

**SEACOAST UTILITY AUTHORITY
ANNUAL REPORT OF THE EXECUTIVE DIRECTOR
FISCAL YEAR OCTOBER 1, 2014 TO SEPTEMBER 30, 2015**

INTRODUCTION

Seascoast Utility Authority's (SUA) enabling documents require its Executive Director to prepare an annual summary of issues, activities and achievement. Following is the fiscal year ('FY') 2014/2015 report, which, read as a narrative supplement to the Engineers Report on the Condition of the System and the Comprehensive Annual Financial Report (CAFR), fulfills that requirement.

FINANCIAL SUMMARY

Operating Revenue

SUA's FY 2014/2015 total revenue increased by 4.74% over the previous year. This increase was primarily driven by the 3.0% indexed rate increase implemented October 1, 2014 and periodic extended periods of dry weather during the year. The table below compares budgeted water/sewer revenue and actual results for the current and previous fiscal years.

WATER, SEWER AND RECLAIMED WATER SALES

	<u>Actual 2015</u>	<u>Budget 2015</u>	<u>Actual 2014</u>	<u>Budget 2014</u>
Water	\$27,874,720	\$26,483,358	\$26,583,122	\$25,667,069
Sewer	\$17,766,994	\$17,443,276	\$17,070,952	\$16,515,489
Water/Sewer	\$45,641,714	\$43,926,634	\$43,654,074	\$42,182,558
Reclaimed	\$ 1,194,037	\$ 1,147,196	\$ 1,060,315	\$ 1,108,956
Total	\$46,835,751	\$45,073,830	\$44,714,389	\$43,291,514

% VARIANCE 2015 OVER 2014

Water	4.86%	3.18%
Sewer	3.47%	5.62%
Water/Sewer	4.55%	4.13%
Reclaimed	12.60%	3.45%
Total	4.74%	4.12%

Operating Expense

Excluding depreciation and interest expense, normal operating costs were \$21,820,014, 3.7% LESS than the previous year. Primary factors affecting the decline in expenses were dramatically lower group health insurance premiums; reduced use of water treatment chemicals; reduced maintenance costs resulting from recently completed PGA Wastewater Plant renewal and replacement projects; less overtime, the result of integrating Richard Road and Hood Road water plant staffs; and reduced professional services (engineering, legal) costs.

Debt Service

At the close of FY 2014/2015, SUA's outstanding bond principal indebtedness, after unamortized discounts and premiums, was \$107,258,093. SUA paid \$6,873,329 in principal debt and \$6,426,250 in interest during FY 2014/2015.

System Growth

Beginning with the 1999 sale of remaining developable MacArthur Foundation properties, SUA's service area experienced a burst of growth that peaked in 2004 and 2005. Declining thereafter, new meter installations fell to a historical low in 2011 before rebounding in 2012. The following table reflects new meter installations since the year 2000:

2000	392
2001	781
2002	707
2003	1,083
2004	1,226
2005	1,441
2006	816
2007	266
2008	128
2009	169
2010	116
2011	55
2012	75
2013	101
2014	165
2015	85

SUA served 35,442 metered accounts as of September 30, 2015.

System capacity for 1,962 future equivalent residential connections ("ERC") had been reserved as of September 30, 2015, up from 1,753 ERCs reserved at the end of the previous fiscal year. Five new developer agreements and two developer agreement amendments were executed during the year, relatively unchanged from seven the previous year. Assuming a reasonable pace of economic recovery, most of the reserved ERCs will be connected within the next 8 years, though

Alton, the largest project currently under development, is likely to build out over the next 15 years.

Utility Fixed Assets

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>%Increase</u>
<u>Water</u>				
Water Main (miles)	480.5	480.6	484.5	.81%
Fire Hydrants	3,508	3,525	3,555	.85%
Gate Valves	6,935	6,948	7,186	3.43%
<u>Sewer</u>				
Gravity Sewer (miles)	281.4	281.6	284.1	.89%
Force Main (miles)	86.0	86.0	86.9	1.05%
Lift Stations	150	150	151	.67%
Manholes	7,607	7,632	7,711	1.04%
Reclaimed Water Main (miles)	24.3	24.3	24.3	0.0%

STAFF PERFORMANCE

Since its days as a privately owned system in 1986, SUA’s work force has been reduced from 144 employees to 124 full-time positions at September 30, 2015. Throughout that same period, the customer base has grown by more than 65%, as have the fixed assets that those employees manage and maintain. Staff believes that SUA’s combination of competitive pay, attractive benefits, positive work environment, attention to renewal and replacement of aging equipment, and prudent application of technology have created a remarkably productive work force.

ACTIVITIES SUMMARY

Legal Issues

In addition to providing routine assistance for a wide range of land development, real estate, debt collection, policy and regulatory matters, SUA legal counsel worked extensively on construction contract issues during the year. SUA General Counsel Nathan Nason assisted in negotiating and drafting numerous legal instruments, including settlement agreements, lien and easement documents, release language, and purchase contracts.

Water and Sewer Rate Adjustment

Ordinance no. 2-2009, providing for annual rate indexing became effective October 1, 2009. SUA's Board authorized a 3.5% federally indexed rate increase to be effective October 1, 2014. In August 2014, the board also adopted Ordinance No. 2-2014, adjusting monthly base facility charges to correspond to relative water delivery capacity by meter size. No residential billings were increased by this revision, but the rates charged to approximately 900 non-residential customers were increased by up to 1.0%.

Special Programs and Safety Initiatives

Following is a summary of 2015 special programs and workplace safety initiatives:

- deregistered Richard Road Water Treatment Plant from the EPA Risk Management Program to comply with 40CFR Part 68 following removal of one ton chlorine containers;
- hosted tours of the water and wastewater treatment facilities for the Palm Beach County Special Operations Teams, Stations #19 and #34. Three (3) separate tours were held so each work shift could attend to become familiar with and evaluate access to chemical storage areas;
- completed employee Safety and Health Committee inspections of SUA facilities;
- coordinated predictive maintenance infrared imaging of electric panels at each treatment plant, water repump station, and critical wastewater lift stations;
- applied for and received from the SUA workers' compensation insurance carrier \$5,000 reimbursement for purchase of safety equipment;
- Industrial Pretreatment Program courses titled Advanced Local Limits Development and Data Management Tools attended by the Programs Coordinator;
- arranged for inspection, testing and repair or replacement of confined space entry and retrieval equipment;
- continued the "Safety Pays" safety incentive program making cash awards available within work groups maintaining outstanding safety records;
- updated and obtained certification of Risk Management Program Chlorination System Operating Procedures;
- arranged a flu shot clinic for SUA employees and immediate family members;
- successfully completed an audit of the Industrial Pretreatment Program conducted by the Florida Department of Environmental Protection ("FDEP") personnel who determined the Program to be in compliance with state and federal rules;
- provided medical evaluations and performed fit testing for employees who wear respirators;
- sent two electrical workers NFPA 70E Electrical Safety in the Workplace course;
- provided hepatitis B vaccinations for occupationally exposed Seacoast workgroups;
- continued random drug and alcohol testing of A, B and C level commercial drivers licensees to comply with federal DOT regulations;
- coordinated collection and disposal of regulated hazardous waste;
- participated in the Florida State Functional Exercise to improve response from utilities and local, state and federal assistance available following a hurricane or other disaster;

- continued the Safety and Health Committee program for Administration, Field and Plant divisions;
- worked throughout the year updating safety training record keeping system using forms for all workgroups;
- held Coaching the Forklift Operator 2 course to certify 5 employees for forklift operation;
- hosted a CPR/AED and 1st Aid training and certification course attended by 10 employees.

OPERATIONS DIVISION

Water Department

Among many significant FY 2014/2015 Water Department projects were the following:

Wells and Fields:

- completed and placed in service the Lilac Street sodium bisulfite dosing system in March 2015;
- completed replacement of Well BR21, placed into service February 2015;
- completed replacement of Well NPB9, placed into service October 2015;
- completed replacement of Wells BR21, BR24 and NPB7, place in service in 2015;
- commenced work on 2015 well replacements which include HR5 and HR6, PBG9, NPB9 added following collapse during rehabilitation work;
- commenced work on 2016 well replacement project which includes Wells HR7, HR12 and HR13;
- continued annual well maintenance work, piggybacking the Palm Beach County Water Utilities competitively bid contract for work done at Wells HR8, HR12, HR5, HR6 with wells HR13 and HR 14 in progress;
- completed 5 year well meter calibrations as required by SUA's South Florida Water Management District water use permit;
- completed connection of all SUA wells to SUA's AMR (radio read) meter reading system to provide the daily flow accounting required by permit;
- installed new 10,000 gallon fuel tank and day tank at Hood Road Repump station.

Richard Road Water Treatment Plant (RRWTP):

- chlorinated Burma Road and Richard Road raw water mains;
- decommissioned water treatment facilities, maintained offline on standby.

Hood Road Water Treatment Plant (HRWTP)

- completed 2.0 million gallon Ground Storage Tank #6, pending Health Department release;
- completed phase 1 corrosion study required by the membrane plant Health Department permit;
- decommissioned lime softening water treatment facilities, maintained offline on standby;
- began implementation of preventive maintenance and asset management programs;
- successfully completed FDEP mechanical integrity test on the concentrate injection well;

- issued a Public Notice, required by drinking water regulations, for failure to timely monitor lead and copper in accordance with revised schedule associated with startup of the new membrane plant. Monitoring was completed within one month of the revised deadline and indicated full compliance with water quality standards;
- with only 50 hours of run time on one of three 2 megawatt diesel powered emergency generators, unit #1 suffered a catastrophic engine failure. The engine was replaced under the contractor's warranty.

Membrane Conversion Project

Responding to a June 2005 staff memorandum, SUA's Board authorized the firm LBFH, Inc. (AECOM Engineering) to evaluate the feasibility of replacing SUA's existing lime softening water treatment process with membrane (nanofiltration, reverse osmosis) processes. Staff had expressed concern that increasingly stringent water quality standards and limited lime sludge disposal options will soon render lime softening obsolete. The engineer's report was presented to the board in December 2005.

In January 2006, SUA's Board adopted an \$88 million capital improvements plan that included the following elements:

- construct a single 30.5 million gallon per day (MGD) combination nanofiltration/reverse osmosis water treatment plant at the Hood Road Water Plant (WTP) site;
- construct a series of Floridan aquifer water supply wells on or near the Hood Road WTP property;
- construct deep injection well brine waste disposal facilities at the Hood Road WTP site;
- construct such raw and finished water pumping and transmission pipeline facilities needed to allow Richard Road WTP decommissioning and delivery of that facility's raw water supply to the proposed Hood Road WTP membrane plant.

A request for engineering services proposals was published in June 2006, and the Board selected project component engineers in September 2006. Following is the status of each project component as of the end of FY 2014/2015:

Hood Road Membrane Water Treatment Plant

Contractor – Reynolds, Inc., awarded September 2009

Cost – \$51.025 million (through change order no. 15)

Original Estimate - \$70 million

Status – 90% complete

Projected Final Completion – March, 2016

Notable FY 2014/2015 Activities:

- continued performance testing nanofiltration skids to meet water hardness specifications, purchased and installed 570 NF 270 membranes to replace 4 out of 7 NF 90 membranes in the second stage to raise finished water hardness to 70 mg/l target;
- discovered, corrected and implemented maintenance protocols to address iron and sulfur fouling occurring in the plant degasification and odor control systems resulting from the lower mineral rejection associated with the NF 270 membranes;
- discontinued sodium hypochlorite feed to odor control scrubbers to avoid the formation of packing foulants. Odor control is slightly less effective but maintenance has been dramatically reduced;
- completed NF 270 membrane element pilot testing in September of 2015, designed to establish maximum nanofiltration feed water pH. Testing confirmed feed water pH exceeding 6.3 accelerates skid failure and increases iron passage into finished water;
- chemical feed systems design and performance issues reached a critical point in 2015. Equipment failure and lack of contractor, manufacturer and distributor response plagued operations throughout the year. Project engineers CDM Smith and the manufacturer concluded that the chemical feed pump installation did not provide for adequate net positive suction head to the inlet of chemical feed pumps. The manufacturer suggested replacing existing diaphragm pumps with gear pumps. Two test pumps supplied by manufacturer seem to confirm that the gear pumps are considerably better suited to the Hood Road operation. The engineer will propose a formal remedial plan;
- on Friday December 19, 2014, the membrane plant construction contractor installed a second basket strainer for the nanofiltration acid feed system. On Sunday Dec. 21, a weld on the plastic supply line broke and went unnoticed for approximately 5.5 hrs. A total of 6,000 gallons of sulfuric acid leaked into the secondary containment unit. With the acid contained, emergency response from local fire rescue was not needed. EQ Environmental out of Tampa responded the following day and started cleanup. Acid was placed in 250 gallon totes and hauled off site for disposal. Total cost associated with the spill was approximately \$50,000. The contractor will be back-charged for all associated costs. Regulatory agencies were notified in accordance with SUA emergency procedures and regulatory requirements;
- internally scoured (pigged) the 36" raw water main between Hood Road water plant and the Hood Road well field. Multiple passes were required to remove the accumulated manganese dioxide;
- during the 36" raw water main scouring, the main stem on a contractor-installed raw water main valve was broken. The plant/pump station contractor repaired the valve on both occasions;
- retrofit two nanofiltration acid feed application points by replacing two problematic stainless steel injection quills with 100% Teflon quills. Both have been in place for 6 months with no issues;
- replaced stainless steel clearwell J-tubes corroded by contact with chlorine off-gas with PVC material;
- repainted ductile iron piping associated with deep injection well and dual zone monitoring well;
- repainted ammonia tanks and flap gates on south side of clearwell.

Three Floridan Aquifer Wells

Contractor – AllWebb
Cost - \$2.2 million
Original Estimate - \$3 million
Status – complete

Hood Road Membrane Concentrate Disposal Well

Contractor – Youngquist Brothers
Cost - \$4.8 million
Original Estimate - \$7.2 million
Status – complete

Hood Road to Richard Road 20-inch Finished Water Main

Contractor – Centerline Utilities
Cost – \$2.2 million
Original Estimate - \$6 million
Status – complete

Hood Road to Richard Road 20-inch Raw Water Main

Contractor – Pipeline Utilities
Cost – \$2.7 million
Original Estimate - \$7 million
Status – complete

Hood Road, Lilac Street Richard Road Pump Stations

Contractor – Reynolds, Inc. awarded February 2010
Cost – \$13.663 million (through change order no. 8A)
Original Estimate - \$9.8 million
Status – 90% complete
Projected Final Completion – February 2016
FY 2014/2015 activities included:

Lilac Street Repump:

- contractor continued work on the punch list;
- substantial completion of contract issued.

Hood Road Repump:

- contractor continued site work, demolition and painting; substantial completion of contract issued.

Richard Road Repump:

- contractor continued painting of existing structures;
- Contractor began demolition of treatment plant, then reassigned demolition subcontractor to the Hood Road membrane plant site due to slow progress. Richard Road work is approximately 75% complete;
- at no cost to Seacoast, FPL installed a larger transformer and main line electrical feeders to support additional power loads associated with new transfer pump station;

- contractor continued work on punch list.

Water Distribution

FY 2014/2015 activities included:

- received numerous customer complains concerning red water commonly associated with conversion to membrane water treatment processes. Initiated unidirectional flushing in most heavily affected areas and flushing as needed in other affected areas;
- repairs to a major water main break in the 700 block of Northlake Boulevard required closure of the middle and northernmost westbound lanes to access 6” water main;
- completed bank improvements to re-stabilize and replace “rip-rap” materials over 12” water main and 8” reclaimed water crossing under the Intracoastal Waterway on the west side of US 1 at the Parker bridge in North Palm Beach. Work was coordinated with FDEP, U.S. Army Corps of Engineers, FDOT, the North Palm Beach Golf Course and Waterway Condominium Association;
- in July 2015, Seacoast’s water distribution section was presented a statewide safety award by Florida Water and Pollution Control Operators Association (FW&PCOA);
- completed painting of selected fire line and backflow assemblies.

Wastewater Department

Significant Wastewater Department activities during FY 2014/2015 include:

PGA Wastewater Treatment Plant

- completed the Andritz sludge press rebuilds;
- installed 2 new digester recirculation trash pumps;
- replaced 2 thickened sludge pumps;
- installed new digester isolation valves;
- replaced grit pump and piping at the headworks;
- replaced a thickener control panel;
- replaced 2 NARCY pumps;
- General Electric performed switchgear preventive maintenance;
- performed analytical infrared scan on all motor control centers;
- installed new air piping for the digesters;
- finished Motor Control Center #1 & #2 replacement;
- installed new total suspended solids monitoring station, connected to plant SCADA (telemetry) system;
- replaced all valves and piping at chemical storage area;
- completed a SCADA upgrade for better plant process operational control;
- pulled and installed fiber optic cable for enhanced on-site SCADA communication;
- rehabilitated tertiary filters with new seals, cloths, grids, pumps and gearboxes;
- installed new chlorine scales and a hoist;
- installed security cameras;
- removed and serviced all 4 filter feed pumps;

- replaced check valves for deep injection well pumps 1-4;
- completely rebuilt odor control blower # 2;
- rebuilt waste activated sludge pump #2;
- installed new compressor at surge tank for deep injection well;
- installed a new polymer tote system.

Reclaimed Water System

SUA's reclaimed water system continues to operate at full capacity and in compliance with all regulatory requirements. During FY 2014/2015, SUA delivered an average of 8.389 million gallons per day (MGD) to reclaimed water customers – a full 20% increase from the previous year. Assisted by SUA's SFWMD supplemental reclaimed water allocation and the recycled membrane water treatment plant waste stream, SUA recycled the equivalent of 100% of wastewater generated by its customers during FY 2014/2015. In addition, staff:

- replaced an 8" meter head for the C-17 supplemental pump station;
- replaced the flow transmitter for the Abacoa metering station;
- replaced the valve position indicator for the Mirasol metering station;
- installed a new 6" submersible pump and motor for The Isles supplemental well.

Wastewater Collection System

Following is a summary of significant FY 2014/2015 wastewater collection and pumping system projects and activities:

- replaced 4 long side service laterals under roadways;
- replaced 2 force main valves;
- slip lined 15,511 feet of gravity main line;
- installed 49 new cleanouts;
- replaced wet well piping in 2 lift stations;
- installed 3 lift station control panels;
- converted 21 lift stations to high speed telemetry frequency;
- completed 19 emergency sinkhole and broken lateral repairs;
- replaced a failing force main section at Donald Ross and Prosperity Farms Roads;
- inspected each of 480 customer grease traps 3 times;
- performed maintenance on 600 force main and reclaimed water main valves;
- performed maintenance on 130 force main and reclaimed water main air release valves;
- performed electrical and mechanical maintenance on 150 lift stations.

Utility Services Department

This department provides building, grounds, and fleet support services.

Following are examples of this year's activities and special projects:

- rebid and awarded new contract for landscaping services for all SUA sites;
- hired contractor to replace and refurbish the roof of the Hood Road Administration Building;
- upgraded the skid loader to a compactor wheel loader, increasing the loading capacity and mobility without causing damage to the worksites;
- replaced 5 service vehicles in the Field Operations section to maintain department functionality and performance;
- maintained and enhanced CDL certifications in order to operate specific vehicles and equipment. For example, HAZMAT certification to operate SUA's 4000 gallon fuel tanker;
- completed numerous welding projects for water treatment and waste water treatment plants and lift stations;
- assisted water distribution crew by torching corroded fire hydrant bolts, valve, check valves and elbows, welding brackets to elbows and bracing;
- performed routine trailer maintenance including floor repair/replacement, repaired several trailer tarps and landing gear on the PGA WWTP sludge trailer;
- cleared easements of large trees and brush for contractors installing electrical service to the Hood Road repump station;
- completed pre-hurricane season servicing of all SUA portable generators at all locations. Services include replacing tires, batteries, and test runs on each generator;
- completed pre-hurricane fueling of all SUA stationary generators at lift stations, wastewater plant, water plants and well fields;
- maintained, repaired and serviced all SUA equipment and vehicles;
- conducted in-house safety training for Fork Truck Certification for all SUA field employees and new employees that require certification;
- transported material for all SUA departments at various locations;
- supplied special projects manpower for all SUA departments.

Construction Department

SUA's Construction Department is responsible for subdivision plan review, developer agreements, inspections, line locations, coordinating new meter sets, web site administration and central files. All new water distribution, wastewater collection and reclaimed water main projects discussed elsewhere in this report were coordinated, start to finish, by the Construction Department.

To assist with an increasingly varied workload, departmental personnel have been cross-trained to handle multiple tasks including line locations, routine and special project inspection work, plan review, and project tracking and management responsibilities. Construction Department personnel have offered considerable interdepartmental assistance in such areas as customer service, computer support, hydrant flushing, asset management software development and implementation, easement inspections and other critically important SUA functions.

Other FY 2014/2015 Construction Department activities included:

- performed plan review, construction management and observation for several new and ongoing land development projects including:
 - The Learning Center
 - Army Reserve Center
 - Bay Colony Redevelopment
 - Northlake Commons
 - Sunset Drive
 - Harbor Chase
 - Discovery Village
 - Teach Road
 - Azure
 - Alton Rd/Grandiflora
 - Water Club of NPB
 - South Gardens Apartments
 - Dairy Queen
 - Donald Ross Village
 - Alton Neighborhood One

- office personnel responded to 8,104 One Call tickets requesting location of underground SUA facilities; field personnel responded to approximately 6,834 of these (others were outside the service area or duplicates);
- implemented technology that permits field personnel to receive and respond to service orders electronically without delay and to update SUA’s asset management records while in the field;
- expanded the use and functionality of SUA’s geographical information systems (GIS);
- provided site inspections of meter, backflow and sewer cleanouts for 163 non-residential accounts changing hands during the year;
- assisted 28 existing food service establishments in meeting current building and service codes for grease control.

In April 2014, the board authorized an Easement Acquisition Program designed to secure more explicit legal access to SUA facilities crossing approximately 175 private properties. Shortly thereafter, SUA filed a public record notice designed to inform those researching real estate title that SUA easements may be required. During fiscal 2014/2015, Seacoast acquired 8 new easements through this program.

ADMINISTRATION DIVISION

Finance Department

SUA’s Finance Department is responsible for the Accounting/Payroll, Information Systems (“IS”) and Warehouse/Purchasing functions.

In September 2015, the Finance Department was awarded the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting for the FY2013/2014 annual report. This certificate is the highest form of recognition in the area of governmental accounting and financial reporting. SUA has received this award for fiscal years 1999, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013 & 2014.

SUA's fiscal 2014 audit report included a "clean opinion" on its financial statements. No management letter comments were offered.

The Authority continues to maintain a strong credit rating. In February 2015, Moody's upgraded SUA's bond rating to Aa2 from Aa3. This followed FitchRating's July 2014 affirmation of its previous rating of AA, Stable Outlook and Standard & Poors' (S&P) February 2013 review of SUA's financial and operational performance resulting in the Authority's credit rating upward from "AA-, Stable" to "A+, Stable."

All three credit rating agencies cited similar strengths as follows:

- Financial Flexibility – noting a solid financial position, with continued increases in liquidity stabilizing the Authority's financial position;
- Improving Debt Profile – with debt per customer on par with AA category median; noting that the Authority has no plans to issue new debt so this ratio should only improve;
- Diverse Service Area – noting a strong economic base of service area that is very stable as well as characterized by high wealth levels;
- Prudent Management – providing conservative budgeting and multi-year projections.

SUA's warehouse operation remains a model of efficiency with an annual year-end inventory adjustment of less than 1%.

Other significant Finance Department activities included:

- attended numerous seminars/webinars regarding the new Affordable Care Act federal regulations to ensure understanding and compliance with this new federal mandate;
- researched, trained and implemented the latest upgrades to our MUNIS Financial Software;
- continued to invest the Authority's approximately \$85 million of surplus and debt service funds achieving an average yield of 1.15%, all the while preserving our principal;
- continued monitoring and tracking all construction costs associated with the membrane conversion project;
- expanded SUA's newly implemented self-service modules, allowing employees to view their paychecks, W-2's and make open enrollment elections, among other features;
- revised/rewrote both the Pension Plan and 457 Deferred Compensation Plan documents;
- removed \$9.2 million of out of service equipment, a majority of which were no longer used lime softening fixed assets;

- contracted with a provider to sell SUA tangible assets on the internet- providing for over \$40,000 of surplus sale revenue and clearing assets more quickly.

Information Systems Department (IS)

The IS Department’s 2015 accomplishments were not only closely tied to membrane plant construction and the resulting operational requirements, but also focused on network security as a whole. Following is a list of the IS Department’s major activities this past year.

- continued to worked extensively with consultants on network and hardware for the membrane plant SCADA telemetry system;
- created standard operating procedures related to common information technology (IT) tasks;
- engaged an outside IT consultant conduct a security test; successfully passed, and followed up on recommendations;
- upgraded all servers that operated using Windows Server 2003 to 2012;
- enforced security of user workstations by revoking local administrative privileges; implementing inactivity screen locks and an account lockout policy;
- configured and deployed Window Server Update Services to manage Window updates;
- configured PDQ Deploy to manage third party application updates;
- incorporated PDQ Inventory to manage all workstation assets;
- enabled outside access to the Employee Self Service (ESS) Module- allowing employees to access ESS from anywhere;
- upgraded various servers and storage devices for our virtual server system;
- configured SUA’s virtual server failover system to ensure hardware redundancy;
- improved security by restricting physical access to SUA’s network infrastructure;
- continued to provide support to over 130 existing networked computers and PC’s at all SUA locations.

Customer Relations/Billing Department

Customers were notified by bill message that the sixteenth annual Consumer Confidence Report (CCR) was posted on SUA’s website in March 2015. Hard copies were made available at the customer’s request.

Several Community Service Agencies and Constituent Governments continue to utilize the SUA Bill Message/Insert Program.

Customer Service/Billing Work Summary

2015	2014	2013	Billing Department Summary
4,003	4,141	4,203	Average Monthly Reminder Notices Issued
532	596	607	Average Monthly Reminder Door Hangers Issued
159	156	132	Average Monthly Reminder Non-Pay Disconnections Issued

21,613	22,365	22,984	Average Monthly Billing Statements Issued
9,844	9,316	8,730	Average Monthly Direct Bank Bills Issued
3,767	3,441	3,164	Average Monthly E-Bills Issued
35,224	35,122	34,878	Average Monthly Billed Accounts Issued
\$3,926,900	\$3,776,872	\$3,538,110	Average Monthly Billed Revenue
3%	3.5%	3%	Rate Increase
\$61,080	\$53,671	\$60,518	Un-Paid Write off Revenue
482,774	483,463	477,328	Average Monthly Gallons (1,000) Water Registered
26	19	1,764	Customer Request to Downsize 1" Letters
13	3	9	Meters Downsize 1" to 5/8"
46%	49%	43%	Percentage of Monthly Mailed in Payments
28%	27%	34%	Percentage of Monthly Direct Bank Draft Payment
13%	12%	11%	Percentage of Monthly Credit Card Payments
8%	8%	7%	Percentage of Monthly E-Payments
3%	3%	3%	Percentage of Monthly Cashier Payments
2%	1%	2%	Percentage of Monthly Drop Box Payments
49%	47%	57%	Percentage of Customers Utilizing Electronic Payment Options
12,941	10,451	9,391	Number of Automated Meters Installed since June 2007
\$557,847	\$549,564	\$498,484	Recorded Liens Since April 2010 (recorded value)
\$888,416	\$718,364	\$528,210	Recorded Liens Paid Since April 2010
18	35	13	Number of Boil Water Notifications Issued
968			Number of AquaHawk Registered Users as of 7/31/15
0.025%	0.025%	0.025%	Security Deposit Interest Rate

Service Orders Issued

5	8	10	Bench Test Meters
0	2	13	Plug Meters
417	101	6	Remote Meters Not Registering
12	11	28	Raise/Lower Meters
48	25	23	Replace 5/8" Lid
61	46	46	Replaced Double 5/8" Lid
62	44	46	Replaced 1" Lid
5	9	5	Replaced 1.5" Lid
5	5	13	Replaced 2" Lid
159	97	80	Replair Backflow
7	4	4	Repair Hydrant
94	64	57	Replaced Curb Stop/Angle or Ball Valve
32	45	56	Sink Holes
42	51	57	Deposit Request Notices
44	50	44	Bees/Wasps
39	60	65	Shut Off No Deposit
90	63	82	Verify Readings
4	3	11	Down Size Meter

227	211	208	New Meter Sets
17	20	16	Temporary Shut Off
8	20	1	Remote Meter Register Change Out
1,662	1,167	1,033	Meter Change Out Remote Program
156	106	104	Check Pressure
139	102	134	Test Water Quality
143	122	92	Relocate Meter
120	160	153	No Water Reported
186	173	153	Water Breaks/Leaks
61	71	187	Roots In Box
265	233	202	Monitor Consumption
249	227	260	Sewer Backups
13	24	21	Sewer Oror Complaints
160	226	336	Return Payments
649	330	319	Can't Locate or Buired
360	351	444	Check Off & Locked
480	390	470	Faucet to Meter Test
552	465	629	Raise Lower Meter Box
801	787	845	Leak at Meter
339	705	621	Other/Miscellaneous
1500	1524	1352	Courtesy Turn On/Offs
3790	3099	2620	Non-Pay Turn On/Offs
2034	1994	2653	Check For Leaks
15,037	13,195	13,499	

Website (www.sua.com)

SUA’s website features a broad range of information and services which include: About Us, Notices Calendar, Payment Center, Construction and Departments as well as quick links to the SUA budget, New Services & Payment, bid & RFP, customer access, and Governing Board information. Other public information and updates include boil water advisory, scheduled service outages, SFWMD landscape and irrigation restrictions, SUA’s monthly Board meeting schedule, annual Consumer Confidence Report and the Annual Report of the Executive Director. A feature entitled “Hurricane Preparedness” appears on SUA’s website. This feature addresses frequently asked questions and provides a link to www.floridadisaster.org. During hurricane season, SUA’s website also provides weather and tracking resources for its customers.

Finally, SUA offers its customers the option of completing service and electronic funds transfer applications on line via website link or by fax. SUA customers can also pay online using a checking or savings account or credit card. Also, if customers register their account online, they are able to access past usage and transaction history.

ADMINISTRATIVE ACTIVITIES

Administrative highlights for FY 2014/2015 include:

- in January 2015, CBIZ, a professional appraisal firm completed a valuation of SUA tangible property. The estimated \$288,735,900 value represented a substantial increase from prior year value of \$188,000,000. The \$100 million difference is attributable to the new Hood Road Membrane Plant (\$88 million), some smaller additions, and inflation;
- a softening (more competitive) property insurance market resulted in premiums that were \$100,000 (18%) lower than the previous year. Premiums for casualty, workers compensation and all other lines were very close to prior year;
- SUA's group medical insurance contract was awarded to Florida Blue for a second consecutive year at an overall net cost reduction of nearly \$500,000 (21%) below the previous plan year premiums. In significant part, this reduction was achieved by staff's judicious use of benefits which resulted in a comfortable 12-month loss ratio of 67%.

Notable in-house staff initiatives for FY 2014/2015 included:

- reconfigured SUA's phone system for stability (100% fiber optic connections, 100% underground) during emergency operations, cancelled obsolete lines, achieving \$36,000 annual cost reduction;
- coordinated activities involving administration of insurance programs for SUA, including workers compensation, property and liability insurance;
- implemented electronic monthly board packets, eliminated expensive hard copy preparation;
- updated and distributed SUA's Hurricane and Disaster Procedures and Contact list;
- volunteer support for the following charities;
 - American Cancer Society (collected \$605)
 - Relay for Life (collected \$1500)
 - Stand Down House Organization (collected toys, household goods and clothing for homeless and veterans and their families);
- repaired or remodeled SUA's office areas and workstations as needed and completed major Operation and Fleet buildings, installing new flooring, window accessories, and fresh paint;
- provided educational water plant tours to the local area schools;
- provided the following educational material and publications to service area residents and customers;
 - Annual Water Quality Report (electronically, a savings of \$11,000 annually)
 - Fats, Oils, and Grease Control Program (FOG)
 - Suspicious Requests for Personal Information
- office training was presented to several administration work groups covering the following subjects: Office Safety, Good Housekeeping, Fire Prevention, Back Injury, Prevention, Heat Stress, Emergency Operations Plan, Water/Blood borne Pathogens, First Aid, Emergency Reporting, Vehicle Safety, Field Environment Safety. Other training classes included Violence, De-escalation, and Active Shooter training presented by Palm Beach Gardens Police Department and Hurricane Preparations and Predictions for 2015 hosted by Steve Weagle, a local TV meteorologist.

HUMAN RESOURCES

SUA's Human Resources department is responsible for the coordination of the Authority's personnel activities including benefits administration, employee relations, classification and compensation, recruitment, employee training and development, assuring compliance with federal, state and local laws.

New In 2015:

- an ergonomics risk assessment was conducted by local physicians in an effort to make movement comfortable for employees with the goal to eliminate any risk factors that can lead to musculoskeletal injuries. Upon revisit by physicians, corrections were made, as recommended;
- offered several retirement savings campaigns to assist employees in saving for their retirement including the US Department of Labor and the Certified Financial Planner Board of Standards new planning toolkit "Savings Fitness: A Guide to Your Money and Your Financial Future" identifying short and long term goals, building a budget, tracking debt and determining a target retirement savings rate, mySocial Security for social security information and the retirement challenge giving employees the opportunity to defer their annual performance salary adjustment and apply increase into their 457 Deferred Compensation retirement account to boost savings for future retirement;
- launched the Leadership "Spotlight and Employee Spotlight" sections of the Seacoast monthly newsletter as an informal way of recognizing individuals and teams for their contributions.

Improving Human Resources:

- Human Resources expanded its "onboarding" practices for new hires to include checklists for Human Resources personnel, employee, and department supervisors, welcome card from team members, and employee training and development to ensure employees feel welcome and receive all the support needed to quickly become effective, resulting in better employee engagement, performance and retention;
- extended SUA's recognition program with the "Shout Out" tool putting the power of recognition in the hands of the employees' co-workers for performing a great job such as coming up with a new idea, helping a co-worker, or anything that brings value to their team.

Learning Opportunities:

- provided Employee Self-Serve training to all SUA employees. This valuable tool allows employees personalized electronic access to their payroll and human resources files. Users are encouraged to review their individual employee profiles and update tax information, benefit election details, and to access a paycheck simulator;
- continued supervisory training, including the following FY 2014/2015 topics: The Best Leaders Challenge The Status Quo, Seek Out Feedback To Grow As A Leader, Work-Life Balance: Don't Ask Your Family And Friends To Call You Boss, Redefining Productivity, Mental Health in the Workplace, The Teleworking Trust Gap and How to

Close It, It Pays to Help Your Employees Stress Less, Create a Culture of Mental Wellbeing and Hire For Today and Tomorrow. The mandatory training topics were Anti-Harassment/Discrimination and Diversity;

- customer service personnel received supplemental customer contact and business skills training in the following areas: The Telephone Connection, Customer Service Counts, and Dealing with theirate Customer;
- through the Employee Training and Development Video Library, “bite-size” learning modules including 15-37 minute videos were made available for 24/7 continuous training.

Annual Reviews

- reviewed, updated, designed, produced, and distributed new 2015 Employee Handbook to comply with the changing federal and state laws. The Handbook serves the purpose of answering employee questions, documenting SUA’s expectations, avoiding legal disputes, and communicating information SUA is legally obligated to provide;
- verified all employees drivers license to confirm the State of Florida’s special endorsement, driving privilege status, and traffic violations.

Activities & Events

- in December 2014, SUA hosted its 15th Annual Benefits & Health Fair and Benefits open enrollment, with goals to increase personal health awareness, provide health screenings and educational material, motivate behavioral changes, and increase knowledge of employee benefits;
- provided advice and support to all levels of management and staff regarding all aspects of human resources and administration;
- provided leadership, consultation, information, and assistance to department directors, supervisors, managers, and employees regarding various personnel and risk management policies, practices, procedures, and related issues in disciplinary actions, policies, employee performance, family and medical leave, American with Disabilities (ADA), EEO, FLSA and all other employee concerns;
- SUA participated in the “Take Your Child to Work Day” offering educational activities such as office tours; a water laboratory learning station; a sewer grease trap inspection demonstration; an engineering line location demonstration; a hydrant meter demo and water plant tour;
- provided monthly employment and payroll data to the Bureau of Labor Statistics which utilizes the data to generate reports and provides business and government officials with vital economic information on our nation’s economy;
- hosted quarterly Blood Drives: December 3, 2014, March 3, 2015, June 9, 2015 and September 9, 2015;
- reviewed all administrative policies and procedures and made necessary revisions; adding two (2) new policies, Internship Policy and Domestic Violence Leave;
- required by the Medicare Modernization Act (MMA), provided annual notice regarding prescription drug coverage to Medicare eligible employees, including active, retiree, and COBRA participants, covered under the group medical plan;

- participated in the 2015 Public Employer Personnel Information Exchange (PEPIE) Salary Survey.

SUA Wellness Program

- SUA is committed to keeping employees healthy and happy. Wellness Program monthly activities included:
 - wellness seminars and workshops on exercising, good nutrition, men’s health, stress management, family and life balance.
 - complimentary screenings included angioscreen (risk for heart attack and stroke), sleep apnea, blood pressure, cholesterol, glucose, vision, audio, and skin.
 - walking trail.
 - other activities were Chug-A-Jug Water Challenge, Susan G Komen Race for the Cure community walk, Summer Salads, healthy food sample, the Afternoon Escape (healthy snacks delivered to administrative offices), Saturday field trip to vegetable and fruit U-Pick farm, and Free Fruit Fridays.

Employment activity, by the numbers:

- higher than normal 5% staff turnover rate due to “baby boomer” retirements: ;
- 7 reportable new Workers Compensation claims;
- 6 new and revised administrative policies and procedures;
- 8 new and revised job descriptions;
- 6 new hires;
- 7 employment terminations;
- 10 new family and medical leave request;
- 3 reclassifications;
- 2 new professional licenses received;
- 9 employee promotions;
- calculated employee average years of service to be 15.37.

Workforce Demographics

- age distribution of Full Time Employees
 - 24 & under - 3 employees (2%)
 - 25-34 – 20 employees (16%)
 - 35-44 – 22 employees (17%)
 - 45-54 – 32 employees (25%)
 - 55-64 – 43 employees (34%)
 - 65 & Over – 4 employees (3%)

Men/Women

- 27 females (22%)
- 97 males (78%)

CONCLUSION

A slower growth rate over the past eight years has afforded the opportunity to renew, replace, restore and consolidate SUA assets. Having addressed the most critical of these needs while implementing time and labor saving technologies, SUA is well prepared to efficiently and effectively serve both its current and future customers. Independent authorities reviewing SUA's infrastructure, finances, and operations have consistently agreed. The opinions of those experts, supported by this report, confirm more than sufficient reason for pride in SUA's past and optimism for its future.