

Why Should Charlotte County Request A Formal Dispute Resolution of the 1991 Rebuild Project Cost Allocation

By Commissioner Ken Doherty, Chairman, Charlotte County

Trust and fair treatment is how you and I treat others and how we hope others will treat us. These same principles apply to governments. When governments work together for the common good, their relationship must be built on trust and fair treatment.

In 1991 Charlotte County trusted the Peace River Manasota Regional Water Supply Authority, when it turned over its only source of drinking water, the Peace River Facility, and in return expected fair treatment. That commitment was recognized in the contracts that Charlotte County and its regional partners entered into creating the Authority and regulating the operation and maintenance of the Peace River Facility.

In December 2013, the Authority Board voted to force the County to pay 74.18 percent or \$9.5 million of a \$12.8 million project to repair the treatment plant turned over by the County to the Authority in 1991. The Authority staff told us at the time that this 1991 Rebuild Project would not produce any new water. Since these repairs would benefit all the Authority's customers, Charlotte County argued unsuccessfully that the costs should be allocated based on each customer's water allocation.

As a result of that meeting, the Board of County Commissioners voted to retain nationally recognized engineering and utility rate consultants to develop a fair cost allocation. On June 6, 2014, the consultants recommended that Charlotte should only pay 49.24 percent or \$6.3 million of the project costs.

Unexpectedly, the consultants further found that even these costs may be too high. According to their report, approximately \$8.3 million of the 1991 Rebuild Project costs had already been paid by Charlotte's citizens as part of water rates collected annually from 1991 to present. The Authority never disclosed this fact and has never explained what happened to these funds and why it was fair for Charlotte County to pay twice for this repair work.

In February 2014, the Authority applied to the State of Florida for a grant to refurbish the treatment plant and increase the treatment capacity from 12 to 15 mgd. The costs identified for this project are part of the 1991 Rebuild Project. This was the first time we learned that the 1991 Rebuild Project would make additional water available for public use. In March 2014 the Authority issued a work order to an engineering firm to conduct a study to re-rate the treatment plant from 12 to 15 mgd. In June 2014 the Florida Legislature appropriated \$1.5 million to pay for the 1991 Rebuild Project.

We asked our consultants to review this new development. In a follow-up report prepared on July 1, 2014, the consultants concluded that the 3 mgd of additional re-rate capacity being sought by the Authority was always inherent in the original treatment facility and is not being created by the 1991 Rebuild Project. Again the Authority has not offered any explanation of this situation.

At this point, it is has become impossible to separate fact from fiction. It boils down to trust; and we have lost confidence that the 1991 Rebuild cost allocations proposed by the Water Authority are accurate and complete. We are concerned that our constituents are not being fairly treated. That is why the County Commission intends to meet on September 9, 2014 to discuss and possibly initiate a formal dispute resolution process. This procedure would result in a joint meeting of the Charlotte County Commission and the Authority Board, as well as the county commissions of any of the Authority's other member governments that choose to participate in the process. I hope the joint meeting will allow us to cut straight to the facts and arrive at a fair resolution of this issue. But most importantly, I hope this process will restore the trust and fair treatment that are critical for the Authority's future.

The Water Authority's next meeting is at 1:30 PM on Monday, August 25, 2014, in the Commission Chambers of the Robert L. Anderson Administration Center, 4000 South Tamiami Trail, Venice, Florida. Concerned citizens are encouraged to attend and participate.