Clearwater, Florida – October 20, 2008

The Board of Directors of Tampa Bay Water met in their offices, 2575 Enterprise Road, Clearwater, Florida 33763.

BOARD MEMBERS PRESENT:

Present: Chairman – Commissioner Susan Latvala, Pinellas County
Council Member James Bennett, City of St. Petersburg
Commissioner Ronnie Duncan, Pinellas County
Commissioner Al Higginbotham, Hillsborough County
Commissioner Ann Hildebrand, Pasco County
Mayor Scott McPherson, City of New Port Richey
Councilman Charlie Miranda, City of Tampa
Commissioner Ted Schrader, Pasco County

Absent: Vice Chairman – Commissioner Mark Sharpe, Hillsborough County

Staff: Gerald J. Seeber, General Manager
Rick Lotspeich, General Counsel

Staff/ Consultant: Dr. Marty Kelly, Southwest Florida Water Management District
Paula Dye, Project Supervisor
Warren Hogg, Manager, Evaluation and Permitting
Dr. Alison Adams, Senior Manager, Source Rotation & Environmental Protection
Mandi Rice, Senior Manager, Construction

A list of others present who signed the attendance roster was filed in the permanent files of Tampa Bay Water. Staff and consultants presenting to the Board are listed above.

Following the close of the Long-Term Water Supply Planning Workshop, Chairman Latvala called the Regular Meeting of the Tampa Bay Water Board of Directors to order at 9:55 a.m.

PUBLIC COMMENT

Public comment was duly recorded and is filed in the permanent files of Tampa Bay Water.

PRESENTATION

Prior to the first presentation, Chairman Latvala advised the Board that this would be the last meeting for Pinellas County Commissioner Ronnie Duncan and took a moment to thank him for his service on the Tampa Bay Water Board of Directors presenting him with a certificate and pen.

Commissioner Duncan thanked the Board stating that he enjoyed serving on the Board and added that his interest in water issues would continue.

Commissioner Latvala stated that she also wanted to take a minute to celebrate Tampa Bay Water's 10th Anniversary. She spoke of both the challenges and rewards associated with serving on the Tampa Bay Water Board and invited all to enjoy cake in the lobby following the meeting.

Mr. Seeber advised the Board that the Tampa Bay Seawater Desalination Project is being recognized for two awards: the Public Works Magazine 2008 Trendsetter Award and the 2008 Annual Public-Private Partnership Award in the "Innovation" category by the National Council for Public-Private Partnerships.

Southwest Florida Water Management District MFL Project Implementation
Dr. Marty Kelly, Manager of the Ecologic Evaluation section with SWFWMD, gave the Board a brief update regarding the project status of implementation of the minimum flow and level for the lower Hillsborough River.

CONSENT AGENDA

A. ADMINISTRATION

1. Board Minutes for August 18, 2008 Board Meeting - *Approve*

B. FINANCE & ADMINISTRATIVE SERVICES

1. Intra-Agency Courier Services for Fiscal Year 2009 - *Approve*
2. Other Post-Employee Benefit Liability Recording, Implementing Governmental Accounting Standards Board #45 - *Approve*
3. Review of Investment Contract with AIG - *Status Report*
4. Public Information Annual Contract Renewal with Dialogue Public Relations LLC - *Approve*
5. Fiscal Year 2008 Budget Line Item Transfer - *Approve*
6. Review of Current Implications of the Agency's 2009 Budget - *Status Report*

C. SCIENCE & ENGINEERING

1. As-Needed Engineering Consulting Services Contracts – Five-year contracts with 20 top-ranked firms in the amount of $250,000 each - *Approve*
2. As-Needed Environmental Assessment Consulting Services Contracts – Three-year contracts with ten top-ranked firms in the amount of $200,000 each - *Approve*
3. As-Needed Hydrologic/Hydrogeologic Consulting Services Contracts – Three-year contracts with nine top-ranked firms in the amount of $200,000 each - *Approve*
4. Consolidated Water Use Permit Renewal for Eleven Wellfields – Application Development Process - *Status Report*
5. Brandon Urban Dispersed Wells Water Use Permit Modification and Renewal – Application Development Process - *Status Report*
6. C.W. Bill Young Regional Reservoir – Investigation of Flat-Plate Soil-Cement - *Status Report*
7. Regional Water Shortage Mitigation Plan - *Status Report*
8. Professional Services Contract – Owner's Engineer Services for SCHIP Phase III – Lithia Hydrogen Sulfide Removal Facility - *Approve Consultant Ranking*
9. As-Needed Engineering Services Contract – Second Amendment to Contract No. 2006-038 with Golder Associates, Inc., in the amount of $50,000 - *Approve*

10. As-Needed Professional Services Contract – Second Amendment to Contract No. 2007-019 with Post, Buckley, Schuh & Jernigan, Inc. (PBS&J), in the amount of $50,000 - *Approve*
11. Real Property Disposition – Tampa Bypass Canal Pump Station Expansion – Easement Agreement with Tampa Electric Company - *Approve*
12. Real Property Acquisition – Starkey Wellfield Property Redress – Offer to Purchase and Addendum to the Easement Agreement with Woods of River Ridge Homeowners' Association, Inc., at a cost of $2,000 and an estimated closing cost of $900 - *Approve*
13. Real Property Acquisition – Starkey Wellfield Property Redress – Offer to Purchase with Matthew L. Mages and Kara J. Mages, at a cost of $7,500 and an estimated closing cost of $900 - *Approve*
14. Real Property Disposition – Central Pasco Improvements Project at U.S. 41 – Distribution Easement to Progress Energy Florida, Inc., at no cost - *Approve*
15. Real Property – Eldridge-Wilde Wellfield - Information Item
16. Morris Bridge Booster Station – Amendment No. 1 to Design Task Order for Additional Engineering Services in the amount of $107,430 - *Approve*
17. Real Property Acquisition – Northwest Hillsborough Pipeline Project – Purchase and Sale Agreement with Sharon M. Carlton, as Trustee of the Allie Jean Carson 1989 Trust dated April 25, 1989, at a cost of $3,000 and an estimated closing cost of $950 - *Approve*

D. OPERATIONS & FACILITIES

1. Tampa Bay Water Fiscal Year 2008 Insurance Program - *Ratify*
2. American Water Works Association Research Foundation (AwwaRF) Membership – Payment of annual dues to AwwaRF in the amount of $141,319.31 - *Approve*
3. HVAC Maintenance Services – Award Maintenance Services Contract No. 2009-018 to the lowest responsive, responsible bidder in the amount of $150,880 per fiscal year - *Approve*
4. Water Quality Update - *Status Report*
5. Fiscal Year 2009 Purchase of Domestic Well Mitigation Equipment and Supplies from the lowest, responsive, responsible bidder, Rite-Flo, Inc. and the current vendor Gorman Company in accordance with the budget limitations - *Approve*
6. As-Needed Technology Research Analyst, Intermediate – Utilize As-Needed Florida State Contract with Buffer, Inc., in the amount of $75,000 - *Approve*
7. Calibration and Preventative Maintenance (PM) Services Contract No. 2007-005 – Option Year One - *Approve*
8. West Pasco Infrastructure Project – Transmission Main, Project No. 05902 (Contract No. 2006-068) – Project Closeout - *Approve*
9. Central Pasco Infrastructure Project – Second Amendment to Consultant Services Agreement with Malcolm Pirnie, Inc., in the amount of $322,260 - *Approve*
10. System Configuration II Construction Progress - *Status Report*
11. Hach Analytical Equipment Parts, and Reagents – Sole Source Purchase Order - *Approve*
12. Third Amendment to Contract No. 2006-064 with Biltmore Construction Co., Inc. for Remodeling of the Cypress Creek Administration Building at a cost of $292,428.00 - *Approve*
13. Tampa Bay Seawater Desalination Property Amendments with Tampa Electric Company - *Approve*

14. As-Needed High Voltage Electric Contract Services Contract – Contract No. 2007-031 with Kohler Construction Company, Inc., Amendment No. Three, in the amount of $65,000 - *Approve*

E. GENERAL COUNSEL

1. Northwest Hillsborough Pipeline Project - *Adopt Eminent Domain Resolution*

Motion: Commissioner Hildebrand moved approval of the Consent Agenda. Commissioner Duncan seconded the motion. The motion carried by a vote of 8-0 (Commissioner Sharpe was absent).

REGULAR AGENDA

F1. Long-Term Planning – Polk County Memorandum of Understanding - *Approve*

After introducing the agenda item, Mr. Seeber called upon Paula Dye to make the staff presentation.

Ms. Dye stated that the Memorandum of Understanding, requested by Polk County staff, includes several provisions. It does not affect or pertain to Tampa Bay Water's or Polk County's existing water use permits. Polk County and Tampa Bay Water will share technical and engineering information related to water supply projects that might be mutually beneficial. If such projects are identified, the MOU provides for cooperative pursuit of outside funding. The MOU does not affect the Interlocal Agreement or Master Water Supply Contract and future agreements would be necessary to implement a project.

Ms. Dye stated that staff recommends Board approval of the Memorandum of Understanding adding that it would be going before the Polk County Commission for approval on November 5.

In response to a question from Councilman Miranda, Ms. Dye answered that Polk County was involved in planning efforts with the Heartland Alliance, and with others such as the South Florida Water Management District and the St. John's River Water Management District. She explained that due to the geographic location of Polk County, they are looking for long-term planning opportunities with entities adjacent to them.

Council Member Bennett asked about the cost associated with this and Ms. Dye responded that staff did not see any additional costs since it was information sharing and additional information would also be generated as a part of the Master Water Plan work.

Motion: Mayor McPherson moved approval. Councilman Miranda seconded the motion. The motion carried by a vote of 8-0 (Commissioner Sharpe was absent).

G1. C.W. Bill Young Regional Reservoir – Resolution No. 2009-002 authorizing the General Counsel to initiate litigation, approving the termination of certain contracts with HDR Engineering, Inc., and reassigning those contract tasks - *Approve*

Mr. Lotspeich stated that the ongoing analysis of the cracking of the soil cement in the reservoir indicates that the cracking is related to the design, construction, construction management or some combination of those. In order to protect Tampa Bay Water's rights and remedies, legal action against the responsible parties must be initiated within two years of the discovery of the problem.

The cracking at issue was first discovered by Tampa Bay Water on December 20, 2006, so we have two years from that date to initiate litigation. He referred the Board to the resolution provided in their materials, stating that the resolution has three essential components. The first authorizes the General Counsel to initiate litigation against those responsible for the design, construction and construction oversight of the reservoir. The second authorizes the General Manager to terminate the current contracts with HDR, and the third authorizes the General Manager to reassign the HDR contract tasks to other engineering firms. Mr. Lotspeich stated that he and the General Manager recommend Board approval of the resolution and advised the Board that it was his intention to bring the Board into a closed session in December, after the complaint is filed, to brief them on litigation strategy and update them with regard to the cracking.

In response to a question from the Chairman, Mr. Lotspeich responded that in light of the litigation, caution with regard to technical questions is advised.

Mayor McPherson asked if the Board would receive a draft of the complaint, or the actual complaint filed prior to the closed session. Mr. Lotspeich confirmed that the Board will have the complaint before the closed session.

Referring to HDR Engineering's attempts to work with Tampa Bay Water, and the fact that even though we don't know whether there are construction causes, the litigation will be aimed at them, Council Member Bennett asked if Tampa Bay Water was required to fire them from all contracts or if it was an in-house decision.

Mr. Lotspeich replied that it was his understanding it has been the past policy of the Board not to continue in contracts with an entity that we are in litigation with. It just seems advisable not to do that.

Based on Tampa Bay Water's long relationship with HDR and the fact that to date we don't know the cause of the cracking, Commissioner Latvala asked if a tolling agreement was being considered so that Tampa Bay Water can continue to work with HDR as opposed to going directly to court. Chairman Latvala also voiced concern over legal costs.

Mr. Lotspeich replied that there were a couple of opportunities strategy wise to basically forego the actual trial and a tolling agreement would be one. A tolling agreement would basically allow us to delay the filing of the complaint, which is a strategy Mr. Lotspeich stated he would not advise at this point. The alternate strategy he recommended would be to file the complaint and then reach agreement with the defendants to file a joint motion to abate the proceeding while we enter into discussions to find a solution to the problem.

Commissioner Hildebrand found that strategy a little more comforting.

Chairperson Latvala indicated that was what she wanted to hear, adding that one of the worst things elected officials have to do is spend taxpayer dollars on lawsuits. She stated that the Board wants this resolved efficiently, effectively, immediately and economically. As long as the parties are willing, it just makes sense to sit down together and work through the issues. The most important thing is to find out what the problem is and who is responsible and move forward to fixing it.

Councilman Miranda stated that he agreed with Mr. Lotspeich's comments, adding however that he was not afraid of a lawsuit. He wanted to make sure, at the end of the day that the public, the rate payer and the tax payer, are protected from any future cost and the repairs of the reservoir are not borne by them. He indicated that in a media interview in August he stated that he thought it was paramount that the public interest be protected and that when we do something, we do it right. He added that the reservoir was undertaken with good intentions and with the feasibilities of it working for many years to come. Since the tree did not bear the true fruits and we are now in a situation of trying to work through a very delicate operation which he understood, in the end he did not want the rate payers to be charged. Councilman Miranda did not think it was a rate payer issue; it was something that had to be worked out between Tampa Bay Water and the three entities mentioned by Mr. Lotspeich.

Chairperson Latvala thought all the Board concurred with Councilman Miranda, but added that getting there efficiently and effectively without spending tens of thousands of dollars on attorneys' fees benefits all of us.

Without going into technical questions, Mayor McPherson stated that there were basically three possible reasons for the cracking. It is either a design problem which would be HDR, a construction problem which would be the contractor Barnard, a problem with the quality control measures which would be Construction Dynamics Group, or a hybrid, a combination or those three things. The General Counsel is asking us to approve litigation since time is of the essence. With a two year statute of limitations which is going to pass in December, there is no time to go to the table and start talking. Mayor McPherson stated that the General Counsel is well aware of the Florida Rules of Professional Conduct which say that you can't file a suit without at least a good faith basis of believing that there is wrong doing, so he would take the General Counsel, staff as well as the outside counsel at their word when they say that suit needs to be filed. He stated that he would vote to approve the resolution, fire HDR, Barnard and the Construction Dynamics Group, Inc. As Councilman Miranda stated, he did not want the cost to go to the rate payers either.

Chairman Latvala concurred that no one on the Board wanted the cost to be borne by the rate payers and called for a motion to approve Resolution 2009-002.

Motion: Mayor McPherson moved approval. Councilman Miranda seconded the motion. The motion carried by a vote of 8-0 (Commissioner Sharpe was absent).

I1. Hydrologic Conditions Report - *Status Report*

Mr. Seeber advised the Board that the next two items would be informational items and the first would be Warren Hogg's presentation regarding hydrologic conditions and the situation in wetland areas.

Mr. Warren Hogg stated that he would present a brief overview of the hydrologic conditions for the Tampa Bay area focusing mainly on the wellfields, and Dr. Adams would address surface water sources and supplies in the following presentation.

Mr. Hogg noted that although the summer rainy season began as expected, the rainfall essentially stopped in the middle of August. From the middle of August to the end of September, very little rainfall was received. For September, rainfall deficits ranged from 3.3 inches at the N.W. Hillsborough Wellfield to as much as 6.7 inches at the Starkey Wellfield. Normally 6-8 inches of

rain is expected during the month of September. For the Water Year to date, there are a few wellfields that actually show average or slightly above-average rainfall. However, facilities at Cross Bar, Starkey, and in the Northwest Hillsborough area all recorded very low rainfall at the end of the summer, causing depressed surface water levels as a result.

Mr. Hogg stated that this was the second consecutive year with more rainfall recorded along the coastal communities than the inland portions of the Tampa Bay area. For most of the past two summers, winds came from the Gulf of Mexico, causing mostly coastal rain and not the large convective thunder storms we normally receive; this wind pattern created dry condition and rainfall deficits in the inland areas. Mr. Hogg displayed a graphic illustrating actual rainfall received compared with average rainfall, focusing on the rainfall deficit in the Hillsborough River drainage basin and the Alafia River drainage basin. The graphic depicted a number of rain gauges throughout the tri-county area, showing the average rainfall received at each station. Further explaining the graphic, he stated that rainfall recorded at many of the sites appears to be from ten to twenty inches below average for this year. Only two rain gauges on the edge of the Hillsborough River basin had average or above average rain; everything else in this area is below average leading to very low surface water levels and surface water flows.

Using the U.S. Drought Monitor Map, Mr. Hogg stated that the Tampa Bay area is considered abnormally dry and is one of the few parts of the state in this condition. As Tropical Storm Fay came across the state in the middle of August, it pulled moisture away from the area and deposited it everywhere else in the state. The subsequent hurricanes that came close to the state missed our area on both the east and west sides and again pulled moisture away from the Tampa Bay area.

Mr. Hogg turned his focus to a series of graphs that looked at three different wellfields within the system. The first was the Starkey Wellfield and he showed the monthly wellfield production for the past ten years along with water levels from one of the Floridan aquifer monitor wells. Since this wellfield was interconnected into the regional system in December of 2007, a reduction in pumpage has been seen in the wellfield. Prior to interconnection, pumping averaged about 12 mgd and now averages between 2 and 5 mgd. He explained that he placed the two graphs side by side to show the influence of pumping on water levels in the deep aquifer. Since pumpage was reduced in December 2007, water levels have increased about five feet.

Mr. Hogg's next graphic comparison used a relative date point of the end of September for each of the last ten years to show wetland water levels at the end of the summer rainy season. Even though this areas has had very low rainfall for the last couple of years, water levels in this wetland are about the same elevation as they were in the 2003/2004 period when high rainfall was recorded. This recent increase in water levels is largely due to a reduction in pumpage.

Using the same graphics, Mr. Hogg stated that another relationship seen between rainfall and surface water levels is shown in the two graphs comparing the wetland water levels at the end of September for each year and annual rainfall. For the last two years, based on the normally expected 52 inches, a rainfall deficit was recorded. In 2007, less than 40 inches of rainfall was received, and this year it averaged 45-46 inches. Normally with very low or even slightly lower than average rainfall, depressed surface water levels are seen; however, a recent recovery has been seen at the Starkey Wellfield. Showing photographs from the Starkey Wellfield, Mr. Hogg noted that many sites had standing water but because it stopped raining halfway through the rainy season, there is a mixture of wet and dry conditions in area wetlands.

The next graphic showed production for the Section 21 Wellfield and Mr. Hogg stated that from 1998 through 2004, production ranged from 8-10 mgd. Since this wellfield has been fully interconnected with the regional system and the wells rehabilitated with the casings deepened to draw water from the deeper part of the aquifer, production has averaged about 4 mgd. Referring to a graphic of the Floridan Aquifer water levels, Mr. Hogg noted the point in time where the wellfield was interconnected to the Regional System which produced a regional increase in Floridan Aquifer levels that has been sustained. At the Section 21 Wellfield, even with two years of below-average rainfall, water levels at the end of this year are essentially higher than they have been for more than ten years to the same time of year.

A graphic of water levels at Starvation Lake, one of the predominant surface water features at the Section 21 Wellfield, shows that water levels have almost recovered to a proposed minimum level that the Water Management District is considering. Wetlands on the property are looking much better than they have in the past, even though we have received lower than average rainfall for the past two years.

Regarding the third wellfield, the Cypress Creek Wellfield, Mr. Hogg stated that before being interconnected to the regional system, production varied between 15 and 30 mgd. Since being interconnected to the system, production averages about 15 mgd and again a dramatic increase in Floridan Aquifer levels has been seen. Since this is one of the more inland wellfields, sustained low rainfall has been seen along with a corresponding decline in water levels for the past three to four years.

Surface water conditions at the Cypress Creek Wellfield are fairly dry, and the annual rainfall received for the last four years has averaged at or just slightly over 40 inches, about a 10 inch deficit for each of these past four years. A number of wetlands are dry at Cypress Creek, but some are holding water which is a better condition than we saw in the drought of 2000/2001. Similar to conditions at the Starkey Wellfield, there is a mixture of wet and dry wetlands at the Cypress Creek Wellfield.

Using a graphic to highlight the production from the groundwater facilities that comprise the Consolidated Water Use Permits, Mr. Hogg stated that the 12-month running average pumpage at the end of September was 93 mgd. The compliance limit that must be met by January 1, 2009 is 90 mgd, so we are only 3 mgd away from meeting that compliance limit. Monthly production shows that since the beginning of the calendar year, production has been largely at or below 90 mgd. Great strides have been made to reduce production from these wellfields to meet the reduction goal.

The South-Central Hillsborough Wellfield was the final wellfield reviewed by Mr. Hogg and he stated that again the 12-month running average pumpage was about 20.5 mgd at the end of the Water Year, well below the compliance limit of 24.1 mgd.

Mr. Hogg stated that one of the Brandon Urban Dispersed Wells, Production Well #7, came back on line at the end of September and the other three wells are expected to be back in service after the first of the year.

Commissioner Higginbotham requested a copy of the U.S. Drought Monitor Map for the State of Florida. Mr. Hogg stated that he would provide the Commissioner with a copy.

Commissioner Schrader stated that he was encouraged to hear that the groundwater levels were similar to those recorded in the same period of 2005.

Mr. Hogg stated that 2003 and 2004 were two years where approximately 70 inches of rainfall was recorded in the tri-county area. During 2004, four hurricanes crossed the state. The Floridan Aquifer levels in many of our facilities are at or slightly higher than they were then which is a good sign of recovery, at least in the deeper aquifer. Mr. Hogg stated that lakes and wetlands must fill up from the top down with rainfall, but in the system we can influence with pumpage reductions, the groundwater in the deep aquifer, we are showing good signs of recovery.

Referring to the discussion at the workshop, Commissioner Schrader noted that the Starkey Wellfield is now interconnected and pumping can be rotated with various wellfields enabling more effective water management as evidenced by Mr. Hogg's report.

I2. Regional Water Supply Update

a. Water Year 2008 – Year-end Demand and Supply Allocation Report - *Status Report and Presentation*

b. Water Year 2009 – Expected Demands and Supply Allocation - *Presentation*

Dr. Alison Adams stated that her presentation would focus on a review of demand and hydrologic conditions in water supplies for the recently concluded Water Year 2008. She started with a table which provided a comparison of the targeted demands for the Water Year to actual delivery also looking at supply sources. Last year we anticipated delivery of about 187 mgd, and only delivered 176 mgd, a 6% decrease or about 10 mgd less water use than targeted. This decrease in water delivery is reflective of the economic times we are facing in the region as we watch a decline in new homes and in actual existing single family accounts and water use across the region.

Groundwater delivery was targeted to be about 121 mgd, and includes water from the 13 Consolidated Permit Wellfields, South-Central Hillsborough and Brandon Urban Disbursed (BUD) wells. Only 114 mgd was delivered for a 6% decline in groundwater usage over what had been targeted. For surface water sources, which include the desal plant, the Regional Surface Water Treatment Plant and the water purchased from the City of Tampa, 66 mgd had been targeted and about 64 mgd was used for a 3% decline.

Dr. Adams next series of slides focused on demands across the region. The first graphic showed the expected monthly demand pattern compared to the actually monthly demand along with the expected rainfall pattern compared to the actual rainfall pattern experienced on a monthly basis.

Dr. Adams stated that she would focus on rainfall first and then correlate that information with the changes in demands being seen. The period of time between October and May is a period of fairly consistent low rainfall volumes, usually two to three inches for that eight month period of time except for the month of November, which is the lowest rainfall month of the year producing about 1.5 inches of rain. After May we expect to enter the rainy season for the next four months, with increasing volumes of rain, a fairly consistent amount for those four months.

Last year we began the water year in October with about twice as much rain as expected, and then received about 8 weeks of very dry weather. There was almost no rain last November and we didn't

receive any rain until about the middle of December. January, February, March and into April produced some abnormal rain events with a couple of very high single day rain events producing a lot of rainfall over short periods of time. We then entered another 6-8 week period of essentially no rainfall until the middle of June when rainfall began and continued through July. In August Tropical Storm Fay came through the state and while she blessed the rest of the state with lots of rain, this area became dry and entered another six-week period of time where we received no rain until the last couple days in September.

Dr. Adams stated that about 6 inches less rainfall was received on an annual average basis this water year. During the summer, when we really expected to see a lot of rain, it didn't materialize. This is reflected in the demand patterns which show increasing demands as it got drier in November. That became somewhat moderated in December and then in January, February, March and April regional demands drop tremendously due to this unusual rainfall pattern that began in the winter and the early spring. After the first of April, demands crept up as they typically do the spring dry season and then usually peak around May or the first of June. Demands then dropped again dramatically as we hoped for a normal rainfall pattern.

Next Dr. Adams looked at Tampa Bay Water specifically and how demands have fluctuated both daily and seasonally and on an annual basis through the year. She noted that daily demand fluctuations last fall show increasing trends in demands until we got the rain. The City of Tampa was purchasing water from us in the December/January timeframe. The odd rain events received in January allowed the City of Tampa's reservoir to be replenished and they no longer needed to purchase water from Tampa Bay Water. The City was self-sustaining through much of the spring which is an unusual circumstance. In April and May demands begin to rise again and they peaked around the first of June with a total maximum delivery of about 240 mgd. Then the rains came and in August we experienced the minimum day demand of 132 mgd, but after the rains subsided demands creep back up and around the end of September we maxed out at about 189 mgd. Dr. Adams highlighted the difference between the max day and the minimum day was about 100 mgd of potable water that was used for irrigation. Again from August to September there is an increase of water use, 60 mgd, used for irrigation. She pointed out that if you take the difference between the minimum and maximum daily demand and save 20% of that 100 mgd on an annual average basis, it would save 20 million gallons and enable us to delay the construction of some of the water supply projects discussed during the workshop.

Focusing again on demand, Dr. Adams used a graphic showing the daily fluctuations in demands from the first of August to the end of September. Referring to the actual daily rainfall amounts received across the region, she stated that fairly consistent rain was received until about the third week in August followed by a dry September. She noted the daily increase in demands due to the lack of rainfall the area.

Turning to the topic of supply sources, Dr. Adams used a graphic outlining the Hillsborough River, the Alafia River, and the Tampa Bypass Canal watersheds along with rainfall stations and the USGS stream flow gauging stations that are monitored on a real time basis to track the day-to-day rainfall and stream flows in the area. The Hillsborough River watershed in particular has had about four years of declining, less than normal, rainfall amounts. Across that watershed on average, rainfall total is down about three feet, 36 inches, over a four-year period. Rainfall in the Alafia River water basin is down about a foot and a half over the last four years. Dr. Adams then showed recent photos of the Hillsborough River and the Alafia River. The next graphic illustrated the disparity in

the actual amount of river flow in the Hillsborough River at the end of September as compared to what would normally be expected. About 19 percent of the amount of flow expected in the Hillsborough River occurred in the month of September. The month of September is the end of the rainy season when we expect the bulk of the flow. Water flow conditions are very similar to the conditions that occurred in the river during the 2000/2001 drought. Showing a photo taken at the stream flow gauging station located at Morris Bridge Road over the Hillsborough River, Dr. Adams observed that the water is barely moving and conditions are so low in the river you can see the bottom.

Turning to the Alafia River, Dr. Adams showed graphics of how much water we would expect to receive in the month of September compared to how much was actually received, about 15 percent of the expected amount. She then showed a photo taken at the intake structure off Belle Shoals Road pointing out that the river flow is below our permit threshold and conditions are very low for this time of the year.

Dr. Adams displayed a graphic that is provided by the USGS Drought Watch representing the seven day stream flow. She explained that the USGS takes the previous seven days and compares it against the long-term history for gauging stations in their area. The two graphics, one from October 6 through October 13, and one for the last seven days through October 19, show that the actual flows are less than the fifth percentile, which are extremely low for this time of the year. The little rain received during the first of October puts some of the gauging stations in the more coastal areas up about a percent, but not the Hillsborough River gauging station. When river flows are in the tenth percentile at the end of the wet season, you know it will be a very long, dry fall and into the spring of the year.

Dr. Adams next graphic showed the operation of the regional reservoir which came on line in 2005 and has been in continuous operation over the last several years. During Water Year 2008, we began withdrawing water from the reservoir in December and used it fairly continuously through the middle of July, allowing installation of monitoring equipment and data collection activities to occur. In the middle of July we reached an elevation of just under 96 feet, and about 4 billion gallons of storage remained in the reservoir. The rain received at the end of July and the first part of August, enabled us to fill the reservoir about 2 billion gallons. As reported at the October Board meeting, an agreement was reached with the Department of Environmental Protection in early August to limit filling the reservoir to an elevation of 105 feet, a storage level of 6.5 billion gallons of water, due to the investigation of the flat plate soil cement. We began using the reservoir at the end of September due to the low flow surface water conditions in order to keep the Surface Water Treatment Plant on line. Through October 19, we have withdrawn about 450 million gallons of water and the storage in the reservoir is now down to about 5.7 billion gallons.

In response to a question from Commissioner Schrader regarding how many days worth of storage was in the reservoir, Dr. Adams replied that it depended upon the withdrawal rate being used. She referred to a table distributed with the agenda material containing the withdrawal schedule and the length of time the reservoir is expected to be operational based on that schedule, which begins with about 40 mgd for about 60 days. She was hopeful that rain would be received in December and January allowing the reservoir to be used less. She added that she was trying to get the reservoir to last through April but cautioned that it would require paying close attention to how we operate and how much water is taken out

Dr. Adams' next graphic was the Operational Summary for WY 2008 compared to WY 2007 which again showed about a 6 percent decrease for Water Year 2008. She noted that groundwater sources were reduced by about 19%, surface water production, which includes the Surface Water Treatment Plant, the Desal facility, and water purchased from the City of Tampa, increased by about 32 percent. While we did have more surface water available, it came at odd times of the year. Use of the reservoir was a little less than in WY2007 but year ended with storage in the reservoir at about 40 percent capacity; storage started at 6.4 billion gallons as opposed to over 8 billion last year.

Dr. Adams stated that given hydrologic and water supply conditions, we have now reached an extreme water shortage condition based upon declining surface water flows. To mitigate the declining surface water flows, in July we asked the Water Management District for an executive order to increase our percentage of withdrawal from the Alafia River from the permitted limit of 10 percent to 19 percent, and increase the maximum to 60 mgd. We were able to take advantage of that until the middle of September when the Alafia River's flow actually dropped below the permitted threshold. The Water Management District has extended that order through the remainder of the calendar year, so if rain is received between now and December, once the water levels come above the permit threshold, we can take advantage of that flow in the Alafia River.
She further explained that around the middle of September as the city's reservoir continued to decline, we began augmenting their reservoir with water from the middle pool of the Tampa Bypass Canal. We reached the permit limit on that recently and received an Executive Order from the Water Management District to allow us to lower the middle pool level and extend the Harney augmentation. With the implementation of that order we have been able to increase the augmentation and stabilize the City's reservoir as we have done over the past three years. Dr. Adams stated that in addition to our declining reservoir storage, starting off at 40 percent capacity, the city's reservoir started off this water year lower than they typically expect at the end of the rainy season.

Dr. Adams again referred to the fluctuating demands based on the rainfall patterns occurring in the area. Last week, we submitted a letter to the Water Management District seeking the District's declaration of an Extreme Water Shortage which is Phase III in the District's Water Shortage Rules. The District will be taking that request to Governing Board meeting at the end of the month. Approval by the District would mean implementation of additional demand management activities such as enforcement of irrigation restrictions, and doing all we can to limit water being used on lawns and landscaping.

Mayor McPherson referred to the fact that the Reservoir was at 40 percent capacity and that he understood that was in part due to the inability to get more surface water, but asked how much of that was due to the District's requirement not to exceed 50 percent.

Dr. Adams clarified that Tampa Bay Water entered an agreement with the Florida Department of Environmental Protection (FDEP) to not fill the reservoir above 105 feet due the concerns and issues with the soil cement. The investigations are still ongoing and we have not been able to address all their questions. Without that limit additional surface water in August would have enabled us to fill the reservoir more.

Mayor McPherson asked for further explanation of the USGS Drought Watch slide. Dr. Adams explained that the percentiles represent average daily flows. The seven day average of those daily flows are in the 6-9 percentile, which means that based upon the historic daily flows, over 90 percent

of the flows are greater than the flows seen in the last seven days, 90-95 percent of the flows are higher.

Chairman Latvala observed that she was able to find a positive in Dr. Adams' presentation. Even though there are drought conditions and citizens are using a lot of water for irrigation, it appears that during rainfall times people turn their sprinklers off. Dr. Adams pointed out however that they were too quick to turn the sprinklers back on.

b. Water Year 2009 – Expected Demands and Supply Allocation

Dr. Adams displayed the Operating Protocol Implementation - Annual and Monthly Planning graphic to give the Board a sense of the overall planning and implementation process undertaken to determine what water sources will be used on an annual, quarterly, monthly and weekly basis. This decision process starts at the beginning of the budget cycle, is updated as we get closer to the start of the water year and is updated throughout the year. Dr. Adams added that the target demand for Water Year 2009 has been revised downward. Based upon the current water use and economic conditions we actually expect to deliver less water than was originally budgeted. She stated that the results of the monthly planning were provided in Table I of the Board's agenda memorandum in the packet. That allocation strategy is implemented on a monthly basis, and the Optimized Regional Operations Plan is run weekly. That provides the well-by-well rotation priorities for meeting the ground water production. The information is constantly being evaluated and updated. A seasonal review with updated information is provided to the Board to adjust the monthly planning as we move through the year and the water year ends with an annual reporting. Dr. Adams stated that she would be back before the Board in December with the draft Optimized Regional Operations Plan Annual Report which will summarize in more detail the rotational and operational implementation of the past year's OROP.

Dr. Adams stated that the plan which identifies our water supply allocations by source for the upcoming water year is based upon different and often competing criteria. First we must determine how much supply will be needed to meet demand for the upcoming year. For WY09 the number has been revised down to 182.4. This is a little higher than the actual demands delivered this past year and provides a little flexibility in some of our planning activities. But first and foremost, the allocation strategy that is carrying the most weight this year is meeting and maintaining wellfield compliance with the 90 mgd 12-month running average compliance of the Consolidated Wellfield Permit. Additionally, we still have production requirements to meet that are part of the desal funding agreement in order to receive the money from the Water Management District. Dr. Adams stated that she must also look at current and near term expected hydrologic conditions and how that translates into supply conditions. It is also important to incorporate scheduled maintenance shut down activities that are a part of the contract and regulatory requirements of our two contract operated plants, the Surface Water Treatment Plant and the Desal Plant, into our allocation strategy.

Dr. Adams stated again that the bottom line on the water supply allocation strategy this year is to meet and maintain compliance with the Consolidated Wellfield Permit. Dr. Adams explained a graphic showing actual production, the target wellfield production, and the 12-month running average of all the production. She explained that he first bar for October is the 12-month running average and includes the prior 11 months and the actual production at the wellfield experienced in October, month-to-date. The month of October is running a little ahead of our targeted

groundwater production in the Consolidated Wellfields, and this will ripple through the remainder of the year in terms of being able to meet and maintain compliance with the 90 mgd.

Dr. Adams stated that although we are on target to meet that 12-month running average, the 90 mgd compliance, by the end of the December, without demand management it is going to be very difficult to maintain that 90 mgd compliance through the spring of the year, May and possibly June. The only way we can do that is through the demand management efforts of all the member governments.

Dr. Adams stated that she would be providing frequent updates to the Board and the member governments on the status of wellfield production and demands throughout the year. She stressed that unless it rains more than normal, the only way we will maintain compliance with the Consolidated Wellfield Permit is through a joint effort to reduce the use of potable water for irrigation.

Chairman Latvala observed that Dr. Adams' presentation kind of circles back to what the Board talked about in the workshop and the importance of working together to reduce demand and how the only way to do that is through providing reclaimed for irrigation. She stated that Pinellas County has stepped up messaging to the public on public television and through fliers in the water bills, etc. She urged all Board Members to do that as well, adding that it was real important for the public to understand how serious this situation is.

J1. Construction Status Report and Progress - *Presentation*

Ms. Amanda Rice stated that the Construction Status Report would begin with an update of System Configuration II projects followed by other projects currently under construction. System Configuration II consists of 10 projects, five in the construction phase and five scheduled for bidding during the first half of 2009.

- Surface Water Treatment Plant Expansion - two treatment trains are being added to increase the plant capacity from 72 mgd to 99 mgd on a daily basis with a rated capacity of 120 mgd. The notice to proceed was issued to Veolia in May 2008 and substantial completion is scheduled for July 2010.

- South-Central Hillsborough Infrastructure Project, Phase II - project includes treatment of water from the Brandon Urban Dispersed Wells for delivery to Hillsborough County's Lithia Water Treatment Plant. The project includes new chloramination facilities at Well Sites 5 and 7 and 4.5 miles of 10, 20 and 24-inch pipe. Substantial completion is scheduled for January 2009.

- Tampa Bypass Canal Pump Station Expansion project will increase the capacity of this facility from 138 to 259 mgd of raw water that can be withdrawn from the lower and middle pools. Six of the eight pumps are scheduled to be available by June 2010 in order to have adequate capacity for the Surface Water Treatment Plan acceptance testing. Substantial completion is scheduled for January 2011.

- Regional Facilities Site Expansions consists of two projects with substantial completion scheduled for May 2010:

- High Service Pump Station expansion project will increase the capacity from 120 mgd to not less than 135 mgd for finished water leaving the facilities site.

- Repump Station Expansion project will increase the capacity from 130 mgd to not less than 180 mgd of raw water being sent to the reservoir.

Ms. Rice noted that active construction activities are also being performed under five contracts at six locations:

- Central Pasco Infrastructure Project consists of three projects
  - The Odessa Booster Station became operational on August 6th
  - The Lake Bridge Booster Station and Water Treatment Plant is currently going through electrical and instrumentation and controls check-out. Testing and startup are scheduled for November.
  - US 41 Booster Station is expected to be operational by the end of December.

- Facilities Site Points of Connection project includes two connections to the Regional System from the North Central Hillsborough Intertie.

  - The first connection is for emergency supply to the City of Tampa and was constructed under a Joint Project Agreement. Successful checkout of this connection occurred in September with delivery of water into the City's system. Construction of this component is complete.

  - The second connection will supply Hillsborough County's Central Hillsborough Water Treatment Facility that's currently under construction. This connection was installed by Tampa Bay Water under the 2004 Memorandum of Understanding for the South Central Hillsborough Service Area. Hillsborough County's new plant is expected to be operational later this year. Check out and startup of this connection will occur at that time.

- The South Pasco Water Treatment Plant Chemical Feed Modifications project is being conducted to increase chemical contact time and mixing. The South Pasco Wellfield is currently off-line while this construction occurs. Substantial completion is scheduled for the first of the year.

- Cypress Creek Pump Station Projects:
  - Phase 2 of the Cypress Creek Header Improvements project includes installation of seven replacement suction and discharge isolation valves, and six ball control valves. This project is almost complete, with minor activities remaining.

  - The Cypress Creek Pump #6 Motor and Variable Frequency Drive project involves replacement of undersized and outdated equipment. This project is in the submittal phase, and is scheduled for substantial completion in May 2009.

In summary, Ms. Rice stated that construction contracts for half of the System Configuration II projects have been awarded to date for a total amount of $175.4 million. For those contracts,

invoices totaling $19.4 million have been paid by Tampa Bay Water, with $9.1 million reimbursed by SWFWMD for design-phase costs as well as construction. For the other active construction projects, $14.2 million has been paid on the total contract amount of $19.1 million.

K1. General Counsel Annual Evaluation

Chairman Latvala stated that it was time for the evaluation of the General Counsel and thanked the Board Members who contributed by sending in comments. She recommended that Mr. Lotspeich receive the same annual compensation increase equal to what other administrative staff received.

Motion: Commissioner Hildebrand moved approval. Councilman Bennett seconded the motion. The motion carried unanimously by a vote of 9-0 (Commissioner Sharpe was absent).

L. Receive & File

Motion: Commissioner Hildebrand moved approval of Receive & File. Commissioner Duncan seconded the motion. The motion carried by a vote of 8-0 (Commissioner Sharpe was absent).

Adjournment:

The meeting adjourned at 11:30 a.m.

Attest: _____
Gerald J. Seeber, Secretary

Date: 12-15-08