



**BOARD OF COUNTY
COMMISSIONERS
INDIAN RIVER COUNTY, FLORIDA
SPECIAL CALL MEETING**

MONDAY, OCTOBER 27, 2014 – 3:00 P.M.

**Conference Room B1-501
Indian River County Administration Complex
1801 27th Street, Building A
Vero Beach, Florida, 32960-3388**

<u>COUNTY COMMISSIONERS</u>	<u>DISTRICT</u>			
Peter D. O’Bryan, Chairman	District 4	Present	Michael Zito, Assistant County Administrator	Present
Wesley S. Davis, Vice Chairman	District 1	Present	Dylan Reingold, County Attorney	Present
Joseph E. Flescher	District 2	Present	Jeffrey R. Smith, Clerk of the Circuit Court and Comptroller	
Bob Solari	District 5	Present		
Tim Zorc	District 3	Present	Leona Adair Allen, Deputy Clerk	Present

1. **CALL TO ORDER** **3:00 P.M.**

2. **INVOCATION** Commissioner Wesley S. Davis, Vice Chairman

3. **PLEDGE OF ALLEGIANCE** Commissioner Joseph E. Flescher

4. **COUNTY ATTORNEY ITEMS**

- A. Update on the Status of Vero Beach Rate Reduction Efforts and October 28, 2014, Joint Public Meeting

**3:02
p.m.**

Chairman O’Bryan provided a brief update on recent developments with the City of Vero Beach (the City) electric rate reduction efforts. He reaffirmed with fellow Commissioners that at tomorrow’s October 28, 2014 Joint Public meeting with the Town of Indian River Shores Town Council (the Town), the City Council, and the Board of County Commissioners (the Board), the best outcome for all residents of the City would be to complete the sale of the City’s Electric Utility system to Florida Power and Light (FPL). In the event the sale cannot be completed, the City would be asked to provide three principles: (1) a rate substantially similar to those with the current FPL rate; (2) cessation of the

subsidy of the City's General Fund by the utility system; and (3) the formation of an electric utility that is controlled by a governing Board that fairly and proportionately represents the geographic makeup of the City's Electric Utility customer base.

3:05
p.m.

County Attorney Dylan Reingold introduced the Board's outside legal counsel, Attorney Floyd Self, from Gonzales, Saggio, and Harlan LLP, Tallahassee. Attorney Reingold said he had attended the City meeting on October 21, 2014, and at that meeting, Attorney Robert Scheffel Wright, with Gardner, Bist, Wiener, Bowden, Bush, Dee, LaVia & Wright, P.A. and utility Attorney for the City, announced that there was a tentative agreement regarding the Orlando Utilities Commission (OUC) contract, and a possible amendment proposal to OUC and the City. He reported that the revised 2008 Power Purchase Agreement (PPA) with OUC included the following provisions: (1) a decrease in the capacity payments under the PPA between OUC and the City by approximately \$7 million per year for the first three years of the amended PPA, and thereafter the decrease would be between \$4.1 million and \$5.3 million per year for the remainder of the term, which runs through 2029; (2) the City purchasing 54 megawatts (mw) of peak power from OUC, which would enable the City to close the Vero Beach Municipal Power Plant; (3) a provision of minimum take of the base capacity of 85 mw by the City; (4) OUC having a one-time option to terminate the PPA, no earlier than 2020 with a two-year notice; (5) OUC having a one-time option to acquire Vero Beach's rights to the output of the St. Lucie Project through a PPA; and (6) OUC permanently retaining the gas transportation rights currently assigned to OUC under the 2008 PPA. He also reviewed the Agenda for tomorrow's Joint Public meeting, and identified some of the issues and comments that might be brought up.

3:15
p.m.

Chairman O'Bryan voiced his concerns over the proposed PPA revisions with OUC, the Town's civil lawsuit against the City for unreasonably high electric rates, and the mediation process under the Statute.

3:22
p.m.

Commissioner Zorc recapped data from the Florida Municipal Power Agency (FMPA) spreadsheet (on file) that compared ten years of residential and commercial electric rates, and showed that FPL, on a 10-year average, had consistently been the lowest cost provider. He believed the rates were artificially low to start off with, and after a short period of time, would increase; therefore, he believed this would be another long term bad commitment.

3:25
p.m.

Commissioner Solari spoke about the last FMPA meeting, which showed that while the Board was discussing price reductions, the City's price was going up, and he believed the control of the increases were beyond the City's control. He did not believe the money would stop flowing from the subsidy that Vero Electric provides to the City's General Fund. He questioned the good faith of the City when the Mayor is taking off the table the one thing that the City has control over (the subsidy); and felt if the City was serious in reducing rates, the first thing they would do is eliminate the 6% from customers' electric bills. He said it would be nice to have good numbers in the package, and hoped the City would not move

forward due to the lack of good financial information and structure.

3:28 p.m. Commissioner Flescher hoped that the Board would receive a “passionate delivery” at tomorrow’s meeting, but based on the e-mails and information from Attorney Reingold, felt there were too many unknown variables.

3:30 p.m. Vice Chairman Davis understood the mediation process, and he felt this to be a “strategy,” and was concerned about what the City would lay out before the Board tomorrow.

3:34 p.m. Attorney Reingold pointed out that tomorrow’s meeting would be an opportunity for the Commissioners, the City, and the Town to have a dialogue and voice their concerns. He encouraged the Board to reiterate that the City and Town should take some time to consider the issues, and allow the governmental process to continue with mediation.

Discussion ensued regarding the lack of details with the transmission line upgrades and how the City could go forward without the details.

3:39 p.m. Chairman O’Bryan reaffirmed the Board’s support, for tomorrow’s meeting, that: (1) the number one priority was the full and complete sale of the City’s Electric Utility to FPL and that it was the best solution for all of the residents of Indian River County; (2) in the event a sale cannot be completed, the City would be asked for: (a) rates substantially similar to those of FPL; (b) a cessation of the subsidy of the Vero Beach General Fund by the City’s Electric Utility; and (c) the formation of an electric utility that fairly and proportionately represents the geographic makeup of the electric utility customer base.

Chairman O’Bryan opened the floor to public comments.

3:43 p.m. Scott Stradley, 1797 14th Avenue, Chairman of the City’s Utilities Commission, and Advisor to the City Council, provided background and voiced his opposition to the contract proposal to OUC. He spoke about long term decisions and short term benefits of the past; transmission line upgrades; reduction in capacity and the proposed range of savings; paying for power that would not be used; OUC and FMFA Bonds; and the exit penalty contained in the contract.

Discussion ensued regarding a “take or pay” provision in the contract; the value/cost of megawatt hours; the capacity charge; and the City not having numbers in mind prior to negotiations with FMFA.

4:06 p.m. Harry Howle, 765 Broadway Street, Vero Beach, did not think the proposal should be considered. He believed the OUC deal would further entangle the County and make things more complicated.

4:10 p.m. Charlie Wilson, 2134 18th Avenue, Vero Beach, informed the Board that Attorney Wright had been approved by FMFA, as well as representing the City, and that all negotiations were held in private. He asked the Board to consider at

tomorrow's meeting, two things: (1) to think of the City of Vero Beach as people and not government, and (2) to consider that it would be in the best interest of the City ratepayer, Indian River Shores, and the County, to find a solution with FMPA that would change the circumstances of the sale. If an impasse would be reached tomorrow, he asked that the Board hold another meeting two weeks later.

4:19 p.m. Mark Mucher, 617 Indian Liliac Road, Vero Beach, felt the City had done a terrible job getting into long term contracts for short term gains.

A brief discussion ensued regarding the cost of OUC power, St. Lucie Power, and FPL rates.

4:23 p.m. Glenn Heran, 1964 Grey Falcon Circle, Vero Beach, read portions of a letter from the Town regarding the OUC contract and the assumption that the City's cost under the FMPA contracts are likely to increase. He felt the mission of the Board and the Town should be to exit the City's Electric Utility system. He found it hard to trust them after years and years of having no competitiveness with FPL; tried to understand why they did not negotiate with FMPA; did not think it was fair to be in contracts for eternity; and supported the sale to FPL.

4:27 p.m. Commissioner Zorc questioned the willingness of FMPA in working out a settlement on the Crystal River Nuclear Plant.

4:29 p.m. Attorney Reingold said tomorrow's meeting would most likely be focused on the OUC contract and rate reduction issues.

5. ADJOURNMENT

There being no further business, the Chairman declared the meeting adjourned at **4:32 p.m.**

ATTEST:

Jeffrey R. Smith, CPA, CGFO, CGMA
Clerk of Circuit Court and Comptroller

Wesley S. Davis, Chairman

By: _____
Deputy Clerk

Approved: 12/02/2014