

JEFFREY K. BARTON

Clerk to the Board



April 29, 2011

JOINT MEETING

**INDIAN RIVER COUNTY BOARD OF COUNTY
COMMISSIONERS AND CITY OF VERO BEACH CITY
COUNCIL**

REGIONALIZATION OF WATER AND SEWER UTILITIES

INDEX TO THE MINUTES

1. CALL TO ORDER – CHAIRMAN BOB SOLARI2

2. INTRODUCTION OF INDIAN RIVER COUNTY BOARD OF COUNTY
COMMISSIONERS AND STAFF – CHAIRMAN BOB SOLARI.....2

3. INTRODUCTION OF CITY OF VERO BEACH CITY COUNCIL AND STAFF –
MAYOR JAY KRAMER2

4. DISCUSSION: REGIONALIZATION OF WATER AND SEWER SYSTEMS3

4.A. INTRODUCTORY COMMENTS 3

4.B. DISCUSSION/PRESENTATION BY CITY OF VERO BEACH..... 3

4.C. DISCUSSION/PRESENTATION BY INDIAN RIVER COUNTY 3

5. QUESTIONS AND COMMENTS FROM COMMISSIONERS AND COUNCIL MEMBERS.....4

6. QUESTIONS AND COMMENTS FROM PUBLIC.....7

7. COMMISSIONER AND COUNCIL ACTION.....9

8. ADJOURN.....12

JEFFREY K. BARTON

Clerk to the Board



April 29, 2011

JOINT MEETING

**INDIAN RIVER COUNTY BOARD OF COUNTY
COMMISSIONERS AND CITY OF VERO BEACH CITY
COUNCIL**

REGIONALIZATION OF WATER AND SEWER UTILITIES

APRIL 29, 2011

The Board of County Commissioners of Indian River County, Florida, met in Joint Session at the County Administration Complex, 1800 27th Street, Building B, Room B1-501, Vero Beach, Florida, at 9:30 a.m. on Tuesday, April 29, 2011, to discuss regionalization of water and sewer utilities. Present from the County were Chairman Bob Solari, Vice Chairman Gary C. Wheeler, Commissioners Wesley S. Davis, Joseph E. Flescher, and Peter D. O'Bryan; and Deputy Clerk Maria Suesz.

Present from the City of Vero Beach were Major Jay Kramer, Vice Chairman Pilar Turner, Council members: Craig Fletcher, Brian Heady, and Tracy Carroll; and City Clerk Tammy Vock.

1. CALL TO ORDER – CHAIRMAN BOB SOLARI

Chairman Bob Solari called the meeting to order at 9:30 a.m.

Prior to introductions, there was an Invocation that was led by Commissioner Wesley Davis, followed by the Pledge of Allegiance to the Flag, led by Council member Tracy Carroll; all present rose for the Pledge of Allegiance.

2. INTRODUCTION OF INDIAN RIVER COUNTY BOARD OF COUNTY COMMISSIONERS AND STAFF – CHAIRMAN BOB SOLARI

Chairman Solari introduced the Board of County Commissioners and staff as listed: County Attorney Alan S. Polackwich, Sr., County Administrator Joseph A. Baird, Management and Budget Director Jason Brown, and Utilities Director Erik Olson.

3. INTRODUCTION OF CITY OF VERO BEACH CITY COUNCIL AND STAFF – MAYOR JAY KRAMER

Mayor Jay Kramer introduced his Council members and staff as listed:

Vice Mayor Pilar Turner, and City Council members Brian Heady, Craig Fletcher, Tracy Carroll; Interim City Manager Monte Falls, Acting City Attorney Wayne Coment, and Director of Water and Sewer Bob Bolton.

4. DISCUSSION: REGIONALIZATION OF WATER AND SEWER SYSTEMS

4.A. INTRODUCTORY COMMENTS

Chairman Solari welcomed everyone in attendance, and opened the floor to the City of Vero Beach.

4.B. DISCUSSION/PRESENTATION BY CITY OF VERO BEACH

Mayor Jay Kramer stated that the City wanted to hear what the County had to offer.

4.C. DISCUSSION/PRESENTATION BY INDIAN RIVER COUNTY

Director of Utilities Erik Olson used a PowerPoint presentation (on file) to review the provisions of utility service to Indian River Shores and the proposed project of Regionalization of County and City Utilities. He stated the purpose of today's meeting was to discuss the County's proposal to merge the City of Vero Beach water and wastewater utilities, including their entire infrastructure to be served by the County, making the City a customer of the County. Director Olson provided details regarding the construction piping project to the City's plants (estimated at \$28 million dollars), removal of the City's lime-softening system, the decommissioning of the City wastewater treatment plant on 17th Street, and the County paying off the City utility debt of approximately \$24 to \$25 million dollars. He defined the benefits for the Council members to consider: the County paying off their utility debt, having the wastewater treatment plant on the lagoon decommissioned to remove the risks of pollution, and the elimination of the lime-softening process for lack of necessity, all that will result in a decrease in operational costs and staff expenses to the City. He concluded his presentation saying that the "economies of scale" benefit everybody, and mentioned that once the project was completed, the County would look at the rate system.

5. QUESTIONS AND COMMENTS FROM COMMISSIONERS AND COUNCIL MEMBERS

In response to questions posed by the Council members, Director Olson, with input from County Administrator Baird, provided the following details:

- The City's Reverse Osmosis System would be retained.
- The cost for the construction piping would be absorbed within the utility system.
- The County was not anticipating utility rate increases, nor using a bond for the project.
- There will be a 6% equalization charge imposed by the County that would be applied to the County General Fund.
- By law, Municipalities may impose a surcharge up to 20%.
- Sebastian currently applies a 10% surcharge.
- The County may retain 50% of the City's employees, but there may not be positions available for management or plant operator employees.
- The County's south plant is not currently operating at capacity.
- The County could save the City approximately \$5 million dollars by this merger.
- It may take 2 to 3 years to decommission the wastewater treatment plant on 17th Street.
- The cost to decommission the plant on 17th Street was not part of the County's analysis. The County intends to buy the plant and the land, and if so, they would be responsible for the cost of decommissioning the plant. If the City keeps the land, then the City would be responsible.
- The \$24 million dollar debt would be paid through the ratepayers.
- One rate for utilities would be applied to all the ratepayers throughout the County.
- The lime-softening plant is located on airport property with an existing lease. The lease would need to be reviewed to determine responsibility for decommissioning the lime-softening system.
- The County was looking into grants.

Chairman Solari wanted to redirect the questions to discussions on policy because he said that was what he thought was the purpose for today's meeting. He said many of the questions on detail asked by the City were concerns the County had not thought out, and he was frustrated to see that the City waited to bring those questions to the meeting today, when he had asked for similar questions from the City several times over the past three months.

Council member Fletcher replied that policy is made on details, and there was nothing wrong with details.

The questioning continued by Council member Carroll regarding the piping at the old postal area that sits on City property, and by Interim City Manager Falls questioning the capacity for storage reuse.

Mayor Kramer thought the Council members definitely needed to talk about this proposal among themselves before they could come close to making a policy statement. He had been doing the numbers, and he said he would like to have some figures from the County, even if it is the worst case scenario.

Chairman Solari recalled the numbers being provided in the County's presentation made on February 15, 2011 at the City Council meeting. He found it incredibly disappointing to have the City come to this meeting today with numerous questions when he had been asking for them since December. He advocated in support of regionalization. For emphasis, he read aloud the City's Consultant report regarding the plant on the lagoon and pollution risks. He spelled out reasons to accept regionalization: civic pride, increasing the quality of life for people who live and work in the area, reducing or eliminating pollution risks, the financial consideration, the economies of scale benefits, and having one rate for everybody in the County.

Mayor Kramer reiterated his earlier request for a price.

Commissioner Davis talked about value, and explained that the determining factor of the value was based on whether Indian River Shores decided to renew their agreement with the City. If Indian River Shores did not renew their franchise agreement, then the County would be overpaying for the City's system. He expressed that the decision of Indian River Shores was huge to the City, not the County, but certainly on the City utilities. He pointed out, as a Commissioner for residents of the south barrier island, he did not want to be put in a situation where another government body would raise rates, and he would be taking flack for it and have no control over it. He respected the City's autonomy, and the autonomy of Indian River Shores on the decision they are going to make, although personally, he believed it was a game plan that could not be overlooked.

Director Olson, in response to Vice Chairman Wheeler's inquiry, said that to have Indian River Shores on County utilities is a business decision and it makes sense. Vice Chairman Wheeler was looking out for the utility ratepayer and the best way he saw to do that was through a consolidated system. He was looking today to get some type of conceptual decision to move forward. He pointed out that the County did not call this meeting to convince the City to accept their proposal.

Council member Fletcher felt Commissioner Wheeler was absolutely right, and he personally was in favor of moving forward. He agreed that a unified system was a win-win situation for both the City and the County. He suggested the next step, if the City says yes, was for Administrator Baird and his staff to get together and work out the actual details. The City would review them, mark them up, and then come back to a joint meeting.

Commissioner Davis asked for a vote first, to direct staff to conceptually move forward.

Discussion ensued by Council member Carroll and Water and Sewer Director Bob Bolton regarding the ramifications to the City should Indian River Shores leave the City.

The Board of County Commissioners individually expressed their desire to move forward, and Chairman Solari asked for a motion from City Council.

Vice Mayor Turner was convinced that the City rates were not sustainable in comparison with County rates over a ten-year period. Having the opportunity for the removal of the wastewater treatment plant from the river she thought would be a wonderful asset to the community, because she believed it would put the City in debt an additional \$50 million dollars in ten years if they were to do it. She commented that the City has put in their capital plan \$11.5 million dollars to upgrade their reverse osmosis system, and this merger offers their City a great resolution. She encouraged the City Council to go forward.

MOTION WAS MADE by Council member Fletcher, SECONDED by Council member Carroll, to accept the concept of consolidation, and to instruct City staff to begin discussions with the County.

Mayor Kramer was concerned that taxes would be raised and some people would be paying higher rates for their water.

6. QUESTIONS AND COMMENTS FROM PUBLIC

Mayor Kramer opened the floor for public comment.

Mike Ochsner, Council member of Indian River Shores, and as an individual, said he likely will pay higher rates under the County, but he was willing to accept that. He believed less government was the best thing, and told the Mayor the price he was asking for from the County was spelled out before him to be about \$100 million dollars.

Herb Whittall, Vero Isles, warned the Board how he was unsuccessful in obtaining a grant to move the power plant in 2005, and recalled the plant flooding, warning the Board that

the Spoonbill Marsh would be next. He inquired if the County would be taking over any of the City electric lines that exist in the rights-of-ways that they would be acquiring, and what would happen when they try to sell that to Florida Power and Light.

Dr. Stephen Faherty of South Beach read in the Press Journal that there were intimidating threats to the South Beach residents that a 25% surcharge on rates may be imposed by the City if they stay with the City; he had not received any notification. He agreed with Commissioner Davis and Vice Chairman Wheeler as they stated earlier that the shareholders in the South Beach region do not have equal protection and they have no representation.

Discussion continued wherein Mayor Kramer and Interim City Manager Falls corrected misstatements made by Mr. Faherty regarding threats and the imposing of a 25% surcharge.

John Burns, President of the South Beach Property Owners Association, strongly supported a regional wastewater treatment system with the County. He echoed that about 95% of the South Beach customers have been held hostage to the City on rate structure and rates even though they have no input or say, since they cannot vote for the City Council, and have no authority to appeal. He felt the City's concerns could be addressed during the negotiation process, and that the wastewater system with the County he believed to be more equitable, economical, and a just system, and that all ratepayers will benefit from the economies of scale.

Chuck Mechling, Pointe West, applauded the Council members for stepping forward in a review of this concept. He suggested ideas for development of the land where the wastewater treatment plant resides.

Ken Daige spoke about concept, and asked the City to look at the details on how this is going to impact the ratepayer on the tax side, so that down the road they do not come back and say that they have to raise rates.

Glenn Heran felt a vast majority of the community would be better served by the County, asking the City to do what is best for all County residents as a whole.

Bea Gardner, a County resident, said what she heard sounded good. What interested her most was this is a business, and since it is a business, and as such, it should make money. The City was making money off the water and sewer, and that money goes into the City. She would be interested in hearing the City letting their constituents know how much of their ad valorem taxes are going to pay to overcome the money that they will not make from this business. We all understand that we want less government and better prices.

There being no further speakers, the Mayor closed the floor to the public.

7. COMMISSIONER AND COUNCIL ACTION

City Clerk Tammy Vock read the motion into the record.

Council member Heady had several things that troubled him: the willingness to discount employees, the tone or animosity between the governments, to say that South Beach residents did not have representation he felt was inaccurate, and he believed government should not be run as a business; it should be run as a government.

Council member Carroll was concerned that there may be some animosity between the two entities regarding employment retention made at this meeting, and suggested if they go forward, to lay a charge upon Interim City Manager Falls that he lets staff know that if this is a policy decision of the City Council that it needs to be funneled through the City Manager's office. The Interim City Manager acknowledged her request.

Administrator Baird apologized saying he was trying to be honest, and hoped that he did not offend anyone with his comments. Mayor Kramer appreciated his honesty.

Council member Fletcher CALLED THE QUESTION, and by a 4-1 vote (Mayor Kramer opposed), the Motion carried. The City approved to accept the concept of consolidation of the City's water and wastewater system with the County, and directed staff to start discussions with the County.

MOTION WAS MADE by Commissioner Davis, SECONDED by Vice Chairman Wheeler, to accept the concept of consolidation of the City's water and wastewater system with the County, and to direct staff to start discussions with the City.

Chairman Solari opened the floor to the Board of County Commissioners for discussion.

Chairman Solari expressed that he had been trying to open a dialogue for some time with the City, and thanked everyone for coming together. He apologized if he offended anyone. He did not feel there was animosity; it was more a frustration on how long it took two governing bodies who own the same piece of property to get together. He told the City Council that whatever they decide, it was their decision, and he would be pleased either way. He believed the enterprise fund should run as a business, disagreeing with Council member Heady, because he saw more inefficiency in running a government than running a business. More importantly, in response to Bea Gardner's comment whether the County needed to make money, he disagreed. He stressed the County needed to make enough funds to run the best system to deliver the best service and to protect their resources. He was pleased to take this matter forward, and he looked forward to meeting with the City again.

Commissioner Davis did not want to leave the table without timeframes set.

Vice Chairman Wheeler addressed several comments made earlier about employees, stating that there are some things that government has to do, and he wanted to make it clear that he was not attacking their employees. He echoed Chairman Solari that it was frustration, not animosity that they saw today because their interest was to see the best thing done.

Commissioner O'Bryan hoped that in 20 years this vision they have today, may be looked at as a wonderful decision. He firmly believed that going to a unified regional system was the best thing for the entire community. It offers the best opportunity to provide the rate stabilization for everybody. He commented what a great benefit it would be to move the wastewater treatment plant off the river, and he was fully supportive in moving forward.

Commissioner Flescher commented that the most pointed words he heard today were serving the customer, the constituent, and serving the shareholder. "This has everything to do with the input, not the Board," he said. The bottom line is we have award-winning water in Indian River County, one of the best water supplies, the infrastructure, the capacity and the quality, and we just have to discuss the price. He believed today's action is best representing our citizens.

The Chairman CALLED THE QUESTION and the Motion carried unanimously. The Board accepted the concept of consolidation, and directed staff to start discussions with the City.

Commissioner Davis reiterated his request for a calendar.

Administrator Baird wanted sufficient time to prepare the legal documents, and said he would bring a calendar to the Board the meeting of May 17, 2011.

Vice Mayor Pilar appreciated having a timetable.

Council member Carroll asked that the County provide an update at the City Council meetings, on the third Tuesday of every month. She also asked that the report be a standard item on the City Council meeting agenda.

Commissioner Solari acknowledged the request.

8. ADJOURN

There being no further business, the Chairman declared the meeting adjourned at 11:35 a.m.

ATTEST:

Jeffrey K. Barton, Clerk

Bob Solari, Chairman

Minutes Approved: _____

MS/ms