

COLUMBIA COUNTY UTILITY COMMITTEE
POST OFFICE BOX 1529
LAKE CITY, FLORIDA 32056-1525

CITY OF LAKE CITY COUNCIL CHAMBERS
205 NORTH MARION AVENUE
LAKE CITY, FLORIDA 32055

AGENDA

AUGUST 24, 2010

9:00 A.M.

Honorable Jody DuPree, Utility Committee Chairman:

- (1) Call to Order**
- (2) David Kraus - Payment of Regulatory Assessment Fees Policy (Prior Years to Current)**
 - a) Kirby D. Morgan, Inc.**
 - b) College Manor**
 - c) Consolidated Water Works, Inc.**
 - d) Gator Utilities**
 - e) Quail Heights**
- (3) David Kraus - Waste Water Treatment Fees – Payment Options**
- (4) David Kraus – Update of Ellisville Water Treatment Facilities**
- (5) David Kraus - Update of CDBG Grant**
- (6) Minute Approval – Utility Committee**
 - a) June 22, 2010**
- (7) Other Discussion**

August 10, 2010

David Krause, Senior Staff Assistant
Columbia County Board of County Commissioners
Post Office Box 1529
Lake City, FL 32056

RE: Kirby D. Morgan, Inc. Wastewater Facility

Dear Mr. Krause:

As requested in your letter dated July 21, 2010, we are hereby providing the following information:

1. Annual Report for the Year Ended December 31, 2008.
2. Regulatory Assessment Fee Return for the Year Ended December 31, 2008.
3. Annual Report for the Period Beginning May 12, 2007 Through December 31, 2007.
4. Regulatory Assessment Fee Return for the Period May 12, 2007 Through December 31, 2007.

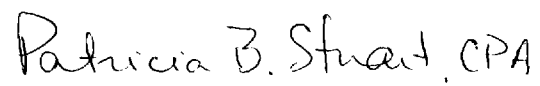
As you may be aware, the Florida Public Service Commission rescinded its jurisdiction over the Kirby D. Morgan, Inc. Wastewater facility as of May 11, 2007. Kirby D. Morgan, Inc. submitted a Regulatory Assessment Fee to the Public Service Commission for the gross revenues generated during the short period beginning January 1, 2007 through May 11, 2007. Therefore, the attached 2007 Annual Report and Regulatory Assessment Fee include only that part of the year for which the County has jurisdiction over the facility.

Also as discussed, we would appreciate consideration of an installment payment plan for the outstanding Regulatory Assessment Fees payable to the county. The total amount payable to the County is \$9,239 (\$4,142 for 2009, \$3,507 for 2008, and \$1,590 for 2007). Settlement of this obligation will place considerable financial strain on the struggling company. We do appreciate your concession to waive the penalty for late reporting and payment.

Enclosed is a check for the first payment of this delinquency. The company is now aware of its obligation to report and will make every effort to stay current. Management does not feel that the County has been and is still not timely with this process. Please coordinate with Denise Bose regarding the agreeable payment terms for the balance.

Please advise if you have questions regarding these reports or need additional information. We appreciate your assistance.

Sincerely,

A handwritten signature in black ink that reads "Patricia B. Stuart, CPA". The signature is written in a cursive style with a clear, legible font.

Patricia B. Stuart, CPA
For the Firm

Cc: Kirby Morgan
Denise Bose
Terry McDavid, Esquire



**THE LAW OFFICES OF
ESPENSHIP & SCHILAX**



RECEIVED

1619 6th Street South
Jacksonville Beach, FL 32250
(904) 591-6790
Email: eshipconsolidated@shaw.com

AUG 09 2010
Board of County Commissioners
Columbia County

August 4, 2010

Board of County Commissioners
Columbia County
P.O. Box 1529
Lake City, FL 32056

Re: Azalea Park, Shady Oaks, Suwannee Valley Estate, 242 Village

Dear Mr. Kraus:

I am in receipt of your letter dated July 26, 2010 (a copy herewith attached) imposing regulatory assessment fees for 2007 through 2009, along with the filing of the accompanying annual reports. On December 11, 2007, my brother, Jeff Espenship, and I traveled to Lake City to meet with any county regulator since we were informed that the Florida Public Service Commission (the "Commission") would no longer be regulating Consolidated Waterworks, Inc. ("Consolidated"), and that such regulation had been subsumed by Columbia County (the "County").

Briefly, on that day, Jeff and I met with managers of Greater Lake City Utility (the "City"), however, we were unable to find anyone who could provide us information about whom to speak with from the County, what forms needed to be filed, or how to obtain rate increases. Also, at that time, we were informed that much was in disarray due to the recent purchase of the Lenvil Dick's water systems. We left having no answers. As such, I searched the Internet but found nothing. I have since been provided a copy of Columbia County Utilities Regulatory Ordinance, albeit, am unaware if this was available on the web in 2007 when I conducted my search.

When the Commission regulated Consolidated all requisite annual reports were filed timely; the 3% regulatory assessment fee was paid timely; and we had an avenue to increase rates with ever increasing costs. In fact, Consolidated's current rates are 30% – 50% less than that charged by the City and County. As a result, Consolidated has suffered significant losses over the past three years since no mechanism was previously in place to increase water rates. The County had not established the controls, the forms, the personnel, the offices, *etc.*, until recently in order to assist independent water system operators.

Moreover, per your letter, fees are now being sought for amounts that have never been collected. The County would find it unconscionable for Consolidated to go back for the past three years and

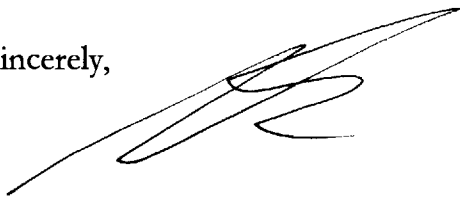
reassess a 4.5% fee on our existing customers whom may or may not have been customers during the timeframe hereof. And, as mentioned above, Consolidated has always followed the law, completed and filed all required forms, paid all fees, and provides safe drinking water as approved by the Florida Department of Environmental Protection.

Therefore, Consolidated respectfully requests, due to the difficulties experienced by all (including the County) during this transitional period, that the County:

1. Waive all regulatory assessment fees from 2007 – 2009 (as they have never been collected and Consolidated has operated at a loss for each of the subject years);
2. Waive the filing of the Annual Reports for periods 2007 – 2009 (still unable to locate the forms for the time periods involved);
3. Beginning October 1, 2010, Consolidated will assess the 4.5% tax, collect same, and remit the amounts to the County as required by the Ordinance; and
4. File the 2010 Annual Report (please provide a copy of the forms).

Should you have any questions, please call me to discuss.

Sincerely,

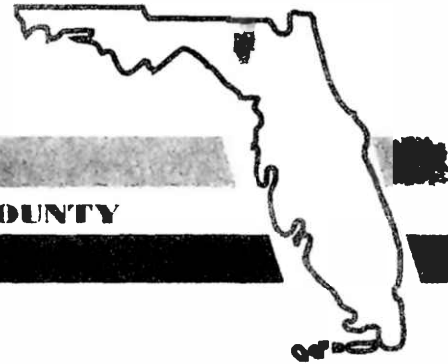
A handwritten signature in black ink, appearing to read 'Sean A. Espenship', written over a horizontal line.

Sean A. Espenship, Esq./*CPA

Florida Bar #128340

*Maryland Certified Public Accountant (Inactive)

District No. 1 - Ronald Williams
District No. 2 - Dewey Weaver
District No. 3 - Jody DuPree
District No. 4 - Stephen E. Bailey
District No. 5 - Scarlet P. Frisina



BOARD OF COUNTY COMMISSIONERS • COLUMBIA COUNTY

July 26, 2010

Jeff Espenship
Shaun Espenship
Consolidated Utilities
1188 SW Main Blvd
Lake City 32025

RE: Azalea Park, Shady Oaks, Suwannee Valley Estates, and 242 Village.

Dear Mssrs. Espnship:

In 2007, the Columbia County Board of Commissioners adopted the Columbia County Utilities Regulatory Ordinance. I am attaching a copy of Columbia County Utilities Regulatory Ordinance.

Section 118-228 of the ordinance requires you to submit an annual report within 90 days of the close of your fiscal year and Section 118-227 requires the payment of regulatory assessment fees. You have not filed any annual reports with the County nor paid the regulatory assessment fees. You will need to file this report and pay the associated fees for the fiscal years 2007, 2008 and 2009 within thirty (30) days of the date of this letter and the County will waive any late charges. Fees paid after the expiration of the thirty (30) days will be assessed late charges as provided in the ordinance.

If you have any questions, please do not hesitate to contact me at (386) 755-4100.

Sincerely;

A handwritten signature in black ink, appearing to read 'DK', is written over a faint, circular stamp or watermark.

David Kraus
Senior Staff Assistant

CC: Azalea Park, Shady Oaks, Suwannee Valley Estates, and 242 Village Utility Files

BOARD MEETS FIRST THURSDAY AT 7:00 P.M.
AND THIRD THURSDAY AT 7:00 P.M.

**CCBCC ELLISVILLE UTILITY
NW LOOP**

PHASE 1

ITEM	UNITS	UNITS BID	UNIT PRICE	TOTAL
12" C900	LF	2350	\$ 21.75	\$ 51,112.50
12" GATE VALVE AND BOX	EA	4	\$ 1,815.00	\$ 7,260.00
12" TEE	EA	2	\$ 1,000.00	\$ 2,000.00
FIRE HYDRANT ASSEMBLY	EA	4	\$ 3,135.00	\$ 12,540.00
CLEARING AND GRUBBING	AC	0.09	\$ 5,800.00	\$ 532.60
TESTING (PRESSURE)	LS	1	\$ 2,000.00	\$ 2,000.00
TESTING (BACTERIOLOGICAL)	LS	1	\$ 1,500.00	\$ 1,500.00
SILT FENCING	LF	200	\$ 1.10	\$ 220.00
SEED MULCH	SY	3900	\$ 0.55	\$ 2,145.00
SOD	SF	1000	\$ 0.45	\$ 450.00
CONSTRUCTION STAKEOUT	LS	1	\$ 1,000.00	\$ 1,000.00
SOIL TESTING	LS	1	\$ 1,000.00	\$ 1,000.00
CERTIFIED ASBUILTS	LS	1	\$ 1,000.00	\$ 1,000.00
MAINTENANCE OF TRAFFIC	LS	1	\$ 2,000.00	\$ 2,000.00
PHASE 1 ESTIMATED TOTAL				\$ 84,760.10

PHASE 2

ITEM	UNITS	UNITS BID	UNIT PRICE	TOTAL
8" C900	LF	2720	\$ 14.50	\$ 39,440.00
8" GATE VALVE AND BOX	EA	6	\$ 1,200.00	\$ 7,200.00
8" TEE	EA	2	\$ 800.00	\$ 1,600.00
FIRE HYDRANT ASSEMBLY	EA	6	\$ 3,135.00	\$ 18,810.00
CLEARING AND GRUBBING	AC	0.07	\$ 5,800.00	\$ 399.45
TESTING (PRESSURE)	LS	1	\$ 3,000.00	\$ 3,000.00
TESTING (BACTERIOLOGICAL)	LS	1	\$ 2,000.00	\$ 2,000.00
SILT FENCING	LF	600	\$ 1.10	\$ 660.00
SEED MULCH	SY	1600	\$ 0.55	\$ 880.00
SOD	SF	12000	\$ 0.45	\$ 5,400.00
CONSTRUCTION STAKEOUT	LS	1	\$ 1,500.00	\$ 1,500.00
SOIL TESTING	LS	1	\$ 2,000.00	\$ 2,000.00
CERTIFIED ASBUILTS	LS	1	\$ 1,500.00	\$ 1,500.00
DIRECTIONAL DRILL	LF	200	\$ 64.00	\$ 12,800.00
CUT AND PATCH ROADWAY	SF	4000	\$ 10.00	\$ 40,000.00
INLET PROTECTION	EA	6	\$ 120.00	\$ 720.00
MAINTENANCE OF TRAFFIC	LS	1	\$ 8,000.00	\$ 8,000.00
PHASE 2 ESTIMATED TOTAL				\$ 137,909.45

PHASE 3

ITEM	UNITS	UNITS BID	UNIT PRICE	TOTAL
8" C900	LF	1400	\$ 14.50	\$ 20,300.00
8" GATE VALVE AND BOX	EA	5	\$ 1,200.00	\$ 6,000.00
8" TEE	EA	2	\$ 800.00	\$ 1,600.00
FIRE HYDRANT ASSEMBLY	EA	5	\$ 3,135.00	\$ 15,675.00
CLEARING AND GRUBBING	AC	0.00	\$ 5,800.00	\$ -
TESTING (PRESSURE)	LS	1	\$ 3,000.00	\$ 3,000.00
TESTING (BACTERIOLOGICAL)	LS	1	\$ 2,000.00	\$ 2,000.00
SILT FENCING	LF	600	\$ 1.10	\$ 660.00
SEED MULCH	SY	1555	\$ 0.55	\$ 855.25
SOD	SF	14000	\$ 0.45	\$ 6,300.00
CONSTRUCTION STAKEOUT	LS	1	\$ 1,500.00	\$ 1,500.00
SOIL TESTING	LS	1	\$ 2,000.00	\$ 2,000.00
CERTIFIED ASBUILTS	LS	1	\$ 1,500.00	\$ 1,500.00
DIRECTIONAL DRILL	LF	300	\$ 64.00	\$ 19,200.00
CUT AND PATCH ROADWAY	SF	2000	\$ 10.00	\$ 20,000.00
INLET PROTECTION	EA	10	\$ 120.00	\$ 1,200.00
MAINTENANCE OF TRAFFIC	LS	1	\$ 8,000.00	\$ 8,000.00
PHASE 3 ESTIMATED TOTAL				\$ 101,790.25

PHASE 4

ITEM	UNITS	UNITS BID	UNIT PRICE	TOTAL
12" C900	LF	5950	\$ 21.75	\$ 129,412.50
12" GATE VALVE AND BOX	EA	12	\$ 1,815.00	\$ 21,780.00
12" TEE	EA	2	\$ 1,000.00	\$ 2,000.00
FIRE HYDRANT ASSEMBLY	EA	8	\$ 3,135.00	\$ 25,080.00
CLEARING AND GRUBBING	AC	1.15	\$ 5,800.00	\$ 6,657.48
TESTING (PRESSURE)	LS	1	\$ 3,500.00	\$ 3,500.00
TESTING (BACTERIOLOGICAL)	LS	1	\$ 2,500.00	\$ 2,500.00
SILT FENCING	LF	1000	\$ 1.10	\$ 1,100.00
SEED MULCH	SY	6556	\$ 0.55	\$ 3,605.56
SOD	SF	3000	\$ 0.45	\$ 1,350.00
CONSTRUCTION STAKEOUT	LS	1	\$ 1,500.00	\$ 1,500.00
SOIL TESTING	LS	1	\$ 1,700.00	\$ 1,700.00
CERTIFIED ASBUILTS	LS	1	\$ 2,000.00	\$ 2,000.00
DIRECTIONAL DRILL	LF	380	\$ 64.00	\$ 24,320.00
CUT AND PATCH ROADWAY	SF	500	\$ 10.00	\$ 5,000.00
INLET PROTECTION	EA	0	\$ 120.00	\$ -
MAINTENANCE OF TRAFFIC	LS	1	\$ 2,000.00	\$ 2,000.00
PHASE 4 ESTIMATED TOTAL				\$ 231,505.54

Kraus

UTILITY COMMITTEE
June 22, 2010
9:00 a.m.

The Columbia County Utility Committee met in a scheduled meeting in the City of Lake City Council Chambers at 9 a.m.

Members Present:

Commissioner Jody Dupree
Commissioner Scarlet Frisina
Commissioner Stephen Bailey
Councilman Eugene Jefferson

Members Absent:

Councilman George Ward
At Large Member Walt Graham
At Large Member Billy Dow

Others in Attendance for County:

County Manager Dale Williams
Office Manager Carolyn Baker
Marc Neihaus, Eutaw Utilities
County Purchasing Director Ben Scott
David Kraus
Greg Bailey of Bailey Bishop & Lane

Public Works Director Kevin Kirby
Deputy Clerk Sandy Markham
County Engineer John Colson
GTC Design Group, Chad Williams
Utilities-Drainage Superintendent J.M. Moody

Order:

Chairman Dupree called the meeting to order.

Eastside Village Rates:

Mr. David Kraus said that Kirby D. Morgan(d.b.a Eastside Village) raised water rates from \$35 to \$45 in January 2010. After raising the rates, Kirby D. Morgan learned that Eastside Village falls under County Ordinance 2007-15 and that the rates are regulated by the county. Mr. Kraus said the County needs to set the rate. It was proposed that the Utility Committee recommend approval of the current rate and appointment of a hearing officer.

Commissioner Bailey asked if the increase from the \$35 rate is the last rate increase approved by the Public Service Commission. Mr. Kraus said he was not certain, but assumed the last increase was approved by the Public Service Commission. Commissioner Bailey asked Mr. Kraus to verify the rate was approved by the Public Service Commission.

MOTION by Commissioner Bailey to appoint Attorney Brian Armstrong as the Public Hearing Officer who will consider the rate increase, and submit his findings to the Board. Second by Commissioner Frisina. The motion carried unanimously.

David Kraus

Chairman Dupree introduced Mr. David Kraus and advised that Mr. Kraus would be the person who would relieve the workload relating to utilities from County Manager Dale Williams and Asst. County Manager Lisa Roberts.

College Manor Water System – Informational Item

County Manager Williams advised that Ms. Daisy Jones has indicated that she is no longer capable, financially or otherwise, to maintain the College Manor Water System. From what he has been told, there is a good chance that the county could be ordered to take this system over by the courts.

Greg Bailey of Bailey, Bishop and Lane reviewed the water system at College Manor. He summarized his findings on the 50 year old system. He estimates the recommended improvements will be approximately \$200,000. This is a small water system with a net profit of approximately \$1,200 per year. This system has a limited customer base of forty-seven homes, and is not a good candidate for expansion. It was estimated that the life of the system is no longer than one year. This area would likely qualify for Community Development Block Grant funds.

It is believed that this customer base could best be served by the City of Lake City. The water system is clearly within the five mile designated area the City has a right to serve in the unincorporated area. Thus far, the City has chosen not to take on this project. The County has designated the College Manor area to be analyzed as part of its CDBG review process, but there is no guarantee that this project will qualify. It was believed that the County and the City should work together to resolve this if a CDBG Grant is funded.

In April 2010, the rate schedule for the College Manor Water System increased from \$13.75 base rate, plus \$1.60 per 1000 gallons to \$14 base rate plus \$2 per 1000 gallons used. If the City or the County takes this project over, there would be a rate increase. Many residents in that area have called to say they cannot afford an increase.

Commissioner Bailey asked that a letter be prepared and sent to all private water operators explaining the requirements of the utility ordinance and the requirements for implementing a rate increase.

Utility Ordinance Update:

The County Manager advised there are three newly proposed ordinances relating to utilities: Ordinance 2010-13 [Oil and Grease], Ordinance 2010-6 [Main extensions], and Ordinance 2010-11 [Utility Rates]. The three proposed ordinances, along with an amendment to Ordinance 2010-2 have been scheduled for public hearing on July 20, 2010.

Infrastructure Corporation of America (“ICA”)

County Manager Williams advised that ICA was selected through the bid process to operate the Ellisville Water Plant. This contract has been reviewed by the County Attorney. Approval and recommendation for adoption by the Board of County Commissioners was recommended.

MOTION by Commissioner Bailey to recommend approval of the Infrastructure Corporation of America contract. Second by Commissioner Frisina. The motion carried unanimously.

Minute Approval:

MOTION by Commissioner Bailey to approve the minutes of January 26, 2010. Second by Commissioner Frisina. The motion carried unanimously.

MOTION by Commissioner Frisina to approve the minutes of April 27, 2010. Second by Commissioner Bailey. The motion carried unanimously.

Well System Update

Mark Neihaus gave a brief update and said the official startup date should be very soon; perhaps as early as the next week. He advised that a phone line would be needed at the site, and it will need to be programmed to call a certain set of numbers in the event of an operation failure.

Surplus Pipe

Mr. Kevin Kirby advised the well contractor in Ellisville is interested in selling the county his leftover 12” pipe instead of him having to restock it. The pipe costs approximately \$13 per foot. The County will use this size pipe in the near future. The Committee agreed to offer the well contractor the cost of the pipe, less half of the restocking fee. There was discussion about storing the pipe. Commissioner Bailey will meet Mr. Kirby at the old pole barn on the western side of the wellfield property to show him the old pole barn that could possibly be used for storage.

MOTION by Commissioner Frisina to accept the Committee’s recommendation to purchase the pipe less half the restocking fee. Second by Commissioner Bailey. The motion carried unanimously.

Public Question

Citizen Stewart Lilker asked if a person several miles from the main connection requests a waterline be run to their property, whether the people between the main connection point and where the line is extended to would have to share in the cost of extending the line.

The County Manager explained that the requesting party would have to pay to have the line extended. A portion of the fees paid by those hooking on to that line at a later date would be shared with the person who initially paid to have the line run. They would not have to pay for the line extension unless they hooked onto the line.

Adjournment

There being no further business, the meeting adjourned at 10:40 a.m.

ATTEST:

P. DeWitt Cason
Clerk of Circuit Court

Jody Dupree, Chairman
Utility Committee