

MINUTES

Key Colony Beach Utility Board

Tuesday, July 21, 2026 – 10:04 AM

Temporary Meeting Place for the City of Key Colony Beach

The Key Colony Inn – Back Patio, 700 W. Ocean Drive, Key Colony Beach & via Zoom Conferencing

1. **Call to Order, Pledge of Allegiance, Prayer, & Rollcall:** The Key Colony Beach Utility Board Meeting was called to order by Vice-Chair Ed Carey at 10:04 AM, followed by the Pledge of Allegiance, Prayer, and Rollcall. **Present:** Chair Fred Swanson (via Zoom), Vice-Chair Ed Carey, Gil Gilbertson, Liz Kohout, Joe Schmidt (via Zoom). **Also present:** City Administrator John Bartus, Building Official Tony Loreno, Commissioner Tom Harding (via Zoom), Mayor Freddie Foster (via Zoom), Commissioner Kirk Diehl (via Zoom).

2. **Approval of Agenda** (*Additions, changes, and deletions can be made via one motion and a second to approve by majority vote*)

City Clerk Roussin reported no changes, only an addendum to the Sludge Hauling Report under item 5. There were no other changes, and Vice-Chair Carey asked for a motion to approve.

MOTION: Motion made by Gil Gilbertson. Liz Kohout Stephens seconded the motion.

DISCUSSION: None.

ON THE MOTION: Rollcall vote. Unanimous approval.

3. **Citizen Comments and Correspondence:** None.

4. **Approval of Minutes:** 06-16-2026 Utility Board Meeting Minutes

There were no changes to the minutes, and Vice-Chair Carey asked for a motion to approve.

MOTION: Motion made by Gil Gilbertson to approve. Liz Kohout Stephens seconded the motion.

DISCUSSION: None.

ON THE MOTION: Rollcall vote. Unanimous approval.

5. **Review of Sludge Hauling for July**

City Clerk Roussin reported on sludge hauling services for July and deferred to Commissioner Harding and Plant Operator Ellis for further review. Joe Schmidt asked whether a claim for the wastewater spill was being processed. City Clerk Roussin stated that a claim had been submitted but was denied because the MBR had not been added to the insurance policy when upgrades were made several years ago. Mayor Foster confirmed that the City would self-pay for the incident, with US Water partially involved in the cleanup costs. Mayor Foster also confirmed that the insurance policy is being updated to include the correct tanks and equipment. Joe Schmidt suggested reviewing liability coverage and a possible umbrella insurance and asked about the status of the dewatering process. Mayor Foster stated that the City is pursuing grants and noted that sludge hauling has always been a City expense, but options are being reviewed to reduce waste. Mayor Foster added that further work is underway and offered to have Commissioner Harding or himself provide more detailed information.

6. Items for Discussion & Recommendation of Approval

a. After-the-Fact Review and Approval for the Purchase of a Digester Local Monitoring and Alarm System

Vice-Chair Carey introduced the agenda item. City Clerk Roussin explained that after-the-fact approval was necessary because the proposal was urgent and the City Commission meeting occurred before the Utility Board meeting. As a result, the proposal had already been reviewed and approved by the City Commission. City Clerk Roussin confirmed the proposal's approval and believed training was included. Commissioner Harding elaborated on the training to be provided, including a one-year subscription to the company's service with a recurring annual fee. Vice-Chair Carey asked for a motion.

MOTION: Motion made by Gil Gilbertson to approve. Liz Kohout Stephens seconded the motion.

DISCUSSION: None.

ON THE MOTION: Rollcall vote. Unanimous approval.

b. Discussion/Recommendation for an increase in Residential and Commercial Wastewater Fees

Vice-Chair Carey introduced the agenda item and asked Commissioner Harding to elaborate. Commissioner Harding reviewed prior discussions on increases to residential and commercial wastewater fees and the outstanding question regarding a per-flow increase in water usage fees. He suggested raising the usage rate from \$2.47 to \$2.58 per hundred gallons. He also reminded the Board that stormwater fees are increasing by \$4.00 per year. Commissioner Harding clarified that residential fees would increase from \$74.00 to \$84.00 per month and explained that the increase is driven by higher sludge hauling costs and plant maintenance expenses. Vice-Chair Carey then asked for a motion.

MOTION: Motion made by Liz Kohout Stephens to approve. Gil Gilbertson seconded the motion.

DISCUSSION: City Clerk Roussin clarified the motion to be for the increase in residential and commercial wastewater fees by \$10.00 per month and an increase in water usage of \$2.58 per hundred gallons.

ON THE MOTION: Rollcall vote. Unanimous approval.

c. Discussion/Recommendation for Approval for a Replacement Proposal by Veolia for Membrane Replacements for \$383,220.00

Vice-Chair Carey introduced the agenda item and asked Commissioner Harding to elaborate. Commissioner Harding reported on the proposal to replace the membranes, the age of the current membranes, and the use of reserves budgeted for large purchases. He explained that procurement is expected to take approximately seven months and that the membranes originate from Hungary. Commissioner Harding noted that the membranes will arrive in large containers and be installed by Veolia within approximately two to three days, with a life expectancy of approximately seven to eight years. He also explained that deterioration was caused in part by recirculation pump issues that aggravated the membranes and noted that the recirculation pumps will be monitored and routinely replaced going forward. Additional discussion covered membrane failures, other possible options, and the limitations of the MBR tank, which is designed specifically for these membranes. There was no further discussion, and Vice-Chair Carey asked for a motion to approve.

MOTION: Motion made by Liz Kohout Stephens to approve. Gil Gilbertson seconded the motion.

FURTHER DISCUSSION: None.

ON THE MOTION: Rollcall vote. Unanimous approval.

7. City Hall Staff Report: There were no questions to the report.

8. Sewer and Stormwater Grant Update

City Administrator Bartus reported that the City received a \$220,000 Hurricane Loss Mitigation Grant for lift station replacements and that the project will be bid soon. He also noted that the City is still awaiting information on the CDBG grant. City Administrator Bartus stated that he will, alongside Mayor Foster, discuss an interlocal agreement with the County regarding a portion of the \$20 million allocation. The City is also applying for additional DEP grants, including alternative water supply grants for future projects. Mayor Foster further advised that House appropriations of \$475,000 have been approved.

Liz Kohout asked about grant opportunities to raise buildings due to concerns about water encroachment on electrical components. Mayor Foster reported having just received a \$225,00 grant to raise the Lift Stations on each street and having lost a lot of station capabilities during the last hurricane. Mayor Foster stated that the City will continue to look for grants for areas of concern. Commissioner Harding commented that the CDBG grant includes a new generator and electrical panel and is part of the five-year plan for the Florida Keys Area of Critical State Concern. Commissioner Harding explained that floodproofing the current wastewater buildings, rather than raising them, is being considered. No formal grant application has been submitted yet, but the item remains on the City's to-do list.

9. Operator's Monthly Report

- a. June 2026
- b. Maintenance Budget for re-use

10. Treasurer's Report

- a. **June 2026 Wastewater Financial Reports**
 - 1. Balance Sheet
 - 2. Income Statement
 - 3. Discussion/Approval of Wastewater Warrant No. 0626 for \$405,104.53
- b. **June 2026 Stormwater Financial Reports**
 - 1. Balance Sheet
 - 2. Income Statement
 - 3. Discussion/Approval of Stormwater Warrant No. 0626 for \$701.28

Gil Gilbertson reported that stormwater is under budget and functioning well. Gil Gilbertson noted that the Wastewater budget, particularly sludge hauling, is approximately \$200,000 over budget, although the Board was aware of the issue. Gil Gilbertson stated that the approved wastewater increases should provide a cushion and expressed support for the ongoing floodproofing discussions. Vice-Chair Carey asked for a motion to approve the reports.

MOTION: Motion made by Liz Kohout Stephens to approve. Chair Swanson seconded the motion.

FURTHER DISCUSSION: None.

ON THE MOTION: Rollcall vote. Unanimous approval.

Joe Schmidt asked about possible cost reductions to flood insurance for buildings with planned floodproofing. Mayor Foster commented that the term floodproof is more of a mitigating measure and that further research is needed on self-insurance or on requesting discounts. Commissioner Harding discussed possible reductions in flood insurance policies and noted that the National Flood Insurance Program does not recognize flood logs as a basis for reductions. He stated that the new portion of City Hall will meet or exceed building standards. He also explained that the wastewater plant would need to be raised to meet minimum building standards, which could require an additional elevation of approximately five feet or more and may not be feasible due to cost. Commissioner Harding recalled that during Hurricane Irma, two buildings experienced water intrusion. He stated

that flood logs may assist with mitigation efforts, and grants may cover a large portion of related costs.

Vice-Chair Carey asked for a motion to approve the Wastewater and Stormwater Warrants.

MOTION: Motion made by Gil Gilbertson to approve. Liz Kohout Stephens seconded the motion.

DISCUSSION: None.

ON THE MOTION: Rollcall vote. Unanimous approval.

11. Any Other Business: None.

12. Next Meeting: August 18, 2026- 10:00 AM – The Key Colony Inn. Vice-Chair Carey confirmed a physical quorum for the next meeting.

13. Adjournment: The meeting adjourned at 10:42 AM.

Respectfully submitted,

Silvia Roussin

City Clerk

ADOPTED: August 18, 2026

Silvia Roussin

City Clerk