

**MINUTES OF SPECIAL TOWN COUNCIL MEETING**  
**HELD ON APRIL 16, 1996**

I. **CALL TO ORDER:** The meeting was called to order by President Smith at 2:00 P.M. on Tuesday, April 16, 1996, in the Town Council Chambers. On roll call the following elected officials were found to be in attendance: Mayor Paul Ilyinsky, President Lesly Smith, President Pro-Tem Jack McDonald, Councilmen Leslie Shaw, Sam McLendon, and Allen Wyett. Also in attendance were Town Manager Robert Doney, Director of Public Works Albert Dusey, Town Engineer James Bowser, Town Attorney John Randolph, Mayor of West Palm Beach Nancy Graham, West Palm Beach City Administrators Michael Wright, Eric Olsen, Terry Collins, Consultant Don Munsgard, and Town Clerk Mary Pollitt.

II. **INVOCATION AND PLEDGE OF ALLEGIANCE:** The invocation was given by Town Clerk Pollitt. The Pledge of Allegiance was led by President Smith.

III. **APPROVAL OF AGENDA:** Mr. Shaw made a motion to approve the Agenda. The motion was seconded by Mr. Wyett. On roll call the motion carried unanimously.

IV. **PRESENTATION AND UPDATE FROM THE HONORABLE NANCY M. GRAHAM, MAYOR, AND CITY REPRESENTATIVES ON WATER INITIATIVES IN THE CITY OF WEST PALM BEACH:**

Mayor Graham addressed the Town Council, thanking them for allowing the presentation of information, and mentioning that she was particularly impressed with the speed with which the meeting had been set. Additionally, she stated that she had already learned two things--that there was a great microphone system, and that the Clerk gave the invocation rather than herself!

Mayor Graham recalled the rich history that the City of West Palm Beach and the Town of Palm Beach shared. Much like sisters, the two municipalities had been growing up together, seeing many exciting changes, and like sisters, they may not always have agreed, but the families were tied together forever. Mayor Graham referred to the water system put together by founding father Henry Flagler, which still served the two municipalities today. She remarked that the City of West Palm Beach was taking its obligation as water purveyor very seriously, recognizing that the responsibility rested within the ability to service customers within the service area, and has extended to maintain the highest level of service in the future. Mayor Graham declared that the City had been working to get ahead of the game to be very progressive and aggressive in protecting the water supply for all customers--to do that in a way that not only guaranteed an adequate supply of water in the future, but also guaranteed costs. She mentioned that in over the next 20 years water would become very critical and more expensive, and the City had tried to position themselves to be ahead of the game.

Mayor Graham pointed out that water would be the key piece to growth in the State of Florida. As a result of working on finding a way to protect the water supply and keep the cost down, the City had not done a very effective job of communicating with the Town of Palm Beach and other customers in assuring them that water would be available in quantities that were needed at an appropriate cost.

One of the primary concerns of future generations in Florida would be the water supply, and Mayor Graham expressed that the Governor's Commission on Sustainable South Florida clearly recognized that there would be fierce competition for the water supply in the upcoming decades, and that competition would be allocated between the environment, agricultural, coastal communities, municipalities, and utilities. Coastal communities and municipalities were not high on the list of priorities, and that was one reason that the City of West Palm Beach took a proactive stance.

Mayor Graham stated that the City of West Palm Beach was meeting the challenge to ensure the future water supply by embarking on a number of innovative programs that would place the City as a leader of water supply for future generations. A regional water supply consortium was being developed, consisting of the South Florida Water Management District, the Indian Trail Water Control District, Northern Palm Beach County Water Improvement District, as well as the South Indian River Water Control District. Vast amount of storm water were being utilized, that would normally be lost, by re-routing that storm water into a series of canal networks to the water catchment area. The water could then be routed through various other areas, such as the Loxahatchee Slough to the north, as well as the Lake Worth Drainage District and Palm Beach County Utility Systems. Negotiations were being made to wholesale water to the municipality of Royal Palm Beach, as the supply there was inadequate, as well as with the municipality of Lake Worth should the need arise. Currently, the City of West Palm Beach system was tied into Palm Beach County and to Riviera Beach. Aquifer storage and recovery (ASR) was being utilized in partnership with the South Florida Water Management District. The first ASR well would be constructed soon at the Water Treatment Plant, and it was the goal of the City to construct a number of additional wells in the water catchment area, with the intent of storing large amounts of water during the rainy season, putting the City in the position to have water supplies during dry spells and droughts. A waste water reuse program was being implemented, and the City of West Palm Beach had purchased nearly two-square miles of buffer lands adjacent to the water catchment area. Importantly, the buffer lands would not only preserve and protect the water catchment area, but would also be utilized as a part of a very large, advanced treated waste water system that would utilize waste water to recharge the local aquifer.

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Mayor Graham emphasized that the City was also committed to rebuilding, renewing, and replacing infrastructure as needed, along with preserving the water supply. The City had maintained its commitment to the Town by continuing to renew and replace water lines at an accelerated pace, working in conjunction with the Public Works Department of the Town of Palm Beach. A program had been coordinated that would integrate storm water maintenance activities with water main replacements. She mentioned a number of recent joint projects: Clarke Avenue, Jungle Road and El Brillo Way, El Bravo Way and El Vedado Way, Seaview and Four Apartments Plaza. Mayor Graham added that the City had invested nearly \$70,000 in a hydraulic model to produce a list of needed water main improvement projects within the Town of Palm Beach. The hydraulic model would be completed in the next 6-8 weeks.

The next step in the relationship between the two municipalities would be to coordinate a 5-year capital improvement program developed from the hydraulic model. The commitment of the City included a multi-million dollar renovation of infrastructure in the future. The Mayor asserted that the commitment was not taken lightly, and that the City recognized that in order to serve its customers, the infrastructure as well as supply must be preserved in order to serve the customer. She reported that the City of West Palm Beach had gone from being one of the worst waste water facilities to one of the best waste water facilities in the State of Florida, and was also one of the best and progressive in terms of water and water supply. She stressed that the City was trying to become independent from the Everglades issue, not having to rely upon water from Lake Okeechobee in order to meet water needs, as well as to work in a global picture. Mayor Graham reiterated that she believed that the City had done a very poor job of communicating what they were doing and the advantages to the Town of Palm Beach.

The 100-year partnership between the City of West Palm Beach and the Town of Palm Beach was important to maintain, and Mayor Graham advised that the City must find more effective ways of communicating. At the request of the Town of Palm Beach, as well as others, the City had hired a firm to develop a full rate system for water supply, and as the study was completed the Town of Palm Beach would be furnished with results. With regard to the question about the steps and methodology for estimating the value of the distribution system, Mayor Graham remarked that could be negotiated.

In closing, Mayor Graham stated that the commitment to the Town of Palm Beach was not based on a customer/client relationship, as there were so many things in common that required working together, including the long and rich history that had brought the two municipalities where they were today. She summarized that the bottom line was that the City of West Palm Beach would have the most water at the cheapest rates in the next 20 years. She offered to answer any questions, and asked Eric Olsen to report to the Town Council on the issues concerned.

Mr. Eric Olsen addressed the Town Council, stating the City had been working closely with the South Florida Water Management District (SFWMD) for the better part of three years with the Everglades Restoration Program. He displayed an exhibit displaying Lake Okeechobee, and environmental preserve areas. Currently, water was now obtained from Lake Okeechobee through a canal system, and it had been decided to try to develop an internal system to capture storm water in order to gain a position to develop some sort of a partnership. In the process, a program had been developed which brought water into the water catchment area. The City of West Palm Beach was working on developing partnerships with Indian Trail Water Control District, Northern Palm Beach County Water Improvement District, and South Indian River Water Control District. SFWMD had asked the City to develop some model programs that would direct water in a predictable, manageable way. Currently, the City had a partnership contract with SFWMD where development of a computer model taking a look at the entire area from Southern Blvd. to Martin County all the way west into the canal system, nearly 800 square miles. Mr. Olsen noted that three things would be focused on: to re-route storm water, to store water when it was available, and waste water reuse. All of these things would give the City the ability to govern its own destiny.

Mr. Olsen referred to the handouts passed to the Town Council members, summarizing the benefits of the water program. He remarked that the program was successful because of the conservation of water in the process. He asked if there were specific questions?

Mayor Graham added that people may wonder what the Governor's Commission on Sustainable South Florida meant, and explained that ways were being investigated that would enable Florida to grow and develop in a rational and reasonable way, with water being the driving factor behind that. South Florida would be left with no water and high rates if building and growth took place in other areas of Florida, and Mayor Graham stressed the importance of environmental protection for South Florida, and protecting the water supply. So far, the City of West Palm Beach had been able to stay in the lower one-third of rates, and would have the most water available over the next 20 years.

Councilman McLendon stated that he had trouble seeing how the Governor, or any responsible legislative group could put the people in third place, below the Everglades and agriculture. He questioned whether the determination of capacity of treatment of the marsh/catchment area?

Mr. Olsen replied that there would probably be 30 million gallons per day of capacity, but it could be anywhere from 15-60 million gallons per day. Mr. Olsen added that establishment of the minimum amount of treatment required was part of the plan.

Councilman McLendon asked when information would be available on bulk water rates?

Mr. Olsen replied that information would probably be forthcoming within the next 3-4 weeks.

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Mayor Graham stated that agriculture was the second largest industry in the State of Florida, with the economy dependent on it, and that was one reason it was being protected. She expressed that the reason individuals were being relegated to third place was that the water would be available to them, but at a higher cost; everything was driven by the state-wide approach on keeping businesses and the economy going in the State of Florida. She commented that looking at things on a regional basis would enable the city to protect themselves from having the State enforce rules on water usage and rates. The City had been trying to deal with the water issues before that happened.

Mayor Graham explained that development had interrupted the natural water system over the years, which was a great part of the cause of the problem in the Everglades, therefore, the City had taken the approach of looking at the entire system, which was the single most important thing that had been done to protect water supply and prices.

Mr. Olsen stated that South Florida was so integrated into the environment and water issues, that the two could not be separated.

Mr. Wyett asked if there was an idea of the total estimated cost of completing the water ecosystem?

Mr. Olsen replied that the whole project, done in phases, would cost approximately \$50,000,000, which cost would be assisted by funding from the Corps of Engineers and the SFWMD.

Mr. Wyett asked what portion of that cost the Water Department would have to pay for?

Mr. Olsen responded that it would probably be initially, excluding the capital investment, about \$5,000,000.

Mayor Graham added that the Department of Interior was putting \$200,000,000 into the Everglades Restoration Project, primarily geared to the purchasing of land. The City had shown them that spending a small portion of that money would free up more water for the Everglades Project than could be accomplished by spending an equal portion of money on land.

Mr. Wyett asked if there was an estimate for the capital needs for improving, repairing and maintaining the infrastructure? He noted that every time a road had been dug up in the Town, the water pipe had been paper thin.

Mr. Olsen replied that he did not have the figures at the moment.

Mr. Wyett responded that he knew that water rates would be moving up as infrastructure and development escalated, and that residents of the Town would be paying a share of that.

Mayor Graham replied that the rates of the City would go up, just as all rates would, but would not go up in the same proportion that other communities would.

Mr. Wyett mentioned that he had the water tested, and the water supplied to the Town was among the very best--the only negative comment on the water had been that there was a slight bit of sodium, which was normal.

Mr. Shaw stated that he had not heard anything about developing non-potable versus potable sources of water, which had been the thrust of discussions by the Town. He explained that a major concern was the quality of the distribution system.

Mr. Olsen replied that there were two parts of the reuse component: one was to develop a source of supply, which was being done currently, and the other was the piping component. He described that what would happen with time was that the City would begin implementing a pipe/dual system, which would take time. Dual distribution systems were extremely expensive, so it would need to be phased in, which is what the City would be doing. Mr. Olsen advised that the supply would first be insured, then the next step would be to develop the infrastructure for the dual distribution process.

Mayor Graham reiterated that enough information had not been presented to the Town about what the City of West Palm Beach was doing, and how there were opportunities for the Town to look at. She emphasized that if the City of West Palm Beach was not implementing water resource needs, then the rates would go even higher, and there would not be as much water to use.

Councilman McLendon mentioned that he did not believe that the Town of Palm Beach was receiving the correct percentage of revenue and replacement pipes that it should be receiving; he specified that the Town should be receiving about \$400,000 per year, and that it probably was receiving about one-half of that.

Mayor Graham stated that in the past the City had not even repaired its own systems, so she was certain that repairs and renovations had not been made in the Town, and that she had clearly indicated that the City of West Palm Beach agreed with the Town, and that now was the time to sit down and develop a project plan.

Councilman McLendon responded that the hydraulic model may be somewhat of a fallacy, since the study would not identify if the pipe was thin, but would only identify coefficient of flow inside the pipes.

Mr. Olsen stated that a pure hydraulic model would depict mathematically as to how much water, pipe size, etc., but

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what had been done was that the City had gone back to their own records and look at repairs that had been done over the years, then implement those records into the hydraulic model itself. The model was not a pure hydraulic model, but was basically a repair model.

Mayor Graham recalled that there had been concerns that the water pressure was not adequate, and the model would certainly identify that, and that had been the understanding that she had from the Town--that was the direction the Town wanted the City to take.

Councilman McLendon referred to the rate study done before the 1994 rate increase, asking if that had been considered a cost of service study?

Mr. Olsen responded affirmatively.

Councilman McLendon asked why public fire protection omitted from the rates?

Mr. Olsen replied that public fire protection was actually put into the base rate itself. He added that fire hydrant protection used to be charged for, but now it would be averaged in the cost of the base service charge.

Councilman McLendon pointed out the unfairness of that policy--a warehouse would not contribute anything in the way of revenue to the water system, but would demand a huge fire protection service, so that would not be a cost of service.

Mr. Olsen stated that this was an extremely minor component, and that the consultant of the Town had been asked to look at the rate study for fallacies, as there was no claim of perfection by the City. Basically, there was nothing that had come back in the analysis.

Mayor Graham expressed that the City was always willing to take a look at something like that and change, however, it was not a large item in the big picture.

Councilman McLendon responded that according to the rate studies he had reviewed in the past, a City the size of West Palm Beach, somewhere between 5-10% would be a normal allocation of revenue toward public fire protection, and that was a lot of money.

Mayor Graham stated that the consultant of the Town had been involved in the rate study, and that there had been no particular problems.

Councilman McLendon established that he was saying that public fire protection revenue would be normally generated from ad valorem taxation in the community, so that it spread the cost of providing the big fire demands more nearly where it belonged.

Mayor Graham remarked that ad valorem certainly would pay for personnel and equipment, but not for the water used in fighting fires. She suggested that Town consultants could work on the issue with the City of West Palm Beach.

Councilman McLendon specified that he would like to discuss the reuse suggestions given by Mr. Shaw with the City, and that he understood that the plan of the City was to create drinking water out of the project.

Mr. Olsen replied that phase one was the development of indirect potable water through a wetland space recharge; phase two would look at golf course irrigation and the standard type of reuse irrigation that was normally seen.

Mayor Graham compared the water issue to a giant air carrier--it couldn't be turned around very quickly because it was so complex, but the City was well under way and that was why she had asked Camp, Dresser & McKee, Inc. ( CDM) to be present at the meeting today. She specified that the real dollar cost for water used for washing, cooking and bathing was not the significant dollar amount--the significant dollar amount entered into the picture with landscaping use, where the big water charges go up. If a way could be found to deal with that issue, then water charges would go down.

Mr. Shaw stated that mutual benefits should be considered, because the whole idea was not to work independently, but yet work within the confines of Town boundaries, so it was very difficult for the Town, and would create a financial burden if the Town had to go out to Lake Okeechobee or some other source to find water. The idea was not to go independent, but to work together, and if both communities could share a conduit then mutual goals could be met.

Mayor Graham commented that the landscape issue would bring Palm Beach customer charges down because it was that type of watering that was making the costs go up.

Mr. Shaw emphasized that many of the customers of the City of West Palm Beach had access to wells from which to draw water, whereas that was not possible in Palm Beach. He suggested that the table was not completely balanced, and that there should be a level playing field.

Mayor Graham replied that problem was in great part due to location.

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unanimously.

VI. **ANY OTHER MATTERS:** There were none.

VII. **ADJOURNMENT:** The meeting was adjourned at 3:55 P.M.

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Mary A. Pollitt, Town Clerk