To: Toho Board of Supervisors  
From: Brian L. Wheeler  
Date: 1/29/2004  
Re: Strategic Planning Workshop on Friday, February 6, 2004

In advance of the Strategic Planning Workshop on Friday, February 6, 2004, I am providing the Board with some background information which should assist in preparation for the workshop. Included are the following:

1. Excerpts from the Legislative Act that created Toho Water Authority:  
   a. Section 10. District Powers, Functions and Duties – providing a list describing the powers, functions and duties as authorized by the Act.  
   b. Section 18. Planning Requirements - outlining the requirements for Master Planning specified in the Act.

2. A diagram depicting the 4 Key Results areas for a Strategic Plan

3. An Organizational Chart and a listing of the current staffing within the organization with a comparison of the staffing to the previous fiscal year.

4. A brief discussion of the GASB34 requirement and its relation to budgeting and asset management.

5. A brief discussion of the Capacity, Management, Operation, and Maintenance (CMOM) program as proposed by the USEPA and its relation to sewage collection system maintenance and elimination of Sanitary Sewer Overflows (SSO)

6. An outline of feedback from the Management Team on areas for possible discussion or inclusion in the Strategic Plan.

7. A listing of potential topics for discussion at the Workshop from the Executive Director.

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5. Brief discussion of the Capacity, Management, Operation, and Maintenance (CMOM) program as proposed by the USEPA and its relation to sewage collection system maintenance and elimination of Sanitary Sewer Overflows (SSO)

6. Outline of feedback from the Management Team on areas for possible discussion or inclusion in the Strategic Plan

7. Listing of potential topics for discussion at the Workshop from the Executive Director
Interoffice Memo

Date: 1/28/2004
To: TOHO BOARD OF SUPERVISORS
Cc:
From: BRIAN L. WHEELER, EXECUTIVE DIRECTOR
RE: EXCERPTS FROM THE SPECIAL ACT, CHAPTER 2003-368, HOUSE BILL NO. 1265

ATTACHED FOR YOUR PERUSAL ARE THE FOLLOWING EXCERPTS TAKEN FROM THE SPECIAL ACT:

SECTION 10. DISTRICT POWERS, FUNCTIONS AND DUTIES.

SECTION 18. PLANNING REQUIREMENTS.
(11) In addition to the other provisions and requirements of this act, any financing documents may contain such provisions as the Board of Supervisors deems appropriate.

(12) All obligations issued hereunder shall not be invalid for any irregularity or defect in the proceedings for the issuance and sale thereof and shall be incontestable in the hands of bona fide purchasers for value. No proceedings in respect to the issuance of such obligations shall be necessary except as are required by this act, the financing documents, and general law. The provisions of the financing documents shall constitute an irrevocable contract between the Authority and the holders of the obligations issued pursuant to the provisions thereof.

(13) Holders of obligations shall be considered third-party beneficiaries hereunder and may enforce the provisions of this act or general purpose law.

(14) The Board of Supervisors may enter into such swap, hedge, or other similar arrangements relating to any obligations as it deems appropriate.

Section 13. Planning Requirements.

(1) Within 3 years after the effective date of this act, the Board of Supervisors shall adopt a master plan which, among other things:

(a) Identifies current customers, projects, and future customers.

(b) Profiles customers (residential and non-residential, e.g., commercial, industrial).

(c) Reviews and generally inventories all existing infrastructure and treatment facilities within the boundaries of or served by the District.

(d) Identifies a capital improvement program for the Authority.

(e) Reviews all current permits and existing regulations to projected regulations.

(f) Identifies and evaluates potential acquisitions or service expansions.

(g) Evaluates Authority staffing.

(h) Provides for detailed mapping of Authority facilities.

(i) Provides for hydraulic analysis of Authority facilities, both existing and proposed.

(j) Evaluates present and future sources of raw water and treatment requirements for those sources in terms of capacity, reliability, and economy.

(k) Provides for an analysis of all available wastewater alternatives, including surface water discharge, wetlands discharge, percolation facilities, spray irrigation, and deep well injection.

CODING: Words stricken are deletions; words underlined are additions.
(1) Identifies reclaimed water storage alternatives and wet weather backup alternatives.

(m) Identifies current and potential high volume users of reclaimed water.

Thereafter, the Board of Supervisors shall review and, if necessary, amend the master plan periodically, but no less often than every 4 years.

(2) Treatment facility construction or expansion or line extension policies adopted by the Authority shall be furtherance of land development regulations adopted by the applicable local general purpose government or the applicable local government comprehensive plan.

(3) The construction or expansion of any portion of the Authority's facilities, or major alterations which affect the quantity of the level of service of the Authority's facilities, that are undertaken or initiated by the Authority shall be consistent with the applicable local government comprehensive plan adopted pursuant to part II of chapter 163, Florida Statutes; However, no local government comprehensive plan shall require the Authority to construct, expand, or perform a major alteration of any public facility which would result in the impairment of covenants and agreements relating to obligations issued by the Authority.

(4) Except as provided by law, the Authority shall take no action which is inconsistent with applicable comprehensive plans, land development ordinances, or regulations adopted by any general purpose local government.

(5) The Authority shall comply with the provisions of sections 189.415 and 189.4155, Florida Statutes.

Section 19. Merger; Dissolution.

(1) In no event shall a merger involving the Authority be permitted unless otherwise approved by resolution of all affected general purpose local governments. Upon the effective date of this act, any governmental utility authority created by interlocal agreement between Osceola County and the City of Kissimmee as a separate legal authority pursuant to section 163.01(7)(g), Florida Statutes, may be merged into the Authority and this act shall be the surviving charter for the Authority in all respects.

(2) The charter of the Authority may be revoked or amended and the Authority dissolved by a special act of the Legislature or as otherwise provided by law.

(3) The dissolution of the Authority shall occur by law and transfer the title to all property owned by the Authority in a manner consistent with chapter 189, Florida Statutes, unless otherwise provided in a dissolution plan approved and adopted by resolution upon a ¾ vote of both the City Commission of the City of Kissimmee and the Board of County Commissioners of Osceola County.

Section 20. Effect of Incorporation or Presence of Another Special District. To the maximum extent permitted by law, the subsequent incorpora-
Section 7. Conflicts of Interest Prohibited. No member, officer, agent, or employee of the Authority, either for himself or herself or as agent for anyone else or as a stockholder or owner in any other legal entity, shall participate in or benefit directly or indirectly from any sale, purchase, lease, contract, or other transaction entered into by the Authority. For the purposes of this act, a direct or indirect benefit or participation shall mean a "special private gain or loss" as defined in the Code of Ethics for Public Officers and Employees, part III of chapter 112, Florida Statutes, and shall be determined in the same manner as the question of "special private gain or loss" would be determined for purposes of a violation of section 112.3143, Florida Statutes, or its successor in function. A member, officer, agent, or employee of the Authority may rely upon an advisory opinion or determination of the State Commission on Ethics or the Authority's general counsel as to the question of whether or not there would be a special private gain or loss, and such determination shall also be determinative of the ability of the member, officer, agent, or employee to vote under the provisions of this act or of the conduct of the member, officer, agent, or employee under this act. The violation of any provisions of this act is declared to be a criminal offense and misdemeanor within the meaning of section 775.08, Florida Statutes, and shall be punishable as provided by general law. The provisions of this section shall be cumulative to any general laws of the state which are from time to time applicable to members, officers, agents, or employees of the Authority and which require the disclosure of, or prohibit, conflicts of interest.

Section 8. Meetings; Notice. The Board of Supervisors shall hold meetings pursuant to sections 189.416 and 189.417, Florida Statutes.

Section 9. Reports; Budgets; Audits. The District shall prepare and submit reports, budgets, and audits as provided in sections 189.415 and 189.418, Florida Statutes.

Section 10. District Powers, Functions, and Duties.

(1) The Authority shall have all powers to carry out the purposes of this act and the functions and duties provided for herein, including the following powers which shall be in addition to and supplementing any other privileges, benefits, and powers granted by this act or general law:

(a) To acquire, construct, own, lease, operate, manage, maintain, dispose of, improve, and expand the Authority facilities and to have the exclusive control and jurisdiction thereof.

(b) To execute all contracts and other documents, adopt all proceedings, and perform all acts determined by the Board of Supervisors as necessary or advisable to carry out the purposes of this act. The Chairperson or Vice
Chairperson shall execute contracts and other documents on behalf of the Board of Supervisors.

(c) To provide for mandatory water and/or wastewater connections of potential customers, including customers served by onsite sewage treatment and disposal systems, upon availability of service by the Authority within 90 days after notice of availability of such services.

(d) To collect rates, fees, and charges from public or quasi-public corporations, municipalities, counties, the state or its agencies, the federal government, or any other public or governmental agencies or bodies for the use or provision of Authority facilities or services.

(e) To fix, levy, and collect rates, fees, and other charges (including system development charges or impact fees) from persons or property, or both, for the use of the services, facilities, and product of the Authority facilities or to pay the operating or financing costs of the Authority facilities available to potential users; to fix and collect charges for making connections with the Authority facilities; and, to the extent provided by law, to provide for reasonable penalties to be imposed on any users or property for any such rates, fees, or charges that are delinquent.

(f) To discontinue or terminate water or wastewater service to any person or customer who violates the provisions of this act or any duly adopted resolutions or regulations of the Authority, including, but not limited to, delinquency of any amounts owed the Authority or failure to connect to the Authority's facilities or water or wastewater systems and failure to provide to the Authority without cost such easements or property interests as are reasonably required to provide service. Any means of enforcement available to the Authority to require and enforce the use of its service or facilities shall be alternative and supplemental to any other means available to the Authority.

(g) To contract for the service of engineers, accountants, attorneys, and other experts or consultants and such other agents and employees as the Board of Supervisors may require or deem appropriate from time to time.

(h) To acquire such lands and rights and interests therein, including lands under water and riparian rights, to acquire such personal property as the Authority may deem necessary and appropriate in connection with the acquisition, ownership, expansion, improvement, operation, and maintenance of the Authority facilities; and to hold and dispose of all real and personal property under its control. The power of eminent domain, to the maximum extent available to any general purpose local government, may be exercised by the Authority both within and outside the District or service area for the purpose of carrying out the intent of this act.

(i) To lease or rent any of its easements, real property interests, or facilities to other utility providers which are owned by a municipality, county, or special district, or which hold a franchise from a municipality or county, with such lease or rental to be for joint use by the Authority and such other utility provider.

CODING: Words stricken are deletions; words underlined are additions.
(i) To adopt all necessary regulations by resolution that provide design and construction specifications and procedures for the dedication of facilities to the Authority. The Authority may require as condition precedent to the approval of any connection to Authority facilities:

1. That all subdivision type infrastructure, or other contributed transmission or distribution infrastructure necessary to serve a particular project or customer, and necessary easements be approved by and dedicated to the Authority.

2. Surety bonds or other guarantees from any developer to ensure completion of construction in compliance with such uniform water and wastewater standards, rules, and regulations adopted by the Authority.

3. That the developer make available interim treatment facilities or services or contract for same on an interim basis from an authorized service provider.

4. That the developer, or the person or entity the developer has contracted with, provide interim treatment service or lease back for nominal consideration and maintain such dedicated or contributed facilities until such time as the Authority provides services, provided in each case the foregoing actions shall be consistent with the comprehensive plans of any affected general purpose local government.

(k) To exercise exclusive jurisdiction, control, and supervision over the Authority facilities and to make and enforce such rules and regulations for the maintenance, management, and operation of the Authority facilities as may be, in the judgment of the Board of Supervisors, necessary or desirable for the efficient operation of the Authority facilities in accomplishing the purposes of this act.

(l) To enter into interlocal agreements or join with any other special purpose or general purpose local governments, public agencies, or authorities in the exercise of common powers.

(m) To contract with private or public entities or persons to obtain, provide, treat, distribute, or receive potable and nonpotable water or to provide or receive wastewater disposal, collection, or treatment.

(n) To prescribe methods of pretreatment of commercial or industrial wastes before accepting such wastes for treatment and to refuse to accept such commercial or industrial wastes when not sufficiently pretreated as may be prescribed, and, to the extent permitted by law, to prescribe penalties including fines or penalties not exceeding $2,000 per day, if the Authority is required by a state or federally mandated program to have the authority and power to fine or charge any person or entity for the refusal to so pretreat such commercial or industrial wastes.

(o) To require and enforce the use of services, products, and facilities of the Authority whenever and wherever they are accessible, and to require and enforce the installation and dedication to the Authority of water and wastewater facilities or easements as a condition precedent to the provision

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of service by the Authority or by another entity authorized by the Authority
to provide interim service until Authority services, products, and facilities
are available.

1. Whenever water or wastewater service is required, the owner shall
retain a qualified contractor to install the required facilities, extensions, and
connections. All facilities shall conform to the Authority's specified min-
imum design and construction standards and specifications and applicable
growth management, plumbing, and building regulations and codes. The
installation and connection process shall provide the owner with the right
to control the placement, manner, use, and disposition of the installation on
private property, subject to the minimum design and construction standards
of the Authority and as is reasonably necessary to protect the efficiency and
integrity of the Authority's facilities. Such control is afforded to the owner
to minimize the physical, aesthetic, and other effects of the installation or
connection on the affected property. Upon connection, the owner shall be
deemed to have granted a license to the Authority to enter upon the affected
property to inspect, repair, reconstruct, or otherwise maintain the installa-
tion or connection. Unless authorized otherwise, the owner shall be deemed
to own such installation located on the owner's property and may repair,
demolish, or construct in the area of the improvement served by the installa-
tion or connection, subject to the Authority's minimum design and construc-
tion standards and specifications for the Authority's facilities, and applica-
tible growth management, plumbing, and building regulations and codes.

2. In circumstances in which an owner fails or refuses to connect to the
Authority facilities, the Authority shall be entitled to seek and employ any
legally available remedy to cause the installation of on-site water or waste-
water facilities necessary to effectuate the connection of the owner's premises
to Authority facilities. Under such circumstances, any installation by
the Authority shall be performed after reasonable efforts by the Authority
to solicit, and in deference to, the owner's requests, if any, concerning the
placement, manner, use, and disposition of the installation on the owner's
premises subject to the Authority's applicable minimum design and construc-
tion standards and specifications which are reasonably necessary to
protect the efficiency and integrity of the Authority's facilities. Upon con-
nection, the owner shall be deemed to have granted a license to the Authority
to enter upon the affected property to inspect, repair, reconstruct, or other-
wise maintain the installation or connection. Unless authorized otherwise,
the owner shall be deemed to own such installation located on the property
and may repair, demolish, or construct in the area of the improvement
served by the installation or connection, subject to the Authority's minimum
design and construction standards and specifications for Authority facilities,
and applicable growth management, plumbing, and building regulations
and codes.

(p) To sell or otherwise dispose of the effluent, sludge, or other bypro-
ducts as a result of water or wastewater treatment.

(q) To provide wastewater treatment and disposal and develop, receive,
recover, treat, store, and supply potable and nonpotable water withdrawn
from or accumulated within the District on a retail, wholesale, or bulk
service basis.

CODING: Words stricken are deletions; words underlined are additions.
(r) To produce and sell bottled water and to undertake any activity related thereto.

(s) To accomplish construction directly or by letting construction contracts to other entities, whether public or private, for all or any part of the construction of improvements to the Authority facilities as determined by the Board of Supervisors in accordance with applicable law.

(t) To construct, maintain, and operate connecting, intercepting, or outlet wastewater and wastewater mains and pipes and water mains, conduits, or pipelines in, along, or under any streets, alleys, highways, or other public places or ways regulated by or under the jurisdiction of the state or any political subdivision or municipal corporation when necessary or convenient for the purposes of the Authority.

(u) Subject to such provisions and restrictions as may be set forth in any financing document, to enter into contracts with the government of the United States or any agency or instrumentality thereof, the state, or any municipality, county, district, authority, political subdivision, private corporation, partnership, association, or individual providing for or relating to the treatment, collection, and disposal of wastewater or the treatment, supply, and distribution of water and any other matters relevant thereto or otherwise necessary to effect the purposes of this act.

(v) To receive and accept from any federal or state agency grants or loans for or in aid of the planning, construction, reconstruction, or financing of improvements, additions, or extensions to the Authority facilities and to receive and accept aid or contributions or loans from any other source of money, labor, or other things of value, to be held, used, and applied only for the purpose for which such grants, contributions, or loans may be made.

(w) To purchase or assume the ownership, lease, operation, management, or control of any publicly or privately owned water or wastewater facilities, including the assumption, defeasance, or payment of the financial liabilities associated with such water and wastewater facilities.

(x) To divide the Authority facilities into separate units, benefit areas, subsystems, or subdistricts, or otherwise separate a utility system, for imposing special assessments, setting rates, fees, or charges, accounting or financing improvements or additions, or any other purpose.

(y) To appoint advisory boards and committees to assist the Board of Supervisors in the exercise and performance of the powers and duties provided in this act.

(2) To sue and be sued in the name of the Authority and to participate as a party in any civil, administrative, or other action.

(aa) To adopt and use a seal and authorize the use of a facsimile thereof.

(bb) To employ or contract with any public or private entity or person to manage and operate the Authority facilities, or any portion thereof, upon such terms as the Board of Supervisors deems appropriate.
(cc) Subject to such provisions and restrictions as may be set forth in any financing document, to sell or otherwise dispose of the Authority facilities, or any portion thereof, upon such terms as the Board of Supervisors deems appropriate, and to enter into acquisition or other agreements to effect such dispositions.

(dd) To acquire by purchase, gift, devise, or otherwise, and to dispose of, real or personal property or any estate therein.

(ee) To make and execute contracts or other instruments necessary or convenient to the exercise of its powers.

(ff) To provide such deferred compensation, retirement benefits, or other benefits and programs as the Board of Supervisors deems appropriate.

(gg) To maintain an office or offices at such place or places as the Board of Supervisors may designate from time to time.

(hh) To hold, control, and acquire by donation, purchase, or eminent domain or dispose of any public easements, dedications to public use, platted reservations for public purposes, or any reservations for those purposes authorized by this act and to make use of such easements, dedications, and reservations for any of the purposes authorized by this act.

(ii) To lease, as lessor or lessee, to or from any person, firm, corporation, association, or body, public or private, facilities or property of any nature to carry out any of the purposes authorized by this act.

(jj) To borrow money and issue bonds, certificates, warrants, notes, obligations, or other evidence of indebtedness.

(kk) To assess, levy, impose, collect, and enforce special assessments upon all or any portion of the lands located within the District or service area. Such special assessments may be apportioned among benefited property in a manner proportionate with the benefits received or commensurate with the burdens alleviated by the maintenance and use of property based upon such factors or combination of factors as determined by resolution of the Board of Supervisors. Such special assessments may, in the discretion of the Board of Supervisors, be imposed, collected, and enforced using any methods and procedures authorized by law, including section 197.3632, Florida Statutes, or its successor in function; or the Board of Supervisors may adopt by resolution its own method or procedures or use any other method or means for levy, imposition, collection, and enforcement not inconsistent with law.

(ll) To apply for and accept grants, loans, and subsidies from any governmental entity for the acquisition, construction, operation, and maintenance of the Authority facilities and to comply with all requirements and conditions imposed in connection therewith.

(mm) To the extent allowed by law and to the extent required to effectuate the purposes of this act, to exercise all privileges, immunities, and exemptions accorded municipalities and counties of the state under the provisions of the constitution and laws of the state.
(mn) To invest its moneys in such investments as directed by the Board of Supervisors in accordance with state law and which shall be consistent in all instances with the applicable provisions of the financing documents.

(oo) To purchase such insurance as it deems appropriate.

(pp) To do all acts and to exercise all of the powers necessary, convenient, incidental, implied, or proper, both within and outside of the District and service area, in connection with any of the powers, duties, obligations, or purposes authorized by this act, general law, or any interlocal agreement entered into by the Authority.

(2) The Board of Supervisors shall appoint a person or entity to act as Executive Director of the Authority having such official title, functions, duties, and powers as the chief administrative officer of the Authority as the Board of Supervisors may prescribe. The Board of Supervisors shall appoint a person or entity to act as the general counsel for the Authority. The executive director and general counsel shall each answer directly to the Board of Supervisors. Neither the executive director nor general counsel shall be a member of the Board of Supervisors.

(3) In exercising the powers conferred by this act, the Board of Supervisors shall act by resolution or motion made and adopted at duly noticed and publicly held meetings in conformance with applicable law.

(4) The provisions of chapter 120, Florida Statutes, shall not apply to the Authority.

(5) Nothing herein shall be construed to grant the Authority any jurisdiction to regulate the services or rates of any investor-owned utility.

(6) Nothing herein shall affect the ability of either the City Commission of the City of Kissimmee or Board of County Commissioners of Osceola County to engage in or pursue any civil or administrative action or remedies, including, but not limited to, any proceeding or remedy available under chapter 120, Florida Statutes, or its successor in function.

(7) Nothing herein is intended to, or shall be construed to, limit the power of local self-government of a charter county or conflict with the Constitution of the State of Florida or the Osceola County Home Rule Charter approved by vote of the electors on March 3, 1992, and which became effective on October 1, 1992.

Section 11. Creation of State, County, or Municipal Debts Prohibited. The Authority shall not be empowered or authorized in any manner to create a debt against the state, county, or any municipality and may not pledge the full faith and credit of the state, any county, or any municipality. All revenue bonds or debt obligations shall contain on the face thereof a statement to the effect that the state, county, or any municipality shall not be obligated to pay the same or the interest and that they are only payable from Authority revenues or the portion thereof for which they are issued and that neither the full faith and credit nor the taxing power of the state or of any political subdivision thereof is pledged to the payment of the principal of or the
# Toho Water Authority

## Current Staffing

<table>
<thead>
<tr>
<th>Position Titles</th>
<th>Number of Positions FY 02/03</th>
<th>Number of Positions FY 03/04</th>
<th>Current Status</th>
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<td>Secretary(^{(1)})</td>
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<td>Foreman</td>
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\(^{(1)}\) Extra Position Transferred from FWS
\(^{(2)}\) Extra Four Positions Transferred from FWS
## Toho Water Authority
### Current Staffing

<table>
<thead>
<tr>
<th>Position Titles</th>
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<th>Current Status</th>
</tr>
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<tbody>
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<td><strong>Treatment</strong></td>
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<tr>
<td>Chief Plant Operator</td>
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<tr>
<td>Environmental Service Inspector</td>
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<td><strong>Total For Division</strong></td>
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1) Extra Five Positions Transferred from FWS  
2) Extra Position Transferred from FWS

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<th>Number of Positions FY 03/04</th>
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<tr>
<td>Total Director</td>
<td>29</td>
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1) Five Positions Transferred from FWS  
2) Six Positions Transferred from FWS
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<td>Director</td>
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</tr>
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<td></td>
</tr>
<tr>
<td>Assistant Directors</td>
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<tr>
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| Field Operations |                             |                             |                |        |      |
| Field Operations Superintendent | 1                        | 1                           | 1              | 0      |      |
| Secretary(1) | 1                          | 2                           | 2              | 0      |      |
| Foreman | 3                          | 3                           | 2              | 1      |      |
| Water Meter Technician | 4                          | 4                           | 4              | 0      |      |
| Backflow Technician | 1                          | 1                           | 1              | 0      |      |
| Heavy Equipment Operators | 2                          | 2                           | 2              | 0      |      |
| Equipment Operators | 4                          | 4                           | 4              | 0      |      |
| Line Technicians | 12                         | 14                          | 14             | 0      |      |
| Utility Workers(2) |                            |                             |                | 8      | 1    |
| Total For Division |                            |                             |                | 36     | 2    |

(1) Extra Position Transferred from FWS
(2) Extra Four Positions Transferred from FWS
Toho Water Authority

Current Staffing

<table>
<thead>
<tr>
<th>Position Titles</th>
<th>Number of Positions FY 02/03</th>
<th>Number of Positions FY 03/04</th>
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<tr>
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<td>MIS Specialist</td>
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<td>Secretary</td>
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<td>Environmental Assistant</td>
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<tr>
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<td><strong>Total For Division</strong></td>
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\(^{(1)}\) Extra Five Positions Transferred from FWS  
\(^{(2)}\) Extra Position Transferred from FWS

<table>
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<tr>
<th>Divisions</th>
<th>Number of Positions FY 02/03</th>
<th>Number of Positions FY 03/04</th>
<th>Current Status</th>
<th>Filled</th>
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<tbody>
<tr>
<td>Total Director</td>
<td>29</td>
<td>30</td>
<td>29</td>
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<td>Total Field Operations(^{(1)})</td>
<td>36</td>
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<tr>
<td><strong>Grand Total - TWA</strong></td>
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<td></td>
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<td></td>
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\(^{(1)}\) Five Positions Transferred from FWS  
\(^{(2)}\) Six Positions Transferred from FWS
WHAT IS GASB 34?

The Government Accounting Standards Board’s (GASB) Statement Number 34, Basic Financial Statements and Management’s Discussion and Analysis for State and Local Government were issued in June 1999. Under GASB 34, governmental agencies will now be required to report the total operating and capital costs of providing services to the public, as well as the level of income generated, if any, by those services. The intent of the new reporting standards is to provide a more complete comparison of a government’s financial position on an annual basis. The goal would be that the governmental organization’s financial data will now be presented uniformly with other governmental organizations so as to make comparisons of the data more meaningful.

In addition GASB34 was to help ensure that governmental agencies are adequately funding capital renewal and replacement costs as per their own minimum standards of such replacement.

Accountability is a paramount objective of governmental financial reporting. Government’s duty to be accountable includes providing financial information that is useful for economic, social, and political decisions. Financial reports that contribute to these decisions include information useful in:

1. Comparing actual financial results with the legally adopted budget
2. Assessing financial condition and results of the operation
3. Assisting in determining compliance with finance-related laws, rules, and regulations
4. Assisting in evaluating efficiency and effectiveness

WHO IS APPLICABLE?

All public and governmental organizations.

WHAT ARE SOME OF THE IMPACTS OF GASB 34?

An important impact of GASB 34 to public utilities is the requirement to report current assets and liabilities, including capital assets and long-term liabilities, and to estimate the annual depreciation of its assets. In order to comply with GASB 34, governments will have to identify all assets acquired after June 30, 1980. This does not restrict the utility from reporting information on their total assets. Accumulated depreciation will need to be determined for all assets and depreciation expense will need to be included as part of the cost of service and recovered through rates, where applicable.

What it will cause a utility to do, which have limited budgets, is to address their capital improvement programs. New capital projects frequently take precedence over modifications to existing facilities, resulting in aging or obsolete systems that are inefficient and costly to maintain. Facility planners, because they lack
necessary information, often have trouble convincing decision-makers about the poor condition of their existing infrastructure and the crucial need for replacement funding. GASB 34 will help decision-makers to more accurately plan for long-term capital renewals and replacements. GASB 34 will help integrate an organization’s asset-management system with its overall capital financing program. It will help determine which assets will be replaced or rehabilitated and when.

WHAT APPROACHES ARE AVAILABLE?

Depreciation Method

Capital assets that are being or have been depreciated should be reported net of accumulated depreciation in the statement of net assets. Capital assets should be depreciated over their estimated useful lives unless they are either inexhaustible or are infrastructure assets reported using the modified approach. Inexhaustible capital assets such as land and land improvements should not be depreciated. Depreciation expense should be measured by allocating the net cost of depreciable assets over their estimated useful lives in a systematic and rational manner.

Modified Approach

Infrastructure assets that are part of a network or subsystem of a network are not required to be depreciated as long as two requirements are met.

1. The organization manages the eligible infrastructure assets using an asset management system. The asset management system must meet the following conditions:
   a. Have an up-to-date inventory of eligible infrastructure assets
   b. Perform condition assessments of the eligible infrastructure assets and summarize the results using a measurement scale
   c. Estimate each year the annual amount to maintain and preserve the eligible infrastructure assets at the condition level established and disclosed by the organization.

2. The organization documents that the eligible infrastructure assets are being preserved approximately at or above a condition established and disclosed by the organization itself.

References:

Government Accounting Standards Series, June 1999
GASB 34: A systematic Approach to Estimating Asset Replacement Costs, AWWA, 2001
ADDITIONAL INFORMATION
ON
GASB34
GASB 34: Spotlight on Assets

EXECUTIVE SUMMARY

A note to the reader: GASB 34 is a complex and comprehensive set of rules for reporting the financial results of the operations of governments and governmental agencies. This brief paper summarizes those portions of GASB 34 that concern fixed asset and infrastructure accounting. These topics will be of great interest to top utility managers, policy makers, and financial and engineering managers. Much of GASB 34 addresses specific reporting formats and other matters concerning accounting and presentation of multiple funds; this paper does not address these latter areas.

WHAT IS GASB?

The Governmental Accounting Standards Board (GASB) was established in 1984 to set accounting and reporting standards for state and local governments. Its mission is to improve reporting standards in order to provide useful information for citizens, financial analysts, legislative bodies, creditors, underwriters, and other users of government financial reports.

WHAT IS STATEMENT 34?

GASB Statement 34, issued in June of 1999, specifies the economic resources measurement focus and the accrual basis of accounting for all governmental financial reporting.

HOW WILL GASB STATEMENT 34 AFFECT MY AGENCY?

When the Statement goes into effect, all government financial reports will be required to include a standardized accounting of assets, liabilities, revenues, expenses, profits, and losses by major fund. If your organization is a small piece of a larger one—for instance, a department of a city—you will have to comply along with your reporting parent. GASB 34, in effect, mandates that comprehensive asset management processes must be in place at all levels of government.

Depending on how you choose to comply, your financial statements and your bond ratings may be affected.

WHAT SPECIFICALLY DOES GASB STATEMENT 34 REQUIRE?

1. It specifies the reporting of all capital assets at historical cost and requires accounting for depreciation expense as a cost of providing services.

2. It likewise requires and defines the specific reporting of all infrastructure assets.

The effect these rules will have on your municipality or agency will vary with the complexity of your facility mix and the level of asset management already established. At a minimum the following will be necessary:

- Each state and local government must have and maintain a complete and thorough inventory of all capital and infrastructure assets, their years of acquisition, and their original procurement costs. These assets will be reported in the financial statements with their values reduced by depreciation.

- If you elect not to depreciate your infrastructure facilities, you must have an Asset Management System meeting certain requirements. This system must report the costs of a program to maintain your assets at a condition level that you specify, supported by actual condition assessments at least every three years. The costs of the program, including asset replacement costs, are then expensed each year, substituting for depreciation.

WHAT DO I DO NOW?

Brown and Caldwell sees GASB 34 as an excellent opportunity for public utilities and other agencies not only to perform a comprehensive inventory and valuation of their assets, but also to improve overall asset management practices and to better manage system costs.

A GASB 34-compliant asset management system can support and integrate with other valuable systems such as capital asset acquisition planning, work order processing, refurbishment and replacement scheduling, systems operations and maintenance management, and procurement process analysis. These are all areas where proper planning for GASB 34 compliance can result in significant cost savings later and an overall improvement in utility management systems.
GASB 34: Spotlight on Assets

GASB MISSION AND PRINCIPLES

THE ROLE OF GASB

GASB accomplishes its mission by issuing standards to improve the usefulness, relevance, understandability, and reliability of financial reports. These standards, to which all government agencies must adhere, are the products of years of investigation and analysis and become part of generally accepted accounting principles.

Although not a regulatory agency, GASB fulfills a vital civic function since, without standards, financial reporting would become meaningless. GASB is tasked with the following mission:

1. To issue standards to improve the usefulness of financial reports.
2. To keep standards current with the governmental environment.
3. To provide guidance on implementing standards.
4. To improve reporting by establishing meaningful standards.
5. To improve the common citizen’s understanding of financial reports.

Presently, local and state laws require governments and governmental agencies to provide information about the funds they control, and most funds have restrictions on the uses of their assets. Annual and other periodic financial reports provide the means by which governments allow citizens to hold their governments accountable. These reports are not consistent, however, and sometimes the information provided is confusing and can even be unintentionally misleading.

GASB 34 requires governments and governmental agencies to report on each fund, as is required now, but with some changes. For example, only "major" funds will be reported individually, with less-important funds reported in the aggregate.

The implementation of GASB 34 will mean that the general public can gain a greater insight into the operation of your agency. Asset accounting may also become a critical element in the rate setting and budgeting process.

NOTE:

Properly accounting for and managing assets is a primary goal of GASB 34's provisions. Even if your agency contracts out the operation or maintenance of its assets, it still must report these assets per the provisions of GASB 34.
GASB 34: Spotlight on Assets

FINANCIAL REPORT CONTENT

GASB 34 STANDARD ACCOUNTING
The thrust of GASB 34 is the requirement for the preparation and submission of standardized financial and budgetary reports by state and local governments. The reports you produce will present all government-wide financial and asset activity identified by major fund. The GASB 34 definition of a major fund is any one whose revenue, expenditures, assets, and liabilities constitute at least 10% of the total for the government funds and 5% of the aggregate government operation. Your new reports will include:

ASSET REPORTING

1. Total Assets of the Government—You must distinguish between capital and other assets. This requires a total and reproducible valuation of all assets of the organization. The process begins with a thorough inventory of all facilities and may require extensive research into the historical cost of procurement and refurbishment. Valuation at current replacement value and deflation to the year placed in service is allowed if methodologies to do so are sound.

2. Total Net Assets—You must distinguish capital assets (net of related debt and depreciation), between restricted amounts (tied to specific funds), and unrestricted amounts.

3. Change in Net Assets—You must calculate the yearly changes in the net assets of the agency.

4. Ending Net Assets—You must provide a yearly final valuation of net assets.

MANDATORY MANAGEMENT DISCUSSION AND ANALYSIS
Another aspect of GASB 34 that will affect agencies is the Management Discussion and Analysis—referred to as MDA. The new financial reports require clear explanation. MDA provides an introduction to the Financial Statements and an objective analytical overview of the financial activities of the government. The analysis must be based on known facts and should explain your management decisions or specific and unusual circumstances. You will need to address the differences in financial condition between the current and past year, and should explain all significant capital asset activity, as well as changes in credit ratings and any debt limitations that may affect your agency.

REQUIRED SUPPLEMENTAL INFORMATION
GASB 34 also specifies that Required Supplemental Information (RSI) be included with your new reports. RSI includes budgetary comparisons for each major fund. You must also provide information on infrastructure asset valuation or reporting.

If your agency chooses to use the "Modified Approach" for reporting infrastructure (see page 5), the supporting analysis must be included in the RSI. Even if you choose depreciation reporting, you are still encouraged to include information on the condition of your infrastructure assets and programs to maintain their condition in your RSI. For further discussion, see Infrastructure Assets (The "Modified Approach"), on page 5.
GASB 34: Spotlight on Assets

GENERAL CAPITAL ASSETS (THE "DEPRECIATION APPROACH")

HOW DO I TREAT CAPITAL ASSETS?

GASB 34 defines capital assets as including all land (with improvements), easements, buildings (with improvements), vehicles, equipment, machinery, works of art, historical treasures, infrastructure, and all other tangible assets used in the operation of the government. These assets must also have a useful life extending beyond a single reporting period.

THE DEPRECIATION APPROACH

GASB 34 requires that capital assets be reported using the "Depreciation Approach" over their useful lives unless they are inexhaustible (such as land) or are defined as part of the infrastructure. Capital assets are valued at total historical cost including all ancillary charges. You must report capital assets in the financial statements as net of depreciation.

GASB 34 prefers that depreciation be calculated by allotting the net historical cost of the asset over the useful life of the asset "in a systematic and rational manner." Depreciation can be calculated for:

1. A class of assets (improved paving).
2. A network of assets (roads)
3. A subsystem of a network (highways, secondary streets, etc.).
4. By individual asset (power plant).

Useful lives for the various asset classes are not defined by GASB 34. Estimating useful lives is the responsibility of the reporting agency or government.

PROBLEMS WITH DEPRECIATION

GASB recognizes that simply reporting depreciation based on historical costs may present a distorted picture of financial results, and thus offers the "Modified Approach" discussed on the next page. Typical problems with depreciation reporting include:

- Because of inflation, annual depreciation charges on older assets may be much less than the amount that should be accrued each year to fund replacement.
- A utility with considerable deferred maintenance may show a low depreciation charge, understating its "true cost" of doing business when substantial future catch-up costs are considered.
- Regardless of the amount of the charge, depreciation remains a "bookkeeping entry." Its inclusion in financial statements is not an indication that an agency is investing in its infrastructure or reserving funds to do so.

NOTES:

- Inexhaustible assets such as land are not depreciated.
- Your agency must disclose the methods used to capitalize assets and to estimate the useful lives of facilities.
- If complete historical costs are not available, you can estimate these costs by calculating the present replacement costs of assets and deflating them to their acquisition years using appropriate indices.
- Agencies may also use composite depreciation methods by classifying assets according to similar or matching categories (i.e., roads, bridges, pipelines, etc.)
- Agencies using depreciation "shortcuts" should be aware of the possibility that their auditors will include this information in footnotes to the financial statements, perhaps reflecting unfavorably on the agencies' asset management programs and capabilities.
GASB 34: Spotlight on Assets

INFRASTRUCTURE ASSETS (THE "MODIFIED APPROACH")

WHAT IS INFRASTRUCTURE?
GASB 34 defines infrastructure assets as capital assets that are:

1. Normally stationary in nature.
2. Can be preserved for a significant number of years.
3. Normally part of a network or system (roads, pipelines, water or sewage systems, telecommunications systems, power plants, etc.)

THERE ARE SPECIAL PROVISIONS FOR INFRASTRUCTURE REPORTING
GASB 34 considers infrastructure assets to be differentiated from general capital assets because many are used for an extremely long term, and with renovations and upgrades, the lives of infrastructure facilities or assets can be extended—in some cases indefinitely. Consequently, depreciation calculations can be difficult and inaccurate. However, the value of these assets often constitutes a significant portion of the total value of your agency or even of your parent government.

THE MODIFIED APPROACH
Many government agencies may therefore elect to treat infrastructure assets differently from other capital assets, whose costs will generally be recognized using the "Depreciation Approach." GASB 34 calls this alternative to depreciation the "Modified Approach."

The Modified Approach allows agencies to report annual expenses incurred to maintain the condition of their infrastructure assets, and to carry these assets on their books for as long as the assets retain their usefulness. GASB 34 allows and even encourages this approach for infrastructure assets, but only under certain specific conditions.

A MANDATORY ASSET MANAGEMENT SYSTEM
1. Your agency must have an Asset Management System in place.
2. The Asset Management System must include an accurate and up-to-date inventory of all assets.
3. The Asset Management System should clearly report the costs to maintain the assets to a level of readiness you specify (see notes below).
4. Documentation should exist to establish and verify each level of classification and how condition assessment results are arrived at.
5. Complete condition assessments should be performed every three years.
6. The assessments should be replicable.
7. The condition level determination process should be established by administrative or executive policy or legislative action.
8. The results should clearly show that assets are maintained in a reasonable fashion to meet the operational standards and condition levels required by your agency's policy.

NOTES:
- Cyclical assessments (e.g., assessments of a third of all facilities each year) are allowed.
- If your agency does not have three years of reporting data available at the time of implementation, as many assessments as have been performed can be included.
- You must fully define the methods and procedures used. You must also define the condition level at which you plan to maintain your assets, the asset condition scale, the methods of assessment, etc. GASB 34 does not specify the condition level at which you must maintain your assets.
- In general, GASB 34 gives little useful guidance as to what constitutes an "acceptable" asset condition scale, or the procedures you should use to assess your assets' condition.
GASB 34: Spotlight on Assets

ANALYSIS—WHICH APPROACH SHOULD I CHOOSE?

THE EASIEST MAY NOT BE THE BEST

Many agencies will choose the Depreciation Approach for financial reporting. Of the two approaches, it is certainly the simplest and does not require a periodic assessment of asset condition.

However, there are good reasons for infrastructure agencies to consider the Modified Approach to GASB 34 compliance. Some of these reasons are:

- Many agencies may want, or perhaps need, a sound condition assessment program. Such a program could support master planning, capital scheduling, and other important programs.
- The Modified Approach gives users of financial statements the most complete and comprehensive picture of an agency’s financial situation, particularly as it concerns likely future capital needs for asset replacement and refurbishment. Some agencies may want to communicate this information, either to highlight their excellent condition or to point out the need for increased investment in infrastructure.
- Most infrastructure agencies badly need an effective asset management system to serve management needs across several key areas. Adoption of the Modified Approach supports development of such a system. With foresight, the system can be developed to serve not only GASB 34 compliance, but needs in other areas as well.
- Even if the depreciation approach is used, GASB encourages infrastructure agencies to report Modified Approach information in the RSI (Required Supplemental Information). Users of financial statements, including bond rating agencies, may see the lack of Modified Approach information as a signal that the agency is unwilling or unable to disclose the condition of its assets. This message may reflect unfavorably on the agency.

HOW DO I CHOOSE MY APPROACH?

Your GASB 34 compliance approach, and the details of compliance, should be developed considering all potential compliance goals and the needs of all potential users of compliance systems.

Potential compliance goals may include:

- Minimize the cost and effort involved in compliance.
- Minimize immediate rate impacts (or, alternatively, better justify adequate rates).
- Encourage financial policies that will support adequate financial investment, even in lean times.
- Communicate the most accurate picture of the agency’s financial condition.
- Maintain or improve bond ratings.
- Realistically assess the condition of infrastructure assets, and establish a program to repeat the assessment in the future.
- Through good asset information, better support master planning, replacement planning, maintenance management, and other common infrastructure agency needs.

Many infrastructure agencies, in defining and reviewing their GASB 34 compliance goals, will realize three important things:

1. Selection of a GASB 34 compliance approach is a strategic decision for an infrastructure agency.
2. The Modified Approach, even if only for informational use in the RSI, best serves not only financial needs (primarily through more accurate reporting and possibly better bond ratings), but also important needs in Engineering, Planning, Operations, and other areas.
3. To maximize the value of the Modified Approach to the agency, compliance should not be a matter for Finance alone. Engineering, Operations, and others should be involved in compliance planning and in selecting the compliance approach.
CMOM (Capacity, Management, Operation and Maintenance)

In the continuation of the Clean Water Act, the USEPA has proposed to clarify and expand permit requirements for municipal sanitary sewer collection systems in order to reduce sanitary sewer overflows. The agency's Office of Wastewater Management is expected to issue proposed sanitary sewer overflow (SSO) regulations. At the core of the proposed regulations are the Capacity, Management, Operation and Maintenance (CMOM) requirements. The EPA reports that these proposed requirements will help communities improve their wastewater collection systems by requiring them to develop and implement new capacity, management, operation, and maintenance programs and public notification programs.

The new regulations are establishing a required framework for conditions of operating and maintaining the sanitary sewer collection systems. The new conditions will include record keeping, reporting, public notification, CMOM, emergency response, and audit requirements for all municipal sanitary sewer collection systems.

There are four major documentation requirements of the CMOM program:
1. A written summary of the CMOM Program.
3. A Program Audit Report.

Within the new rules, there is a general prohibition of sanitary sewer overflows (SSO). The utility must demonstrate that the SSO was unavoidable; that a CMOM was in place and working, and that all reasonable steps were taken to stop and mitigate the impact of the discharge as quickly as possible. Under the new requirements the utility must properly manage systems at all times by providing adequate capacity for peak flows in all parts of the system, taking steps to:
- Mitigate SSOs.
- Keep written records on SSOs.
- Report Discharge Monitoring Reports.
- Provide 24-hour reporting of SSOs.
- Keep written follow-up records.
- Provide public notification of SSO or backup.
- Prepare an annual report.
- Develop a CMOM audit program.
- Make the CMOM available for public review.

This program will require utilities certification that all appropriate measures are being taken to eliminate unauthorized SSOs and back-ups, and the CMOM program is being implemented. In order to address the variety of SSO problems,
EPA and the state regulatory agencies will be targeting utilities where SSOs have a potential to cause problems due to poor O&M practices. Utilities need to conduct self-audits and assessments of their entire sanitary sewer collections system and develop a plan to correct problems over a reasonable time period.

Utilities should develop a "System Evaluation and Capacity Assurance Plan". The plan should address:

- Collection and analysis of appropriate information on the management and performance of their collection system.
- Development of management and performance objectives and goals of the collections system.
- Clarification of management and performance objectives.
- Selection and implementation measures.
- Development and evaluation of alternatives.
- Continued monitoring, assessment, and adjustment of implemented measures.

The Tohopekaliga Water Authority is joining many other proactive communities in the development and implementation of a defined CMOM program.

Beginning in June of this 2002 the Toho Water Authority Staff began the development of a CMOM program by conducting research of the proposed rules, attending seminars on CMOM and conducting a self-evaluation of our existing program. In the near future we will develop the knowledge of our existing system to provide capacity assurance, enhance the infiltration/inflow abatement, upgrade the information management systems and define the overflow response plan.

To assure the CMOM Program, CMOM Program Document, Collection System Self-Audit are developed and implemented thoroughly and correctly, Toho Water Authority will be selecting a consultant to work with the staff. Along with the consultant the staff will use all of the information gathered of the existing CMOM program in place and knowledge to achieve the desired goal of a well-organized and thorough CMOM program for the future.

The Authority already has some parts of the recommended sanitary sewer O & M program. Our plan is to complete, improve, and update the existing program through gaining improved knowledge of our systems, enhancing and upgrading equipment, increasing staffing based on program requirements and assuring the existing and future staff is provided a very good training and education program. The requirements of this program and pending regulatory requirements are related to the requirements of GASB34. A good CMOM program would fulfill the requirements of GASB34 for the sanitary sewer system.
About the CMOM Program Self Assessment Checklist

Introduction
A sanitary sewer collection system is a vital element of any community’s infrastructure and a critical component of the wastewater treatment process. The nation’s sanitary sewer infrastructure has been built over the last 100 years or more using a variety of materials, design standards, installation techniques, and maintenance practices. As this valuable infrastructure ages, the importance of preventive and predictive maintenance increases.

What is CMOM?
CMOM stands for "capacity, management, operations, and maintenance." It is a flexible, dynamic framework for municipalities to identify and incorporate widely-accepted wastewater industry practices to:

- Better manage, operate, and maintain collection systems
- Investigate capacity constrained areas of the collection system
- Respond to sanitary sewer overflow (SSO) events

The CMOM approach helps municipal wastewater utility operators provide a high level of service to customers and reduce regulatory noncompliance. CMOM can help utilities optimize use of human and material resources by shifting maintenance activities from "reactive" to "predictive"—often leading to cost savings through avoided overtime, emergency construction costs, increased insurance premiums, and the possibility of lawsuits. CMOM information and documentation can also help improve communications with the public, other municipal works and regional planning organizations, and regulators.

In CMOM planning, the utility selects performance goal targets, and designs CMOM activities to meet the goals. The CMOM planning framework covers operation and maintenance (O&M) planning, capacity assessment and assurance, capital improvement planning, and financial management planning. Information collection and management practices are used to track how well each CMOM activity is meeting the performance goals, and whether overall system efficiency is improving. On an ongoing basis, activities are reviewed and adjusted to better meet the performance goals. As the CMOM program progresses, performance goals can change. For instance, an initial goal may be to develop a geographic information system (GIS) of the system. Once the GIS is complete, a new goal might be to use the GIS to track emergency calls and use the information to improve maintenance planning.

An important component of a successful CMOM program is to periodically collect information on current systems and activities and develop a "snapshot-in-time" analysis. From this analysis, the utility establishes its performance goals and plans its CMOM program activities.

Additional information describing CMOM can be found at: www.epa.gov/npdes/sso or www.epa.gov/region4/water/wpewd/pdfs/self-audit_review2-3.pdf.
Sanitary Sewer Overflows
Frequently Asked Questions

The following is a list of Frequently Asked Questions for Sanitary Sewer Overflows organized from general questions about the NPDES Program to more technical questions about Sanitary Sewer Overflows. Click here to search for other program-specific FAQs or to display a list of all NPDES FAQs. Please check back periodically for updates!

- What are Sanitary Sewer Overflows?
- Why do sewers overflow?
- Why are SSOs a problem?
- How big is the SSO problem?
- What health risks do SSOs present?
- What other damage can SSOs do?
- How can SSOs be reduced or eliminated?
- What costs are involved with reducing or eliminating SSOs?

**What are Sanitary Sewer Overflows?**

Sanitary Sewer Overflows (SSOs) are discharges of raw sewage from municipal sanitary sewer systems. SSOs can release untreated sewage into basements or out of manholes and onto city streets, playgrounds and into streams before it can reach a treatment facility. SSOs are often caused by blockages in sewer lines and breaks in the sewer lines.

**Why do sewers overflow?**

SSOs occasionally occur in almost every sewer system, even though systems...
are intended to collect and contain all the sewage that flows into them. When SSOs happen frequently, it means something is wrong with the system.

Problems that can cause chronic SSOs include:

- Infiltration and Inflow (I&I): too much rainfall or snowmelt infiltrating through the ground into leaky sanitary sewers not designed to hold rainfall or to drain property, and excess water inflowing through roof drains connected to sewers, broken pipes, badly connected sewer service lines
- Undersized Systems: Sewers and pumps are too small to carry sewage from newly-developed subdivisions or commercial areas
- Pipe Failures: blocked, broken or cracked pipes; tree roots grow into the sewer; sections of pipe settle or shift so that pipe joints no longer match; and sediment and other material builds up causing pipes to break or collapse
- Equipment Failures: pump failures, power failures
- Sewer Service Connections: discharges occur at sewer service connections to houses and other buildings; some cities estimate that as much as 60% of overflows comes from the service lines
- Deteriorating Sewer System: improper installation, improper maintenance; widespread problems can be expensive to fix develop over time, some municipalities have found severe problems necessitating billion-dollar correction programs, often communities have to curtail new development until problems are corrected or system capacity is increased.

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Why are SSOs a problem?

EPA has found that SSOs caused by poor sewer collection system management pose a substantial health and environmental challenge. The response to this challenge varies considerably from state to state. Many municipalities have asked for national consistency in the way permits are considered for wastewater discharges, including SSOs, and in enforcement of the law prohibiting unpermitted discharges.

In response, EPA has convened representatives of states, municipalities, health agencies, and environmental advocacy groups to advise the Agency on how to best meet this challenge. This SSO Federal Advisory Subcommittee examines the need for national consistency in permitting and enforcement, effective sewer operation and maintenance principles, public notification for SSOs with potential health or environmental dangers, and other public policy issues. EPA carefully considers the Subcommittee's recommendations for regulatory and nonregulatory actions to reduce SSOs nationally.

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How big is the SSO problem?

The total number of SSOs that occur nationwide each year is not known. In some areas, they might not be reported or are underreported to EPA and
state environmental agencies. Two surveys, however, help to define the size of the problem:

- In a 1994 survey of 79 members of the Association of Metropolitan Sewerage Agencies, 65 percent of the respondents reported wet weather SSOs(5). They reported that between 15 and 35 percent of their sewers were filled above capacity and/or overflowed during wet weather. However, municipal respondents with SSOs had only limited information about them. Only 60 percent had estimated the annual number. Half of those had estimated the amount of sewerage discharged, and 17 percent had determined what pollutants were in their overflows.

- A 1981 survey conducted by the National Urban Institute indicated an average of 827 backups and 143 breaks per 1,000 miles of sewer pipe (about 1,000 miles of sewer pipe are needed to serve 250,000 people.) per year. Breaks occurred most often in the young, growing cities of the South and West.

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What health risks do SSOs present?

Because SSOs contain raw sewage they can carry bacteria, viruses, protozoa (parasitic organisms), helminths (intestinal worms), and borroughs (inhaled molds and fungi). The diseases they may cause range in severity from mild gastroenteritis (causing stomach cramps and diarrhea) to life-threatening ailments such as cholera, dysentery, infections hepatitis, and severe gastroenteritis.

People can be exposed through:

- Sewage in drinking water sources.
- Direct contact in areas of high public access such as basements, lawns or streets, or waters used for recreation. At least one study has estimated a direct relationship between gastrointestinal illness contracted while swimming and bacteria levels in the water.
- Shellfish harvested from areas contaminated by raw sewage. One study indicates that an average of nearly 700 cases of illness per year were reported in the 1980s from eating shellfish contaminated by sewage and other sources. The number of unreported cases is estimated to be 20 times that.
- Some cases of disease contracted through inhalation and skin absorption have also been documented.

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What other damage can SSOs do?

SSOs also damage property and the environment. When basements flood, the damaged area must be thoroughly cleaned and disinfected to reduce the risk of disease. Cleanup can be expensive for homeowners and municipalities. Rugs, curtains, flooring, wallboard panels, and upholstered furniture usually must be replaced.
A key concern with SSOs that enter oceans, bays, estuaries, rivers, lakes, streams, or brackish waters is their effect on water quality. When bodies of water cannot be used for drinking water, fishing, or recreation, society experiences an economic loss. Tourism and waterfront home values may fall. Fishing and shellfish harvesting may be restricted or halted. SSOs can also close beaches. One 1994 study claims that SSOs closed beaches across the nation that year for a total of more than 300 days.

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How can SSOs be reduced or eliminated?

Many avoidable SSOs are caused by inadequate or negligent operation or maintenance, inadequate system capacity, and improper system design and construction. These SSOs can be reduced or eliminated by:

- Sewer system cleaning and maintenance
- Reducing infiltration and inflow through system rehabilitation and repairing broken or leaking service lines.
- Enlarging or upgrading sewer, pump station, or sewage treatment plant capacity and/or reliability.
- Construction wet weather storage and treatment facilities to treat excess flows.

Communities also should address SSOs during sewer system master planning and facilities planning, or while extending the sewer system into previously unsewered areas.

A few SSOs may be unavoidable. Unavoidable SSOs include those occurring from unpreventable vandalism, some types of blockages, extreme rainstorms, and acts of nature such as earthquakes or floods.

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What costs are involved with reducing or eliminating SSOs?

Sanitary sewer collection systems are a valuable part of the nation's infrastructure. EPA estimates that our nation's sewers are worth a total of more than $1 trillion. The collection system of a single large municipality is an asset worth billions of dollars and that of a smaller city could cost many millions to replace. Sewer rehabilitation to reduce or eliminate SSOs can be expensive, but the cost must be weighed against the value of the collection system asset and the added costs of this asset is allowed to further deteriorate. Ongoing maintenance and rehabilitation adds value to the original investment by maintaining the system's capacity and extending its life.

The costs of rehabilitation and other measures to correct SSOs can vary widely by community size and sewer system type. Those being equal, however, costs will be highest and ratepayers will pay more in communities that have not put together regular preventive maintenance or asset protection programs in place.
Assistance is available through the Clean Water Act State Revolving Fund for capital projects to control SSOs. State Revolving Funds in each state and Puerto can help arrange low-interest loans. For the name of your State Revolving Fund contact, please call the EPA Office of Water Resource Center, (202) 566-1729.

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The Management Staff met to discuss ideas and issues to be considered for inclusion in the Authority’s Strategic Plan. Based on recent work with a consultant (TAP RESOURCES), management recognizes that a Strategic Plan should cover four (4) areas of key results for the organization. These key results areas are:

- Customer
- Employee
- Organization
- Financial

Within each key result area the management staff provided ideas/or topics for consideration for the updated Strategic Plan.

I. Customer

A. Service Quality Improvement
   1. Customer Expectations/Interactions
      a. Define
         (1) Feedback
         (2) Who are the Customers?
      b. Customer Education
      c. Organization Identity – TWA
   2. Reclaimed Water Service
      a. Reliability
      b. Availability
   3. Flexible Service Hours
      a. Customer Availability
         (1) Internet
         (2) Dispatching

B. Water Supply Development
   1. Alternative Sources of Water
      a. Reclaim
      b. Storm Water

C. Change in Customer Base
   1. Diversity
   2. Increase area of service

II. Employee

A. Developing Employee organization to focus on employee issues
B. Expand Skill Based Pay to other work groups in organization
C. Long Term planning for the aging of the employees in the organization
   1. Brain Drain – knowledge retention
   2. Recruitment & Retention
D. Defined Training Program
   1. Formalized
   2. Skill Development
   3. Mentoring
   4. Management
   5. Measurable – Training Hours/FTE Standard and Benchmark Against Industry

E. Safety – Improved awareness and training

F. Employee Satisfaction
   1. Quality of Work Life

III. Organization

A. Performance Management System Development
   1. Leadership Development
   2. Development of Performance Standards throughout organization

B. Management Structure change evaluation
   1. Hierarchy
   2. Centralized vs. De-centralized
   3. Span of Control

C. Impact of acquisition of the Poinciana System on the organization

D. Security
   1. Relationship with local authorities
   2. On-going education of Customers and Employees

IV. Financial

A. Revenue Enhancement
   1. Explore Backflow Testing Program
   2. Bottled Water
      a. Small Capital Investment
      b. Community Benefit
      c. Enhance Image
      d. Local regional opportunities with low revenue generation
   3. Point of Use Treatment
      a. Filters for Homes
   4. System Acquisitions
      a. Master Plan for whole system area
   5. Continued Relationship with City
      a. Service Agreement
         (1) I.T. Department
         (2) Finance
         (3) Human Resources
         (4) Records
         (5) Purchasing/Warehouse
         (6) Fleet Management
b. Other Options for Administrative Services
   (1) County
   (2) KUA
   (3) Self
   (4) Other Providers

6. Joint Business Opportunities
   a. KUA on AMR

7. Facility Considerations
   a. Space Needs
      (1) Administrative Office
      (2) Field Operations

8. Water Supply Development
   a. Master Plan
   b. Identify Growth Corridors
   c. Business Plan

9. GASB34 & CMOM
   a. Asset Management
      (1) Life Cycle Management
      (2) Replace Items Effectively & Efficiently
      (3) Work Management System
In advance of the Strategic Planning Workshop scheduled for Friday, February 6, 2004 I wanted to outline some of the issues or concerns in my opinion confronting the Authority over the next several years that may provide some basis for some our discussion at the workshop. The issues or concerns outlined in this memo are additional or supplemental to information provided in the current Strategic Plan and other pre-workshop material. The information provided to the Board in this memo and other pre-workshop material is not intended to limit the discussion or direction of the planning workshop but to inform the Board, stimulate thought, and provide some basis for some of our discussions at the workshop. I am confident that the Board will have its own issues and areas of concern to be folded into the existing planning efforts and will provide direction on the priorities of some of the existing planning efforts.

The Strategic Planning Workshop, while necessary for the coming Budgeting efforts and Fiscal Year (2005), is somewhat out of sequence to where it should occur in the normal calendar of planning and budgeting. Optimally, strategic planning should occur well in advance of capital and operational budgeting efforts, as the strategic plan should drive those efforts. With the necessity of the Authority’s budget calendar/cycle tying into the City and County calendars, the TWA budget preparation should occur during the winter and spring. Therefore the Strategic Planning would optimally occur in either the summer or fall. Because TWA did not become functional until October 31st and the acquisition of the Florida Water System followed two weeks later in the middle of November, strategic planning in the fall was not possible this past year. My recommendation to the Board is that the February 6, 2004 workshop be viewed as a first-interim planning step to carry the Authority through this year and next fiscal year (2005). This fall or in the late summer I would propose that the Authority undertake a more extensive and comprehensive strategic planning effort with the intent of creating a new strategic plan for the authority. This plan would allow more time to be expended on the effort, more involvement or feedback from other stakeholders, and would allow the Authority to gain the experience of this first year of operation, fully incorporate the Florida Water System and know the status of the Poinciana system relative to acquisition.

With the introduction above, listed below are some suggested topics or issues for consideration for discussion at the February 6th workshop:

1. Expansion of the utility system within the Service Area. Though the legislatively mandated Master Planning effort will address some this issue in the long term, that planning will not be completed for at least a year or more and there are some steps that can be taken while the planning effort is on going. Some areas that can be addressed or discussed are:

   a. Infill of service enclaves
b. Identifying existing growth corridors and developing service plans for them.

c. Consolation of service areas through extension or expansion considering the Florida Water and Poinciana Systems.

2. Acquisition of other Utility Systems to consolidate the Authority’s service area. This issue is already partly covered in the present Action Plan for 2004. Some potential topics for discussion include:

a. Poinciana Utilities acquisition schedule and plans

b. O & S Water system acquisition

c. Acquisition of the remaining small private non-PSC certified utility systems

3. Transition planning for Administrative and Support Services including administrative space needs. The Administrative Services agreement with the City of Kissimmee is an annual agreement that can be renewed annually, modified annually, or terminated with sufficient notice at the end of a fiscal year. Issues for discussion could include:

a. Alternatives to the present Administrative Services Agreement.

b. Developing a Transition Plan for some or all administrative and support services

c. Transition Plan from the City Hall location or alternative space plans.

4. Water Supply Planning – Long and Short Term. Establishing the Authority’s water supply needs and developing long term plan to meet those needs will be a critical/priority issue over the next several years. Some topics or issues for discussion in this area include:

a. Establishing the Service Area’s water demand.

b. Identifying and quantifying potable and non-potable water sources

c. Regional cooperation in water supply planning and resource development

5. Continue focus on Staff development and performance. Some of the programs and/or initiatives in this area include:

a. Developing a Performance Management System for the organization integrated with the Strategic Plan and tied to the compensation plan.

b. Continue leadership development and skill development programs

c. Dealing with the coming “Baby Boomer Brain Drain” resulting from a significant portion of the skill and management staffing approaching retirement in the next five years. Issues to consider include Knowledge Retention, Recruitment and Retention, and workforce restructuring.
Memorandum: Some Suggested Topics/Issues for Strategic Planning Workshop February 6, 2004

6. Identify additional revenue/business centers and/or improve existing centers. Some ideas for additional business centers include:
   a. Backflow testing, repair and replacement by the Authority instead of plumbers
   b. Providing bottled water. A marketing study was done in 2001 but was shelved following September 11, 2001 incident.
   c. Point of Use Treatment systems such as charcoal filters, softeners, etc.
   d. Private lift station maintenance contracts

7. Facility consolidation for efficiency. The acquisition of the Florida Water System and other utilities should require an on-going philosophy of consolidation when fiscally justified. Areas for consideration include:
   a. Florida Water System facilities. This effort is already on-going
   b. Poinciana Utilities
   c. Existing Authority facilities

Attachments
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