debt Service ending balance is \$222,642.

3. Central Sumter Utility (CSU)

Ms. Kays provided the following highlights of the CSU Fund:

- CSU provides potable water and wastewater services
- CSU is comprised of 138 miles of potable water mains, 107miles of sanitary sewer gravity mains and 29 lift stations.
- Residential customers located in VCDD Nos. 9, 10, and 11.
- Commercial customers located in the Brownwood Community Development District (BCDD).
- Regulated by Southwest Florida Water Management District (SWFWMD) & Florida Department of Environmental Protection.
- Customer Base for CSU is as follows:
 - Residential Water: 13,857
 - Residential Sewer: 13,857
 - Commercial Water: 258
 - Commercial Sewer: 210

FY 2020/2021 Recommended Revenues

- A recommended budget of \$2,850,451 has been budgeted for the Water Fees; \$5,367,000 has been budgeted for Sewer Fees and \$66,800 has been budgeted for Interest/Other.
- The total operating revenue for Fiscal Year 2020/2021 is \$8,284,251
- Working Capital Use had an increase of \$1,133,237
- Total Revenue: Overall, \$7,151,014 has been budgeted.
- Sewer Fees represent 65% or \$5,367,000 of the budget.
- Water Fees represent 34% or \$2,850,451 of the budget.
- Miscellaneous/Other Fees represent 1% or \$66,800 of the budget.

FY 2020/2021 Recommended Expenditures

- Debt Service represents 46% or \$3,297,014 of the budget.
- Professional/Contractual Services represent 28% or \$1,994,558 of the budget.
- Capital represents 11% or \$742,645 of the budget.

- Utility Services represent 7% or \$525,000 of the budget.
- Repair and Maintenance represent 4% or \$294,200 of the budget.
- Other Operating represents 4% or \$296,859 of the budget.
- An 8% increase or \$350,000 placeholder was included for Management Fee and Technical Services for a new fund.
- Engineering Services: A \$162,901 increase has been budgeted for the additional costs associated for Arnett Engineering, Breedlove, Dennis & Associates and other environmental and engineering services.
- Other Professional Services: A \$110,500 increase has been budgeted for new expenses pertaining to the development of Utility Standards, front ends and emergency response plan development.
- Misc. Contractual Services: A \$1,266,636 increase has been budgeted for a contract increase for Jacobs.
- Utility Services: Electricity - \$420,000/Water & Sewer - \$105,000 was included
- Casualty/Liability Insurance: An increase of \$110,713 was included as an estimate per the insurance provider.
- Building/Structure Maintenance: A \$258,200 increase has been budgeted to for cleaning of surge tank, water tower annual inspection and schedule maintenance as well as replacement of metering pumps.
- Operating Supplies: A \$120,000 increase was included due to a direct purchase of Plant Chemicals.

Ms. Kays reviewed the list of CSU Capital Projects with the Board advising the total recommended amount is \$742,645, and stated \$532,575 of that recommended amount is for the AMI Implementation for the metering system at \$75 per meter.

Capital Improvement Plan

The District's five (5) year CIP as well as the five (5) year forecast was provided and reviewed with the Board.

Working Capital/Reserve Balances

Ms. Kays advised the Working Capital Balance is at \$1,999,493.

4. Sumter Sanitation Fund (SSF)

Kenny Blocker, Assistant District Manager, provided the following highlights of the SSF Fund:

- December 2012 – NSCUDD became the solid waste sanitation provider with the purchase of Sumter Sanitation
- Trash, yard waste and recycling collection services
- Residential customers located in VCDD Nos. 1 - 11
- Commercial businesses located in the SLCDD and a majority in BCDD.
- May 6, 2020 the Board approved the Solid Waste Plan to Contract with Covanta effective October 1, 2020
- Customer Base for SSF is as follows:
 - Residential Solid Waste: 53,650
 - Commercial Solid Waste: 292
- A recommended budget of \$15,467,668 has been budgeted for the Solid Waste Fees; \$123,540 which is a decrease of 24% has been budgeted for Interest/Other.
- The total operating revenue for Fiscal Year 2020/2021 is \$15,591,208
- Working Capital Use had an decrease of \$473,604
- Total Revenue: Overall \$15,117,604 has been budgeted.

FY 2020/2021 Recommended Expenditures

- Contractual Services represent 50% or \$7,551,703 of the budget
- Debt Service represents 24% or \$3,622,375 of the budget
- Operating represents 23% or \$3,480,101 of the budget
- Transfers represent 2% or \$250,000 of the budget
- Professional Services represent 1% or 213,425 of the budget
- An 8% increase or \$14,754 placeholder was included for Management Fee and Technical Services for a new fund.
- Engineering Services: A \$162,901 increase has been budgeted for the additional costs associated for Arnett Engineering, Breedlove, Dennis & Associates and other environmental and engineering services.
- Contractual Services: A \$386,600 increase has been budgeted for a contract increase for Jacobs.

- Miscellaneous Current Charges: a \$2,288,100 has been included for 100% of waste stream to Covanta
- Recycling Expenses: A decrease of \$700,000 was included to reflect the Board direction to send 100% of the waste stream to Covanta.
- Land: a \$600,000 decrease in land and a \$1,400,000 decrease in buildings was applied from Fiscal Year 2019/2020 budgeted funds for the operations site relocation project that might carry forward to Fiscal Year 2020/2021 depending on the timing of purchase.

Working Capital/Reserve Balances

Mr. Blocker advised Working Capital and Reserve Balances are as follows: The Fiscal Year 2020/2021 Working Capital ending balance is \$2,942,543; the General R&R Reserve ending balance is \$900,000 and the Debt Service ending balance is \$140,127.

Mr. Blocker and Ms. Kays provided clarification on various line items as requested by Board Director Rademacher.

5. Next Board Action: Approve Proposed Budget – Regular Meeting July 7, 2020 9:00 a.m.

Ms. Kays advised that the Board will be asked to approve the Fiscal Year 2020/2021 Proposed Budget at the July 7, 2020 meeting and stated Sumter County Board of County Commissioners, per Sumter County Ordinance 2010-10, will adopt the Fiscal Year 2020/2021 final budget no later than September.

6. Supervisor Comments

Board Director Rademacher suggested an NSUCDD logo be placed on the Jacobs garbage trucks. Rock Raiford, Jacobs, advised the item can be reviewed to determine if additional decals per FDOT regulations can be added to the trucks.

THIRD ORDER OF BUSINESS: District Manager Reports

Mr. Blocker advised as information the June meetings will be held at the Savannah Recreation Center.

FOURTH ORDER OF BUSINESS: District Counsel Reports

There were no District Counsel Reports.

FIFTH ORDER OF BUSINESS: Director Comments

There were no additional Board Director Comments.

SIXTH ORDER OF BUSINESS: Audience Comments

There were no Audience Comments.

SEVENTH ORDER OF BUSINESS: Adjourn

The workshop was adjourned at 10:03 a.m.

On MOTION by Dom Berardi, seconded by Jerry Watts, with all in favor, the Workshop was adjourned.
--

Richard J. Baier
Secretary

Charlie Smith
Chairman