

City of St. Petersburg
Committee of the Whole
Meeting of September 27, 2018 @ 3:30 p.m.
City Hall - Room 100

A. Call to Order – Council Chair Lisa Wheeler-Bowman

B. Discussion Item

a. Tampa Bay Water (Rice)

- (i) Opening Remarks – Council member Rice**
- (ii) Legal – Jane Wallace, Assistant City Attorney**
- (iii) Tampa Bay Water Presentation**
Matt Jordan – Tampa Bay Water General Manager

C. Next Meeting – October 18, 2018 @ 1:00 p.m
Coastal High Hazard Areas

October 25, 2018 @ 2:30
South St. Petersburg CRA Programs

D. Adjournment

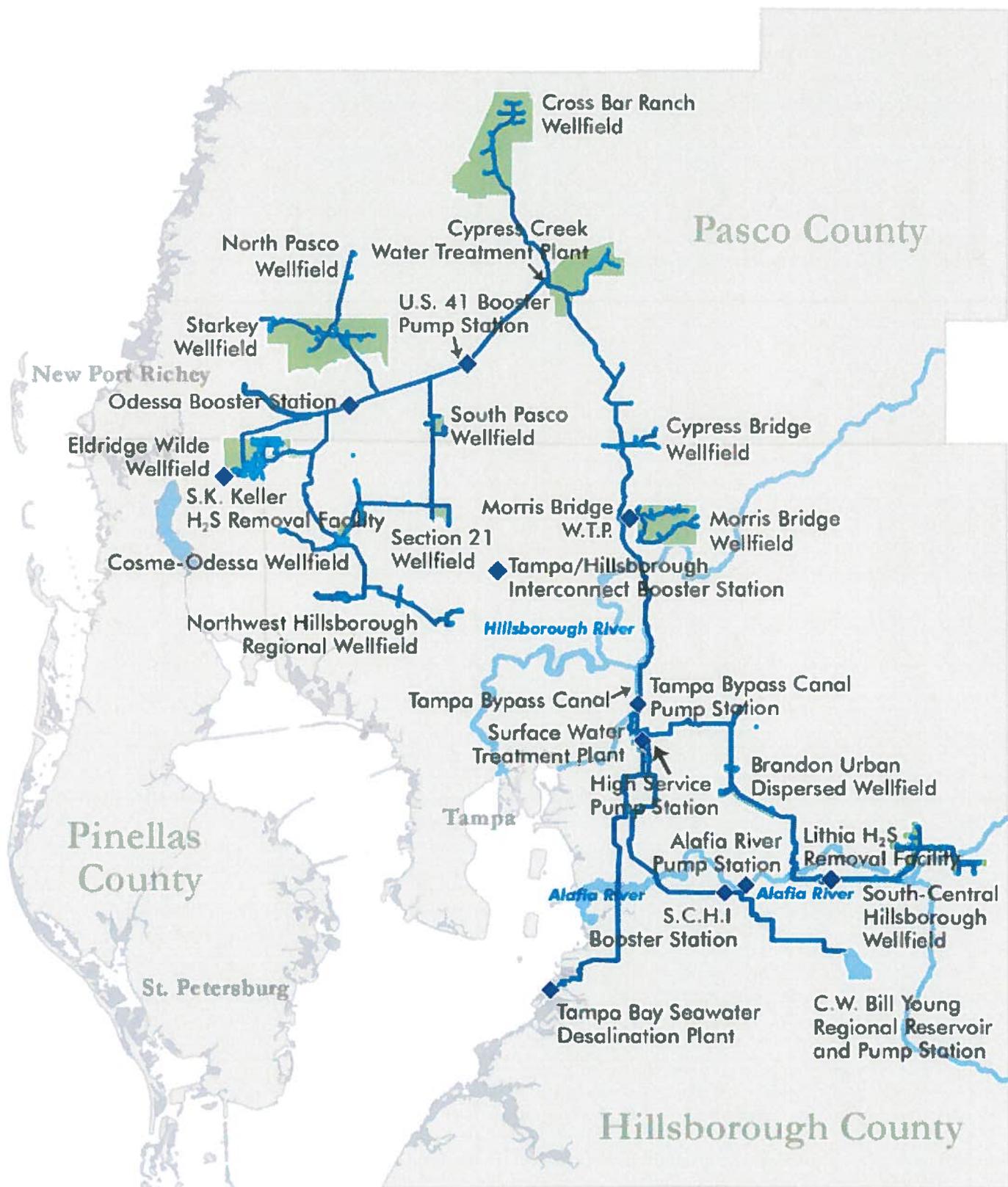
Attachments:

Tampa Bay Water System Map

Memorandum – Jane Wallace, Assistant City Attorney

Tampa Bay Water Presentation

**TAMPA BAY WATER
SYSTEM MAP**



MEMORANDUM

**Jane Wallace, Assistant
City Attorney**

MEMORANDUM

To: The Honorable Lisa Wheeler-Bowman, Chair, and Members of City Council
From: Jane Wallace, Assistant City Attorney 
Date: September 21, 2018
Re: COW September 27, 2018 on Tampa Bay Water Matters

Councilmember Rice, Tampa Bay Water board member representative for St. Petersburg, has requested that the City's legal department prepare a memo for overview of Tampa Bay Water ("TBW") issues in advance of the Committee of the Whole ("COW") meeting September 27, 2018.

Staff and counsel for TBW will be in attendance at the COW. St. Petersburg's rate consultant Andrew Burnham of Stantec has also agreed to attend.

One matter that is presently an issue is a proposed draft agreement between TBW and City of Tampa ("Tampa") related to a project Tampa is pursuing which is commonly referred to as the Tampa Augmentation Project ("TAP"). Attached is the latest iteration of the proposed draft agreement (the "TAP Agreement"), and it is not clear whether St. Petersburg will be requested to be a party to the TAP Agreement.

Background:

By way of background, TBW is the wholesale provider of potable water for City of St. Petersburg as well as Pinellas County, Pasco County, Hillsborough County, Tampa and New Port Richey (collectively, the "Member Governments"). TBW is the reconstituted successor agency to the West Coast Regional Water Supply Authority which, along with local governments, became mired in litigation commonly known as the "Water Wars" in the 1990s.

To end the Water Wars, TBW was formed in 1998 by an Interlocal Agreement among the Member Governments, and at the same time, TBW entered into a Master Water Supply Contract with the Member Governments to be the exclusive supplier of potable water to the Member Governments with certain limited exceptions which are enumerated in those contracts. These changes in governance were codified by the Florida Legislature in § 373.715, *Fla. Stat.*, which confirmed that all Member Governments relinquished to TBW their individual rights to develop potable water supply sources, except as otherwise provided in the Interlocal Agreement.

TBW's nine (9) member Board of Directors is comprised of representatives from each Member Government, with two (2) representatives for each county and one (1) representative for each city. Certain matters are determined by a majority or supermajority vote of the Board of Directors. Other matters, such as any amendment to the Interlocal Agreement, require a unanimous agreement of the Member Governments themselves. TBW's Board meets every other month. TBW has an Executive Committee composed of three (3) of the Directors which meets on the alternate months.

Following the creation of TBW in 1998, the desalination facility and the reservoir were built and groundwater pumping was reduced. These projects were bonded and TBW continues to carry that debt which is paid for by the unitary rate collected from the Member Governments for purchases of water. In these last 20 years, the Member Governments have worked together as a region to reduce damage to the environment contributed to by pumping groundwater while continuing to supply citizens of the region with potable water.

As part of its planning process, TBW forecasts population growth and water demand, and then periodically updates its long term master water plan to ensure supply will continue to meet demand. The planning includes analysis of various projects in various combinations which would create sufficient potable water supply for the region.

In recent years, TBW has begun to evaluate the use of reclaimed water for potable water supply, both as a direct supply source (turning reclaimed into potable) and an indirect supply source (for example, reclaimed water injected underground to recharge the aquifer to get credits to pull groundwater out elsewhere). Since TBW does not itself possess any water reclamation facilities, any project involving reclaimed water would necessarily require that a Member Government be the source of the reclaimed water.

In recent years, Tampa has embarked on its own path to develop its reclaimed water into a potable water source. This project is referred to as TAP and is the subject of the proposed draft agreement between TBW and Tampa. With TAP, Tampa would discontinue its current practice of discharging approximately 50 million gallons a day ("mgd") of tertiary treated reclaimed water into Tampa Bay and instead use that reclaimed water as a potable water source.

Tampa has advised that TAP would provide for the injection of approximately 40 - 50 mgd treated reclaimed water into a series of injection wells at a certain depth and withdrawal of that water at a higher depth through 37 withdrawal wells which would provide natural treatment to sufficiently clean the water to place it into the Hillsborough River near the intake for Tampa's water plant. The latest iteration of the TAP Agreement has Tampa now potentially agreeing to provide up to 10 mgd of reclaimed water for Hillsborough County's SHARP/SHARE projects which propose to put reclaimed water into the aquifer in southern Hillsborough County. We are not privy to the discussions of what will be paid to Tampa for that reclaimed water, but we do understand that it will not be free.

Tampa, based on its historical use of the Hillsborough River, was given an exception to the exclusivity requirement in the 1998 Interlocal Agreement which allows and requires Tampa to self-supply from the Hillsborough River through its own water treatment plant up to 82 mgd. Once Tampa pulls 82 mgd from the river, TBW has certain rights to amounts over that subject to regulatory authorization, and upon those rights being satisfied, Tampa then has additional rights to more water if sufficient high flows are available in the river to also meet the regulatory requirements including minimum flow levels for the river.

In summer of 2017, Tampa proposed a red-lined version of the Interlocal Agreement to amend the Interlocal Agreement in such a way that Tampa would be allowed to pursue TAP under the Interlocal Agreement. The TBW Board of Directors directed the formation of a reclaimed committee made up of the utility directors of the Member Governments. The stated purpose of the reclaimed committee was to study TAP and its potential impact on the region, including whether TAP would benefit the region as a whole.

In January 2018, legislation was proposed in the 2018 Florida Legislature which sought to provide a way for Tampa to pursue TAP which raised a lot of concerns because it also had the potential to harm the long term existence of TBW by potentially triggering the availability of the termination process to unwind TBW.

Tampa's stated purpose of TAP at that time was to use it to either achieve the 82 mgd requirement for self-supply (labeled "drought-proofing the 82") or to use TAP to self-supply beyond the 82 mgd (labeled "self-supply") A consultant review was commissioned to evaluate both proposals (drought-proofing the 82 and self-supply beyond the 82) and that report appears to show that the construction of TAP (which would not be paid for by TBW) would delay the need for further capital projects by TBW and therefore potentially save money for the Member Governments. Whether this potential saving of money would be the same outcome for any water supply project which was not funded by TBW but put off the need for construction of new sources of potable water by TBW was not part of the analysis.

Around the time the consultant report was completed early this summer, Tampa dropped its request for the red-lined changes to the Interlocal Agreement and asserted instead that no changes were needed to the Interlocal Agreement for Tampa to self-supply beyond the 82 mgd. It was then requested that all Member Governments provide legal opinions as to whether each Member Government agreed with Tampa's analysis that no changes were needed to the Interlocal Agreement.

The Member Governments were then further requested to confirm that TAP was allowed under the Interlocal Agreement by way of an agreement which would be a memorandum of understanding that TAP is appropriate under the Interlocal Agreement. There was debate as to who would or should be parties to such an agreement. It was in the context of drafting this TAP Agreement that Tampa included on the exhibit it prepared the following statement:

“Upon completion and fully functioning of TAP, there will be no further obligation for TBW to supply, or plan for supply, water for Tampa with its current service area and projected population.”

The attorneys for the Member Governments were requested to review and provide input on the TAP Agreement which had been drafted by TBW attorneys with Tampa’s attorney. TBW’s attorneys have sought legal consensus from the attorneys for the Member Governments on the TAP Agreement in order to ensure that there are no legal consequences. We have been advised that a written opinion from TBW’s bond counsel will be forthcoming and that the verbal feedback from TBW’s bond counsel has been supportive of the TAP Agreement.

The St. Petersburg City Attorney’s Office has consistently taken the position in this matter that we only provide legal opinions to our client, and unless and until our client directs us to provide a legal opinion to a third party, we will not do so. Our concern has been, and continues to be, that if the TAP Agreement is brought forth as an agreement between TBW and Tampa and is not put forth to the Member Governments themselves for consideration, then having the opinion from our office of our opinions and recommendations on the legality of the TAP Agreement will be held as our client’s position and potential waiver of rights when it was not put to you to consider by vote.

TBW’s Executive Committee (which is currently made up of Pinellas County Commissioner Dave Eggers, Hillsborough County Commissioner Sandra Murman and Pasco County Commissioner Kathryn Starkey) met on September 17, 2018. One of the items on their agenda was the proposed TAP Agreement with the plan to move it forward for consideration by the full TBW Board at the October meeting. Lengthy discussion was had at the Executive Committee meeting, and the following issues were raised as to the TAP Agreement:

1. The issue of fixed costs borne by all parties for TBW to supply 6 mgd to Tampa: That TBW has an obligation to supply water to Tampa that some years Tampa uses and other years it does not, and TBW budgets 6 mgd for that reservation. For the years that Tampa has not used that water, it is the other Member Governments which pay for that reservation. Pasco County calculated that in the last 5 years, Pasco’s citizens have paid \$2.7 million dollars to have water available to Tampa that Tampa has not used or paid for;
2. Confirmation of those fixed costs: That all Member Governments should be provided calculations of what they have paid to have reserve capacity available to Tampa that Tampa has not used;
3. Governance issues: That this TAP Agreement should go to the Member Governments themselves for debate and consideration rather than just the TBW Board of Directors;
4. What is fair for Tampa to pay TBW: That if Tampa is allowed to build a water supply project and assigned that right, that there should be actual consideration paid by

Tampa in exchange, such as paying for the reservation that all other Member Governments have been paying for instead;

5. Issues of changing the Interlocal Agreement to address differential rates: That there should be an availability charge to Tampa up until the time TAP is fully functioning, and that if an availability charge cannot be charged to Tampa under the Interlocal Agreement which may only provide for a unitary rate, then what can we do;
6. Impacts on regional water supply agency hegemony: That if Tampa intends to never buy water from TBW again, that Tampa almost would not be a member of TBW anymore;
7. Rationale for Tampa's inclusion or non-inclusion in TBW: How and why to keep a Member Government in TBW when no obligation for TBW to supply and how TBW has 6 Member Governments when only 5 are using water;
8. What is the long term view: That if there was a situation like is presently occurring in Wilmington, NC, water is going to be needed everywhere;
9. Rationale for continuing the voting role of Tampa on regional issues: That if Tampa intends to never buy water from TBW again, that Tampa would be voting on everyone else's water rates but not their own; and
10. Uncertainty about the fairness of Tampa's voting on regional rates: That Tampa would have a vote on a Board voting on water matters that would not affect them.

Another issue that has been discussed at various meetings has been whether this is a water supply project, which under the Interlocal Agreement and state statute, would be exclusively within the province of TBW. At the Executive Committee meeting, in discussing the rights to the wells that Tampa would be constructing for TAP, TBW's attorney acknowledged that while the injection wells belong to Tampa because they are reclaimed water, there would also be withdrawal wells where they are pulling back up water. TBW's attorney stated that the proposed assignment in the TAP Agreement related to those withdrawal wells because technically under the Interlocal Agreement, TBW would have an interest in those withdrawal wells because they are dealing with potable water.

What is attached is the latest iteration of the TAP Agreement. There was direction from the TBW Executive Committee on September 17 for the Member Government attorneys to meet to address concerns raised at their meeting. That meeting has been scheduled for October 3.

Some further considerations to ponder:

TBW was created to provide regional stability and create regional solutions to allow all citizens to have access to potable water while doing less harm to the environment. Like the other Member Governments, St. Petersburg gave up its wellfields in pursuit of a regional solution. Substantial debt has been taken on by TBW to develop projects which debt is paid by a portion of the unitary rate for the purchase of water. Finally, some Member Governments have not developed a reclaimed system to the extent that others have and therefore have available reclaimed water which has become somewhat of a commodity in this new era of reclaimed to potable exploration.

Path Forward:

September 27 COW

October 2 Deadline from TBW Executive Committee for St. Petersburg to provide input on the proposed draft TAP Agreement.

October 3 Meeting of the attorneys for the Member Governments and TBW for further discussion/revisions to TAP Agreement

October 15 TBW October Board Meeting – it had been planned to have the TAP Agreement on the agenda for consideration by the TBW Board

Thank you for your consideration, and as always, if you have any questions or would like further information on these matters, please feel free to contact our office.

Attachment: TBW Executive Committee item with TAP Agreement

Executive Committee Agenda Item C



DATE: September 5, 2018
TO: Executive Committee
FROM: Barrie S. Buenaventura, General Counsel *BSB*
Peter M. Dunbar, Special Counsel
SUBJECT: Draft Agreement and Memorandum of Understanding with the City of Tampa Regarding the Tampa Augmentation Project

FUNDING SOURCE: Not applicable.

SUMMARY: At the October 2017 Board meeting, the Board convened the Member Government Reclaimed Committee to discuss and study how reclaimed water might be used as a beneficial water source in the region, and the financial impact on the bond holders or member governments of reclaimed water project options. As a part of the Reclaimed Committee's work, discussion began between counsel for Tampa Bay Water and the City of Tampa regarding developing a written agreement that would allow the City of Tampa to proceed with the Tampa Augmentation Project within the framework of the Interlocal Agreement. The attached draft Agreement and Memorandum of Understanding is an alternative to either negotiating the proposed Interlocal Agreement amendments submitted by Tampa or to pursuing legislation that would permit Tampa to proceed with its project.

Attorneys for Tampa Bay Water and all member governments met several times in August and September to review, discuss, and refine the attached Draft Agreement and Memorandum of Understanding. The draft document has been shared with bond counsel who will issue an opinion prior to the October Board meeting regarding its compatibility with Tampa Bay Water's bond covenants.

RECOMMENDATION: Discussion item. No action requested.

Attachment

A handwritten signature in cursive script, appearing to be the initials "mf", is located in the bottom right corner of the page.

AGREEMENT AND MEMORANDUM OF UNDERSTANDING

THIS AGREEMENT AND MEMORANDUM OF UNDERSTANDING (hereinafter referred to as "Agreement") is entered into to be effective as of the _____ day of _____, 20__, by and between the CITY OF TAMPA, hereinafter referred to as "TAMPA" and TAMPA BAY WATER, a regional water supply authority, hereinafter referred to as the "TAMPA BAY WATER."

WHEREAS, the Amended and Restated Interlocal Agreement of 1998, (the "ILA"), created TAMPA BAY WATER as the wholesale provider of potable water for its members and further provides that TAMPA's historical use of surface water constitutes a special circumstance justifying the exception to the exclusivity clause contained in the ILA; and

WHEREAS, Section 3.08 (A) of the ILA authorizes TAMPA to seek additional water from the Hillsborough River for use by TAMPA for supply and to meet regulatory requirements, after certain conditions have occurred, and that any obligation that TAMPA BAY WATER has to meet TAMPA's need for water pursuant to the ILA shall be reduced by the amount of water that is derived from TAMPA's use of surface water sources; and

WHEREAS, TAMPA has proposed an alternative water source utilizing its advanced treated reclaimed water to be used in an aquifer recharge and recovery project with the benefits as described on Exhibit A for TAMPA BAY WATER, to benefit the needs of the region, and to sustain TAMPA's use of the Hillsborough River Reservoir; and

WHEREAS, the Member Governments retained the exclusive right to develop, own, and operate all facilities for reclaimed water as provided in Section 3.09 of the ILA; and

WHEREAS, at the direction of the TAMPA BAY WATER Board of Directors, an ad hoc committee was established to consider projects using reclaimed water of the members (the "Reclaimed Committee") and the Reclaimed Committee commissioned utilities consultant Raftelis to review and analyze the Tampa Augmentation Project as defined and described in the attached Exhibit A attached hereto and by reference made a part hereof ("TAP") to determine if the members of TAMPA BAY WATER would benefit from TAP, and has determined that TAP benefits the region as contemplated by the ILA; and

WHEREAS, TAMPA BAY WATER and its members intend to include TAP in the Master Water Plan as an exclusive source for TAMPA alleviating TAMPA BAY WATER from needing to plan, budget or supply TAMPA water in accordance with the terms of this Agreement; and

WHEREAS, the implementation of TAP will not result in any adverse impact to TAMPA BAY WATER's operations or current and projected financial status; and

WHEREAS, neither this Agreement nor the implementation of TAP allows TAMPA to sell any potable water to any other Member Government except as already allowed under the ILA; and

WHEREAS, TAMPA BAY WATER and TAMPA agree that it is in the best interests of TAMPA BAY WATER and all of its members for TAMPA to pursue TAP to sustain its use of the Hillsborough River and Sulphur Springs by using its reclaimed water in a manner that will also provide benefits to TAMPA BAY WATER members and the regional

system in a manner consistent with the provisions of the ILA as set forth in this Agreement.

NOW THEREFORE, in consideration of the mutual covenants and considerations herein contained, the parties hereto do agree to the following:

1. TAMPA and TAMPA BAY WATER acknowledge and agree that the TAP recovery wells identified on Exhibit B attached hereto and by reference made a part hereof as incorporated or in substantially similar form and content, hereinafter referred to as "TAP Recovery Wells," are being constructed by TAMPA for the purposes of providing water for the exclusive use of TAMPA and its retail customers and for purposes of providing other regional benefits consistent with the ILA.
2. TAMPA and TAMPA BAY WATER acknowledge and agree that the benefits provided by TAP, including the function of the TAP Recovery Wells are regional in nature, and are being or will be constructed at the expense of TAMPA and not TAMPA BAY WATER.
3. TAMPA and TAMPA BAY WATER acknowledge the exceptions to the Exclusivity clause in § 3.08 of the ILA allow TAMPA to develop TAP for its exclusive use and benefit, and consistent with the provisions of this Agreement, and TAMPA BAY WATER does hereby assign any and all of its interest in the TAP Recovery Wells, including the function of the TAP Recovery Wells, that are or may be created by the terms of the ILA to TAMPA for and in exchange of the regional benefits of TAP and the acquisition option by TAMPA BAY WATER hereinafter provided.
4. That for and in consideration of the irrevocable assignment and exclusive use herein acknowledged by TAMPA as well as an option of acquisition provided by

TAMPA to TAMPA BAY WATER to purchase the TAP Recovery Wells under the terms and conditions as indicated below, TAMPA hereby acknowledges that TAMPA BAY WATER has met the terms of S. 3.03 and S. 3.08 of the ILA, and hereby releases TAMPA BAY WATER from any obligation to provide, plan, or budget for the delivery of water for TAMPA upon TAP being determined by TAMPA to be fully functioning which for the purposes of this Agreement shall mean TAP will be able to produce the maximum quantity allocated to be withdrawn from the TAP Recovery Wells as authorized by the water use permit in accordance with the terms and conditions therein which shall occur no later than December 31, 2027. Tampa Bay Water intends to select a project to meet south Hillsborough County demand in or around April 2020. In order for Tampa Bay Water to plan to meet regional demand, Tampa shall commit to a date certain for TAP to be fully functioning by one of the dates below, as applicable:

- a. If Tampa Bay Water selects a pipeline to meet south Hillsborough County demand, then by no later than December 31, 2022, Tampa shall inform Tampa Bay Water of a date certain no later than December 31, 2027, by which TAP will be fully functioning.
- b. If Tampa Bay Water selects SHARP to meet south Hillsborough County demand, then by no later than December 31, 2027, Tampa shall inform Tampa Bay Water of a date certain no later than December 31, 2027, by which TAP will be fully functioning.

If TAP is not fully functioning by December 31, 2027, or if the configuration of Tampa's service area or projected population increases by more than 30% beyond the current

Tampa Bay Water projection for 2040, Tampa shall inform Tampa Bay Water if, and to what extent, it may require the delivery of water from Tampa Bay Water. The parties will determine a mutually agreeable date by which Tampa Bay Water will resume supplying Tampa provided, however, that such date must allow Tampa Bay Water time to plan and develop new supplies, if necessary, in order to maintain the relationship between the quantity of Quality Water actually delivered by Tampa Bay Water to the Member Governments and the aggregate permitted capacity of Tampa Bay Water production facilities below the threshold identified in Section 3.03(C)(1) of the ILA.

5. The parties acknowledge and agree that TAMPA BAY WATER shall have an option to acquire the TAP Recovery Wells at a mutually agreeable date pursuant to the following terms and conditions:

a. For purposes of determining the acquisition price for the TAP Recovery Wells infrastructure the Parties shall mutually agree to use the valuation provisions in either Section 3.02 (A) or 3.06 (A) of the ILA.

b. The acquisition of the TAP Recovery Wells shall be further subject to the simultaneous execution of an operation and maintenance agreement mutually agreeable to the parties to assure the continued operation and maintenance of the recovery wells as an integral part of TAP together with appropriate access to the TAP Recovery Wells for such purposes.

6. Tampa commits to providing TEN MILLION (10,000,000) gallons per day (GPD) of reclaimed water from its Howard F. Curren Advanced Wastewater Treatment Plant in the manner described in Exhibit A and under such terms and conditions, including but not

limited to cost of construction and the reclaimed water, to be agreed upon between Tampa and the Hillsborough County (COUNTY) to be utilized for the COUNTY'S SHARP/SHARE project, if the project is pursued by Tampa Bay Water as the project to assist in meeting regional demand for the benefit of Tampa Bay Water and its members. This quantity of reclaimed water can be available upon the execution of such agreement between Tampa and the County and the construction of facilities to provide the reclaimed water.

7. The Parties agree and affirm that this Agreement is consistent with and does not modify or amend the ILA or Master Water Supply Contract, and this Agreement is not intended in any way to alter the Parties' rights or obligations thereunder, nor shall any member be estopped by the provisions herein from exercising their rights in the ILA. To the extent any provision herein is determined to conflict with a provision in the ILA or the Master Water Supply Contract, the provision in the ILA or the Master Water Supply Contract shall control. Unless otherwise defined herein, all defined terms shall have the same meaning as in the ILA.

8. The Parties agree and affirm that no changes are required in state law to implement this Agreement, and neither Party will seek legislative changes that affects Tampa Bay Water in a manner set forth in Section 6.04 of the ILA.

9. Tampa shall provide an annual report to Tampa Bay Water on the progress of the TAP implementation beginning on the first year following the execution of this Agreement until TAP is fully functioning.

DONE AND EXECUTED to be effective on the date and year written above.

8/21/2018

Tampa Augmentation Project

Description & Benefits

The Tampa Augmentation Project (TAP) infrastructure and improvements include:

- (1) upgrades at the Howard F. Curren Advanced Wastewater Treatment Plant (Curren);
- (2) transmission lines from Curren to recharge locations;
- (3) twelve (12) new wells total for recharge, likely with UV treatment;
- (4) thirty-seven (37) wells total for recovery including eight (8) of Tampa's existing ASR wells;
- (5) transmission lines from the recovery wells to the Hillsborough River Reservoir close to intake location;
- (6) implementation of a pre-treatment "source control" program to address specific Tampa wastewater customers; and
- (7) upgrades at the David L. Tippin Water Treatment Facility.

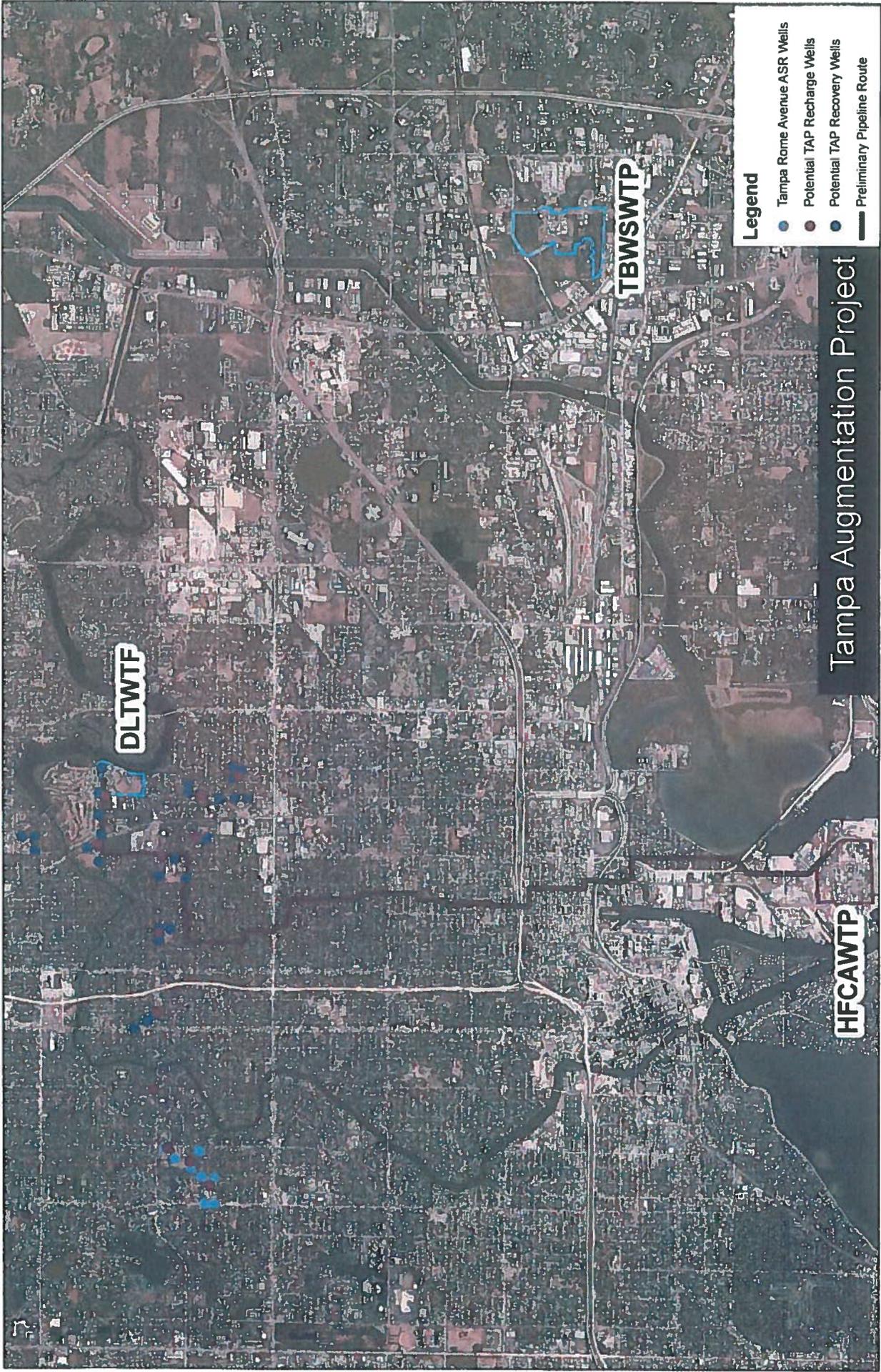
Benefits

The cost of TAP will be borne by the City either solely or with additional funding from other sources. Tampa Bay Water members will not provide funding for TAP. At this time, the estimated cost for TAP is approximately \$350,000,000. The water developed by TAP will be solely for Tampa and its customers only. TAP will be developed and implemented consistent with the Amended and Restated Inter-Local Agreement of 1998 creating Tampa Bay Water.

Once completed and fully functioning the following quantities of water are expected to be available for Tampa and Tampa Bay Water:

1. 82 MGD to 132 MGD, subject to regulatory authorization, exclusively for Tampa from the water created by TAP.
2. Potentially 20 MGD annual average or more to TBW from the current "20/40" permit from the Tampa Bypass Canal upon approval by the Southwest Florida Water Management District by elimination of supplementation of the Hillsborough River reservoir.
3. 6 MGD annual average by elimination of the TBW current annual budgeting for Tampa.
4. Potentially 7.5 MGD or more from SHARP/SHARE projects subject to regulatory authorization. This will be possible by Tampa providing a minimum of 10 MGD of reclaimed water from Curren on a daily basis except in the event that Tampa is obstructed, prevented or delayed in providing any part of said reclaimed water pursuant to conditions contained within a force majeure clause, including mechanical failure, to be agreed upon later, which cause the interruption of the provision of the reclaimed water which are beyond the control of Tampa to provide said reclaimed water for use by SHARP/SHARE.

Upon completion and fully functioning of TAP, there will be no further obligation for Tampa Bay Water to supply, or plan for supply, water for Tampa with its current service area and projected population.



DLTWTP

TBWSWTP

HFCAWTP

Legend

- Tampa Rome Avenue ASR Wells
- Potential TAP Recharge Wells
- Potential TAP Recovery Wells
- Preliminary Pipeline Route

Tampa Augmentation Project

**TAMPA BAY WATER
PRESENTATION**

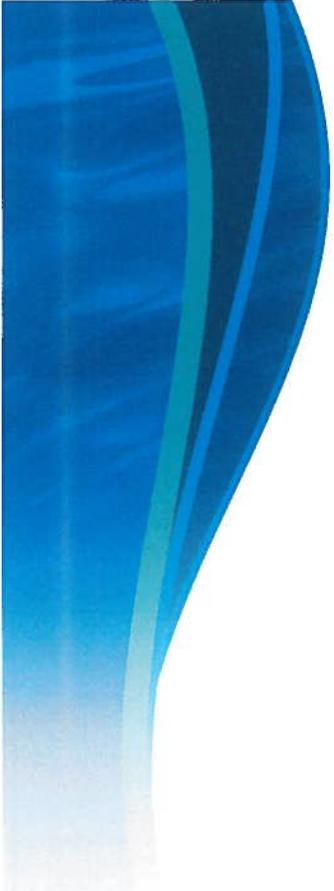
Reliable, Diverse Water Supplies for Today and Tomorrow

St. Petersburg Committee of the Whole Meeting
September 27, 2018



Serving the Tampa Bay region





Outline

- Where We Were - Brief History of Tampa Bay Water
- Where We Are – Current Supplies
- Water Quality
- Financial Overview
- Where We Are Going – Future Supplies
- Questions and Answers

Where We Were

Tampa Bay Area Environmental Conditions



Damaged wetland caused by drought, drainage issues, development and groundwater drawdown



Local Tension Leads to Creation of Tampa Bay Water



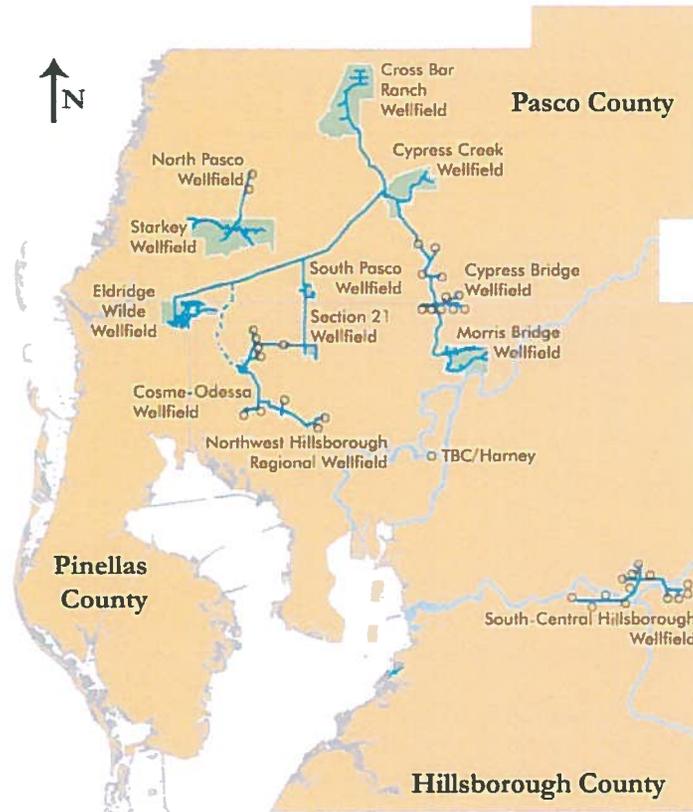
The Group of 18 included local elected officials, attorneys and utility directors who spent more than two years creating the new agency.



Governance Documents



System Was Fully Groundwater Reliant in 1998



Master Water Plan co-funded by the Southwest Florida Water Management District in return for mandated groundwater cutbacks.

December 31, 2002:

- 158 million gallons per day (mgd) to 121 mgd

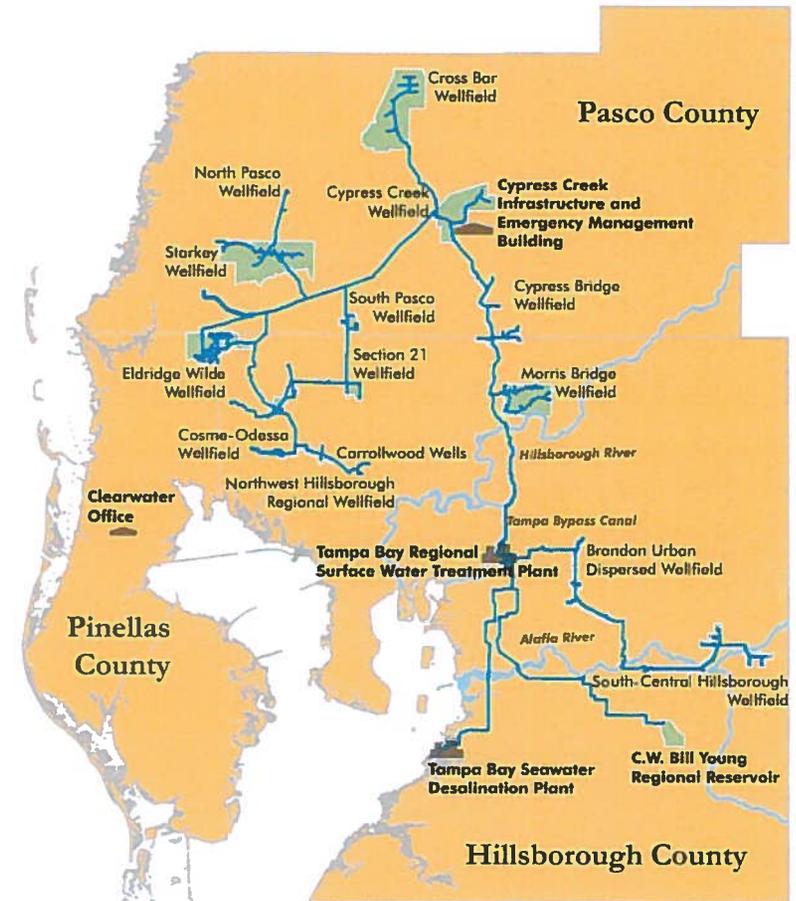
December 31, 2007:

- 121 mgd to 90 mgd

Where We Are

The Regional Water Supply System

An integrated, flexible system that produces a sustainable and reliable water supply



An Interconnected System



Brandon Urban Dispersed Wells



Large Diameter Pipelines



The Region's First Alternative Supplies



Tampa Bypass Canal



Regional Surface Water Treatment Plant



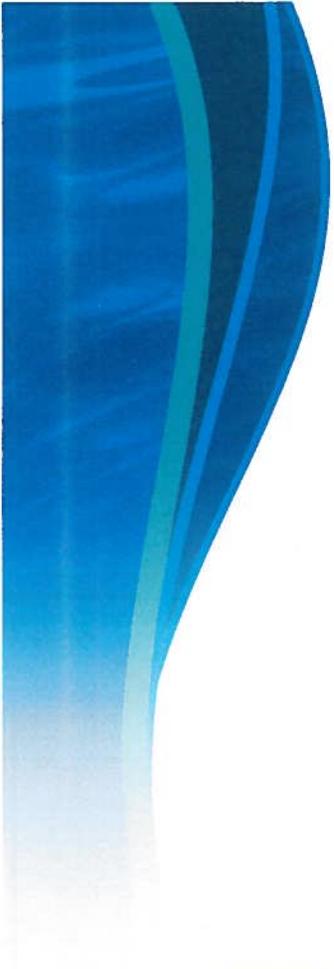
Alafia River

Tampa Bay Seawater Desalination Plant



Storage Adds Reliability, Drought Resistance





A Diverse, Flexible Water System

- Three sources of supply, plus reservoir
- 12 treatment facilities
- 14 pumping stations
- Over 295 miles of large diameter pipe
- 19 potable, one non-potable Member Government delivery points
- 17 contractual water quality parameters
- Daily flow variation: 140 mg to 260 mg

Sustainable Supplies

Starvation Lake, Section 21 Wellfield Northwest Hillsborough County



Regional Water Quality

The background is a solid blue color. At the bottom, there is a decorative graphic of water ripples, with a lighter blue wave-like shape above it.



Supporting the Region's Quality of Life



- **Regional water is safe, clean drinking water**
 - Cleaned through multi-step processes and monitored
 - Continually to assure that we deliver safe, high quality water
 - 500 regional water quality monitoring sites, collect 6,000 samples annually, perform 100,000 water quality tests annually in a state-certified laboratory
- **Highly trained, certified staff ensure water is properly treated before delivery**

- All delivered water meets federal Safe Drinking Water Act standards
- Master Water Supply Contract
 - Exhibit C – Points of Connection
 - Exhibit D – Water Quality Monitoring
- Exhibit D standards are *in addition* to all state and federal standards

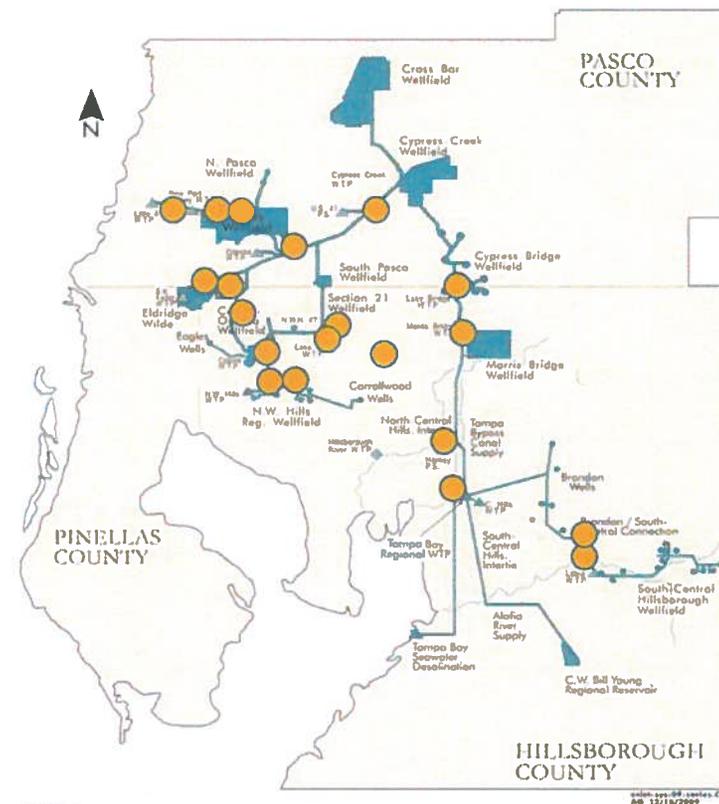


Exhibit D Proposed Modifications

Phase 1

Define

Parameters

Limits

Approach

Phase 2

Study

Feasibility

Options

Costs

Savings

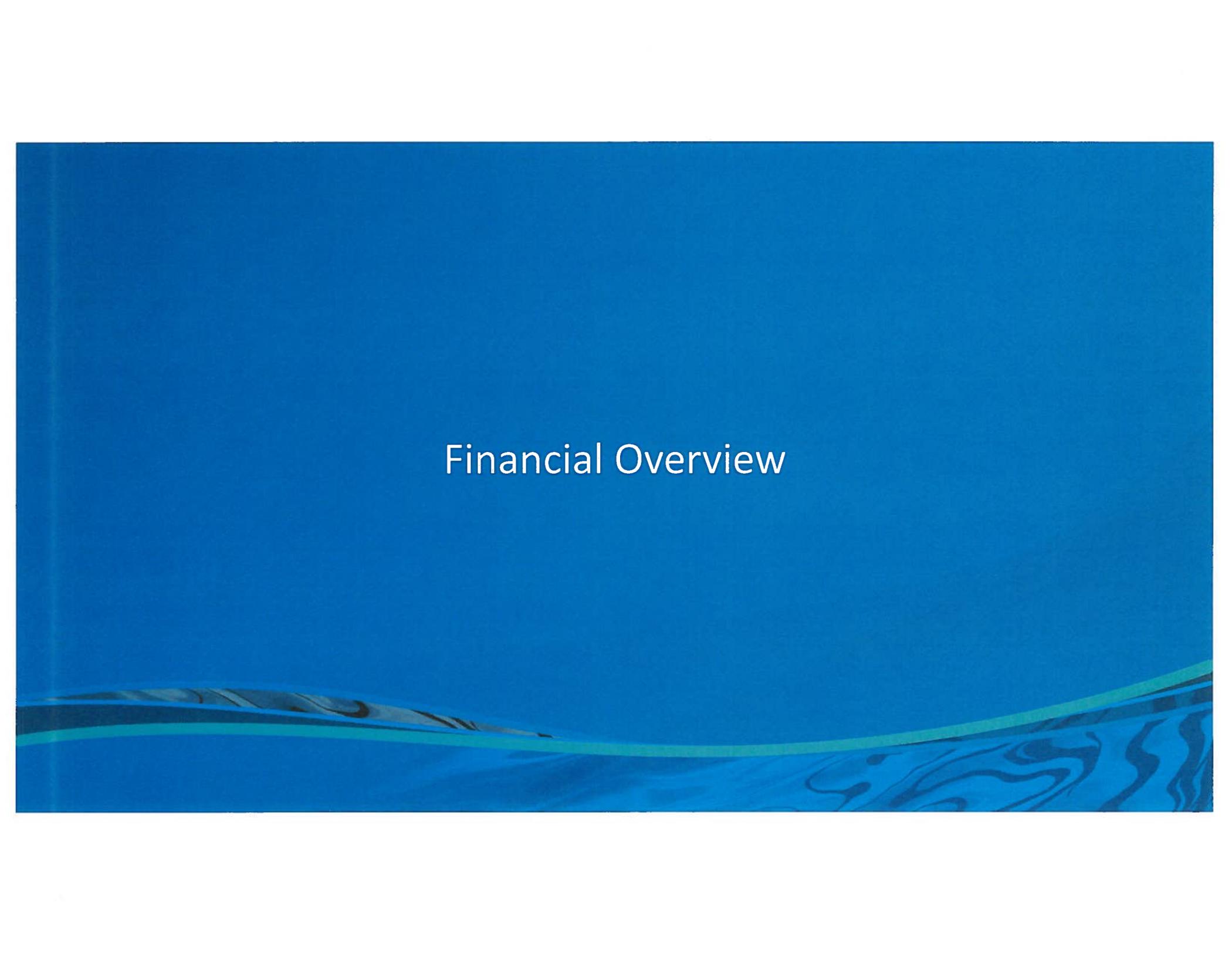
Phase 3

Decide

Agree on Path
Forward

Recommendations to
the Board

Financial Overview

The background is a solid blue color. At the bottom, there is a decorative wavy pattern that resembles water ripples or a stylized horizon line, transitioning from a darker blue to a lighter, teal-like blue.



Previous Financial Structure

Agency financial structure before becoming Tampa Bay Water:

- Limited ability to develop capital projects
- 7 individual contracts with 6 members
- Variation of cost of water
- Budgets based on member request
- Costs not all considered operations and maintenance
- No stand-alone rating



Tampa Bay Water Financial Structure as of 1998

- Current financial structure:
 - Fixed charges paid in advance
 - Agency debt treated as operations and maintenance costs to members
 - Sole and exclusive water provider
 - Members must sell back supplies to Tampa Bay Water
 - Currently hold Aa+ credit rating

Budget Drivers

- Responsibilities
 - Reliable water supply
 - Environmental stewardship
 - Cost-effective rates
- Strategic Plan
 - Reliability and sustainability
 - Efficiency
 - Financial stability and sustainability
 - Relationships with stakeholders
 - Safety and security

GOAL 5 Ensure the Safety and Security of Agency Employees and Facilities

GOAL 4 Maintain open, collaborative relationships with member governments and other stakeholders

GOAL 3 Maintain Financial Stability and Sustainability

GOAL 2 Increase efficiency of all Agency operations

GOAL 1 Maintain water supply and delivery system reliability and sustainability

Objective 1-1: Maintain regional delivered water capacity of 225 million gallons per day through 2020

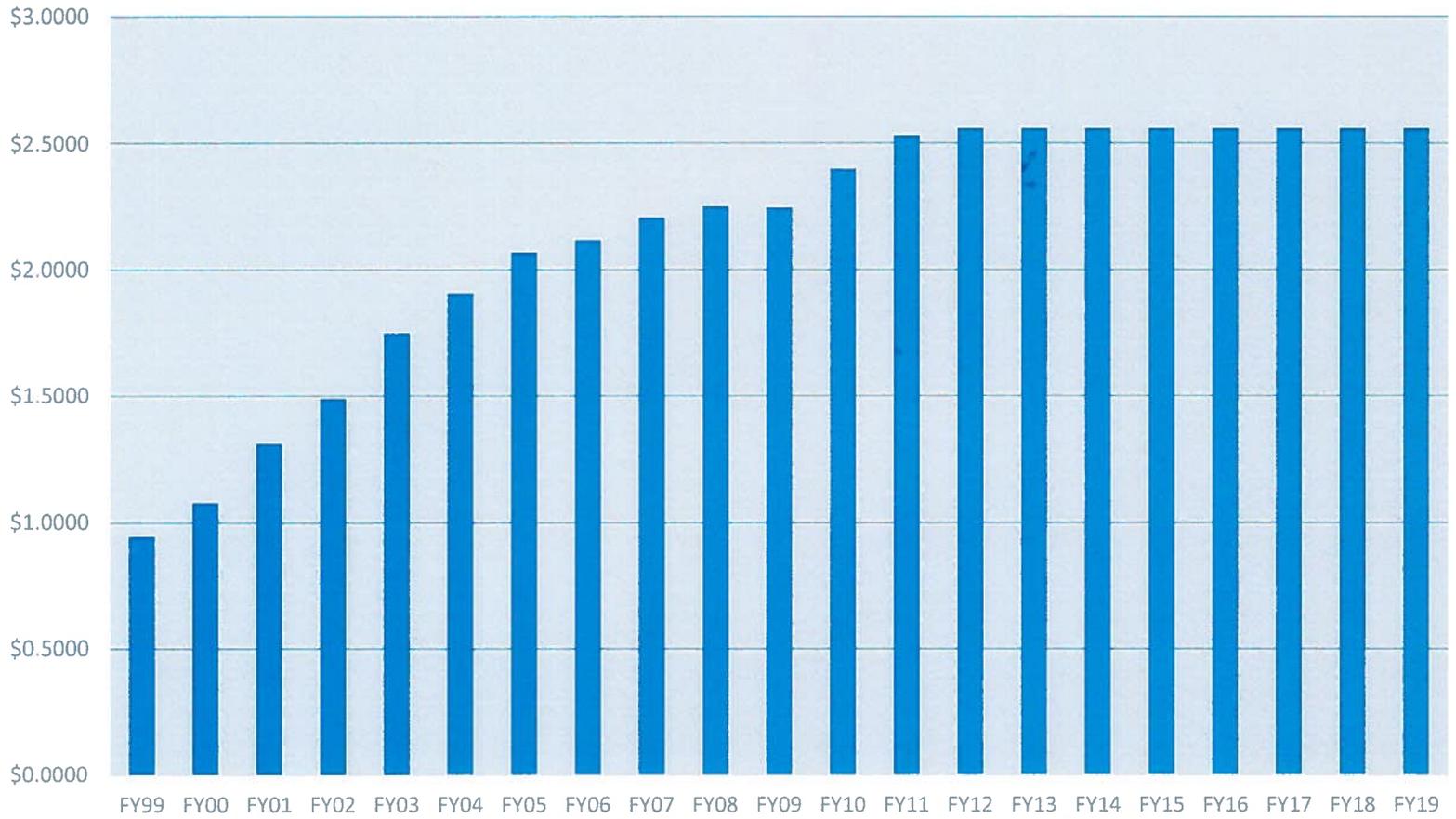
Objective 1-2: Update Long-term Master Water Plan and obtain Board approval by December 2018

Objective 1-3: Achieve 100 percent regulatory compliance

Objective 1-4: Achieve contractual compliance with water quality requirements at all points of connection

Objective 1-5: Meet member government daily water demands and water pressure requirements at the points of connection

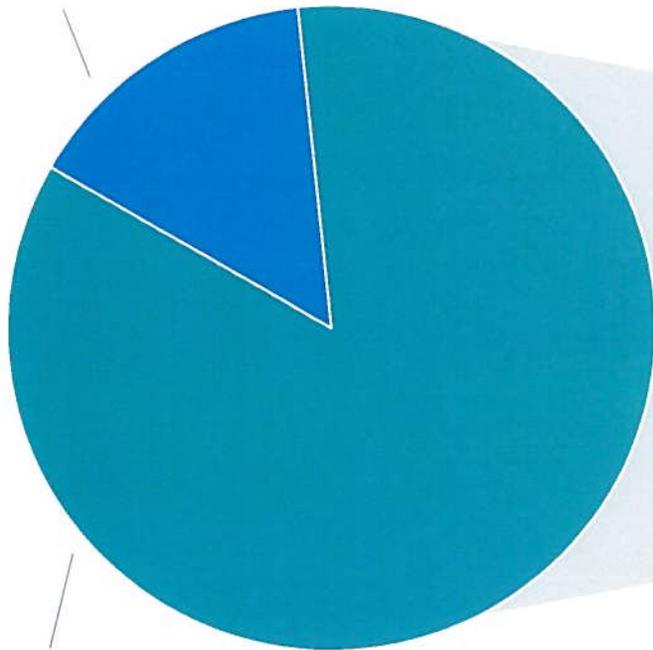
Uniform Rate FY99 – FY19



Uniform Rate Components

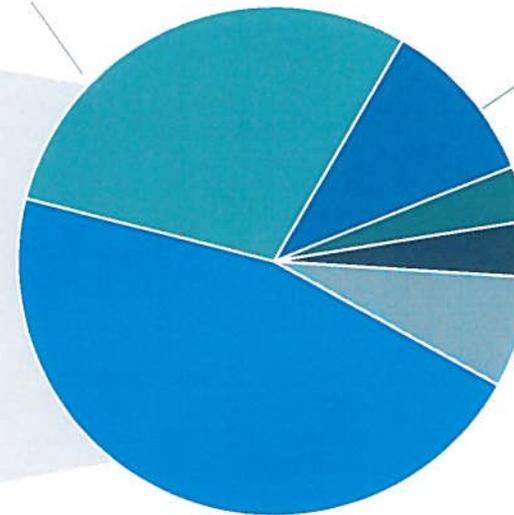
FIXED COSTS COMPONENTS

Variable Costs 15%



Fixed Costs 85%

Operations 25%



Operations & Maintenance Agreements 9%

Pay-as-you-go Funding 3%

Renewal & Replacement Projects 3%

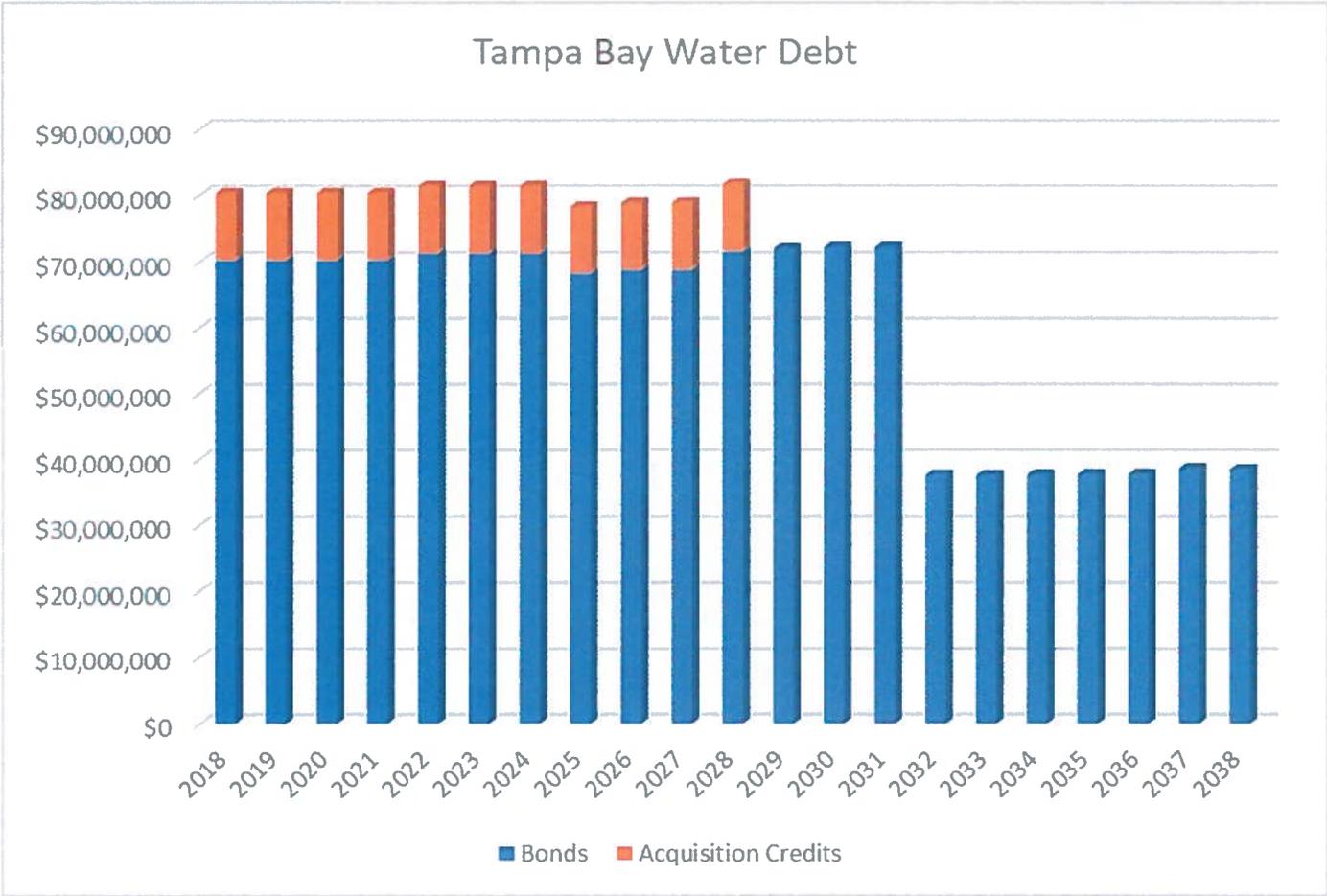
Debt Service - Member Acquisition Credits 6%

Debt Service - Bonds 39%

Member Acquisition Credits

- St. Petersburg's Assets Purchase Price - \$119,518,814
 - Bond funded cash payment - \$93,400,000
 - Amortized over 30 years - \$26,118,814
 - Outstanding balance - \$12,905,631
 - Final Credit 2028

Current Debt Service Schedule



Future Rate Projections

Projected Uniform Rate FY19 - FY24



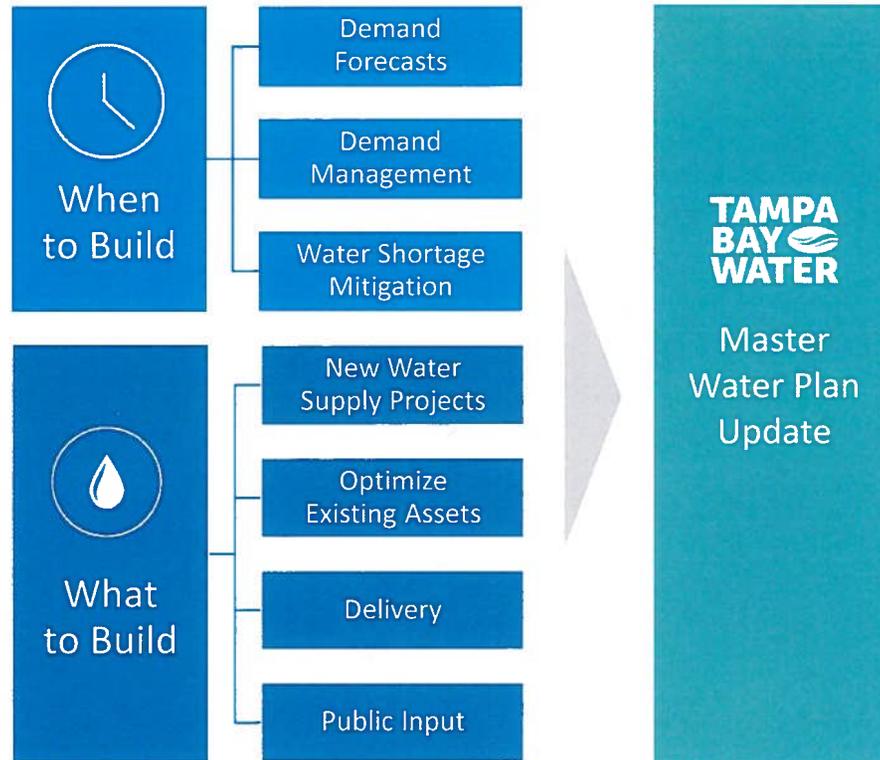
Where We Are Going

Long-term Master Water Plan

- Required by Interlocal Agreement
- Provides a 20-year outlook
- 4th update to Plan; work started 2014
- More than building new projects
 - Demand forecasting
 - Optimizing our system
 - Demand management
 - Regulatory requirements
 - Water quality



Master Water Plan: Putting it All Together

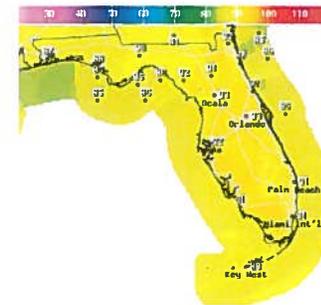
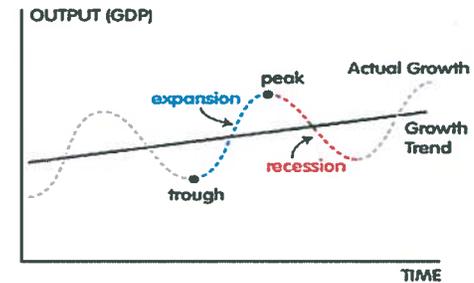




Demand Forecasting

What are the drivers of the demand?

- Socio-economic variables
 - Population growth
 - Income
 - Price
- Meteorological parameters
 - Rainfall
 - Temperature
- Other
 - Reclaimed access, efficiency, density

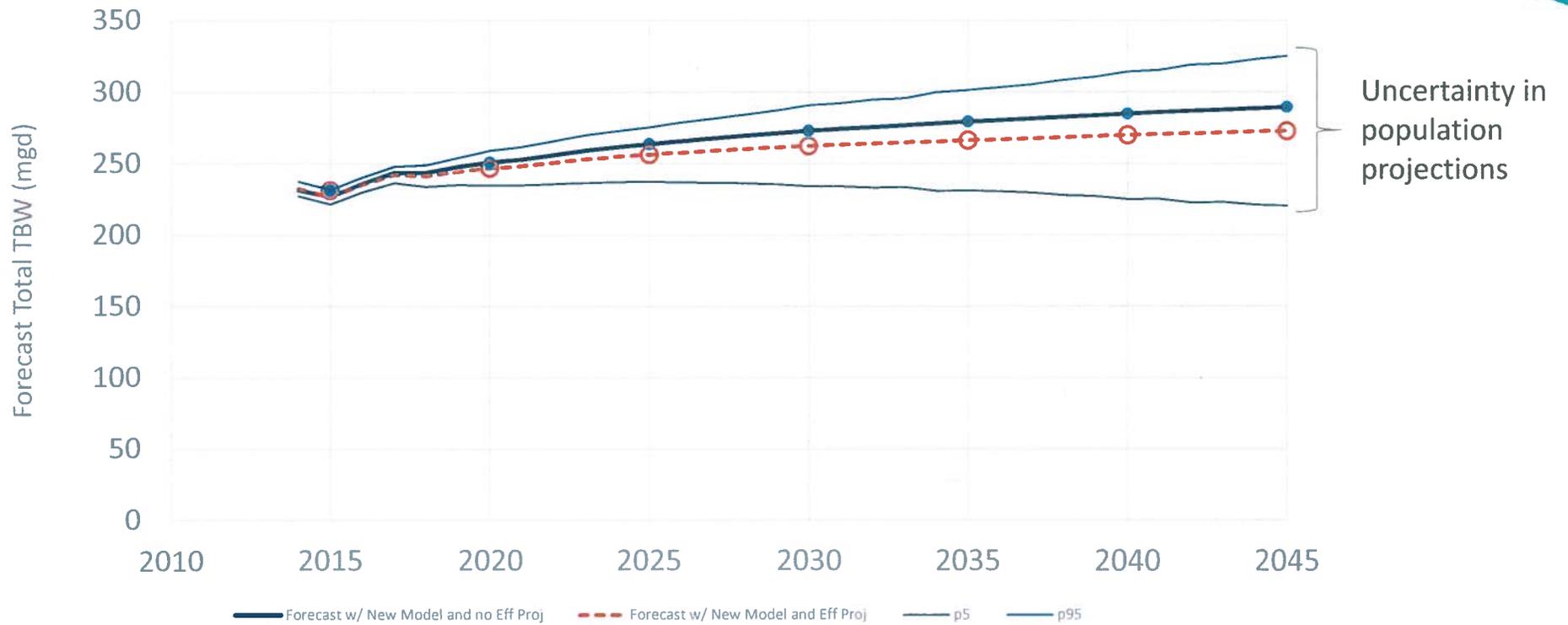




Members are Key to the Forecast

- Historical and current monthly billing data provided by member governments
- Database is wholly inclusive of billing data back to 2000
- Wholesale water use and self supply is provided
- Database developed using county property appraiser data and used for:
 - Demand forecasting
 - Demand management

Demand Forecast





Demand Management

Integrate demand management with decisions on supply development

- Identify and evaluate regional water use efficiency potential to defer the need for capital and operating costs for water supply projects
- Integrate demand management into supply planning process to compare efficiency and supply projects using the same criteria

Focus on Long-term Demand Management

- Long-term permanent changes in demand
 - Technology or landscape changes
 - Savings persist for long periods of time (life of product)
 - Generally not behavior-based change





Demand Management Implementation

August 2018

Tampa Bay Water Board approved submitting co-funding applications to District

September 2018

Begin meeting with Member Governments through CCC to develop implementation strategies

April 2019

Bring accepted implementation strategy to Tampa Bay Water Board of Directors for consideration



Preliminary Water Supply Ranking

Board-approved, Decision-making Criteria

Environmental Stewardship

- Ease of Permitting
- Environmental Sustainability Index
- Public Reception

Project Costs

- Life Cycle Cost
- Ability to Phase
- Cost Risk Factors

Reliability

- Source Water Supply Resiliency
- Vulnerability Index
- Regional System Operational Impacts
- Contractual Requirements



Shortlisted Projects for Additional Study

Four Main Water Supply Projects

New Groundwater Water Treatment Plant with South-Hillsborough Aquifer Recharge Project credits

Surface Water Treatment Plant Expansion with existing source water

Desalination Facility Expansion with existing source water

Surface Water Treatment Plant Expansion with source water from Tampa Augmentation Project

South-Hillsborough County Project

Proceed with SHARP and Pipeline in parallel through February 2020

Surface Water Expansion with Existing Sources



- Expands existing surface water treatment capacity
- Uses additional surface water from Alafia River and Tampa Bypass Canal
- 10 million gallons per day yield



Surface Water Expansion with Aquifer Recharge Credits



- Expands existing Surface Water Treatment Plant
- Uses credits from highly treated reclaimed water pumped into non-drinking water zone of aquifer
- 12.5 million gallon per day yield



Tampa Bay Seawater Desalination Plant Expansion



- Expands current desalination plant in Apollo Beach with additional seawater
- Uses proven technology
- Plant was designed for future expansion
- 10 million gallon per day yield

New Groundwater Via Aquifer Recharge Credits



- Uses credits generated from the South-Hillsborough County Aquifer Recharge Project (SHARP)
- Hillsborough County pumps reclaimed water into salty, coastal zone of aquifer
- Increased water levels generate credits to withdraw groundwater inland
- 7.5 to 20 million gallons per day yield

Tampa Augmentation Project (TAP)



The City of Tampa's implementation of TAP has the potential to defer the need for new regional water supply projects

- Annual average demands
- Drought planning



Ongoing collaboration between Tampa Bay Water and City of Tampa to continue evaluating the feasibility and implications of TAP

- Effluent sampling study
- Modeling
- Long-term Master Water Plan configuration involving TAP supply



Reclaimed Committee convened to explore the financial and water supply effects of regional reclaimed solutions

- Legal discussions to explore Tampa's ability to build TAP within Interlocal Agreement
- Future implications

December 2018

Tampa Bay Water Board approval of Long-term Plan Update – shortlist projects

2018-2020

Additional feasibility studies on proposed projects and South-Hillsborough County solution; Monitor TAP

February 2020

Decision on South-Hillsborough County solution - decision will affect date of need for new supply

Summary

The image features a solid blue background. At the bottom, there is a decorative wavy pattern that resembles water ripples or a stylized horizon line, transitioning from a darker blue to a lighter, teal-like blue.



Past, Present and Future

- The history of Tampa Bay Water and its unequivocal regional mission
- The agency's financial structure and obligations
- The current sources of drinking for the Tampa Bay region
 - Flexible, diverse system built over the past 20 years
 - Environmental recovery and protection of natural resources
- Enhancing water quality and Exhibit D
- Preparing for population growth and uncertain climate conditions
 - Demand management
 - New source development



Questions