

UTILITY ADVISORY COMMITTEE

The Indian River County (IRC) Utility Advisory Committee (UAC) met at 2:00 p.m. on Thursday, October 8, 2009, in Conference Room "B1-501", County Administration Building, 1800 27th Street, Vero Beach, Florida.

****The written minutes will only consist of the motions and decisions requiring action. An audio copy of the meeting will be provided upon request.***

Present were:

William Johnson, District 3 Appointee

Dr. Stephen Faherty, District 5 Appointee

John Tschinkel, Member at Large

Absent were:

Carlton Miller, Member at Large

Andrew Allocco, District 2 Appointee

Robert Pickett, District 4 Appointee

Also present was IRC staff:

Commissioner Joseph E. Flescher

Erik Olson, Director, IRC Utilities;

Himanshu Mehta, Solid Waste Disposal District;

Mike Hotchkiss, Project Manager, IRC Utilities

Maria Resto, Commissioner Assistant

Michael Zito, Assistant County Administrator

Joseph Baird, County Administrator

Others present:

Herb Whittall, City of Vero Beach Utilities Committee

Call to Order

Chairman Tschinkel called the meeting to order at 2:08 p.m. He noted there was no quorum at the moment and stated no motions could be made.

Approval of Minutes of August 6, 2009

The UAC minutes of August 6, 2009 could not be approved due to lack of quorum.

Presentation by Dr. Faherty- Electric Utility

Dr. Stephen Faherty provided a PowerPoint presentation, a copy of which is on file at the Commission Office. He stated the presentation covered the issues regarding the electric utilities and the proposal of a recommendation from the County Utility Advisory Committee to the Board of County Commission for not renewing Resolution 84-12, which expires in 2017.

Dr. Faherty introduced Glenn Heran, CPA, who collaborated in the analysis and research for the presentation. He continued with the review of Exhibit 1 of the presentation, which included a rate comparison for 1,000 kilowatts-hour per month for the County, City, Shores, Orlando Utilities Commission, and FPL and Exhibit 2, which included a rate comparison with 2,500 kilowatts-hour per month.

Dr. Faherty reviewed the City of Vero Beach Electric Fund Operating Budget. He pointed out the total amount of revenue for the City was around 92 million dollars from residential, commercial, industrial, and other rates. He discussed the City's operating expenses and highlighted the power and fuel charges. Dr. Faherty explained the Municipal Surcharge and City's Utility Tax Repeal effect on the City of Vero Beach revenues and customers bills. He went over Exhibit 5- City of Vero Beach General Fund Revenue Analysis including the total direct revenue from electric utility, the direct revenue from non-city electric customers, and the total direct revenue from electric and water, sewer, and irrigation utilities.

Dr. Faherty presented a resolution to be recommended to the Board of County Commission. The resolution stated the following:

“Whereas of the 34,500 City of Vero Beach (COVB) electric utility customers, over 19,000 (51 %) are Indian River County property owners, tenants, taxpayers, businesses, and/or voters, and

Whereas, such County electric utility property owners, tenants, taxpayers, businesses, and/or voters want to have their electric utility service be controlled by the Public Service Commission, franchised by their elected representatives in the County, and not controlled directly or indirectly by COVB officials who are not inclined to equitably represent County customers and for whom electric utility customers in the County cannot vote, and

Whereas, such County electric utility property owners, tenants, taxpayers, businesses, and/or voters have a portion of their COVB utility payments, taxes, and/or fees paid to COVB and used directly or indirectly to support the COVB budget rather than the County budget and/or County enterprise fund(s), and

Whereas, such County property owners, tenants, taxpayers, businesses, and/or voters served by COVB electric service are covered by County Board Resolution 87-12, dated March 5, 1987, which expires in 2017 and requires at least five (5) years advance notice, and

Whereas, the Florida Public Service Commission approved a Territorial Agreement on November 3, 1981 (Docket No. 800596-EU, Order No. 10382) between COVB and FPL to divide the local electric service area between COVB and FPL at a time when about 10 percent of the electric customer population was outside of COVB whereas now 61 percent (22,000) of electric service property owners, tenants, taxpayers, businesses, and/or voters reside outside of COVB in the County and in the Town of Indian River Shores, and

Whereas, COVB imposed a 10 percent municipal electric utility surcharge (Section 25-9.0525) on County property owners, tenants, taxpayers, businesses, and/or voters which: it has proposed to be eliminated as a separate charge; is to be included it in its electric base rate; and the elimination of which could lead to a higher rate charged by the City to County customers, and

Whereas, significant past and proposed COVB increases in its electric utility rates will cause significantly higher and continuing electric utility rates above FPL rates that are unreasonable, unduly discriminatory, and will have an adverse financial and economic affect on COVB electric utility property owners, tenants, taxpayers, businesses, and/or voters in the County, and

Whereas, the sales, leases, and values of real estate served by COVB utilities are being adversely affected financially and economically by having COVB utilities, and

Whereas, adequate time is needed for planning, implementing, and transferring the 19,000 County electric utility property owners, tenants, taxpayers, businesses, and/or voters from the COVB to FPL with no related unreasonable financial or economic impact, and

Whereas, County Board notice within the next 30 calendar days of its Board Resolution would aid the Indian River County State Delegation at its meeting in early December 2009 to support Local Legislation to allow the 19,000 County property owners, tenants, taxpayers, businesses, and/or voters of COVB electric utility services to vote YES or NO in a mail-in Referendum to legislatively modify Public Service Commission Order No 10382, dated November 3, 1981, to revise the Territorial Agreement to allow County customers to switch from a COVB to a FPL electric service area,

Thus,

The Indian River County Utility Advisory Committee hereby recommends to the County Board of Commissioners that it consider within the next 30 calendar days passing a Resolution that notifies the members of the Indian River County State Delegation of the County's support for Local Legislation to allow COVB electric customers who are County property owners, tenants, taxpayers, businesses, and/or voters to vote YES or NO in a mail-in Referendum concluding at the time of the November 2010 General Election. If a simple majority of the customers vote YES, the Public Service Commission would revise its Territorial Agreement in Order No 10382, dated November 3, 1981, to allow County customers to switch from a COVB electric service area to a FPL electric service area."

Dr. Faherty acknowledged the lack of quorum for a motion to approve the resolution. He recommended presenting the resolution and the next scheduled UAC meeting for all the members to vote on the issue. He further explained the main objective of the resolution and the process for the referendum.

Glenn Heran provided a brief explanation of the COVB revenue from electric customers, the future increase in rates, the difference in collections from FPL in the case it would be the provider, and the percentage of monetary loss from excess utility bills.

Herb Withal, City of Vero Beach Utilities Committee, inquired about the electric supply for certain areas of the City based on the assumption of the power plant being dismantled. Dr. Faherty enumerated several future plans for power plants in nearby counties.

Chairman Tschinkel commended Dr. Faherty and Glenn Heran for all research and work. He asked for additional back up information and adequate time for all the committee members to review before reaching a decision on the proposed resolution.

Warren Winchester, City of Vero Beach Finance Committee, stated he was familiar with the franchise agreements and questioned the accuracy of the figures and assumptions presented. He emphasized the agreement was done at the request of the County Commission and mentioned various issues to consider including bonds that are tied directly to the electric revenue. Dr. Faherty explained the bonds were taken into consideration for the analysis.

Lengthy discussion ensued regarding existing bonds and the electric revenue.

Chairman Tschinkel clarified the committee's position as an advisory body for the Board of County Commission and asked for the information that was used for the analysis and charts presented. Dr. Faherty stated he would provide general information and statistics summarizing the information presented on the charts.

Discussion ensued regarding the purpose of the Water, Sewer, and Irrigation Joint meeting on October 15, 2009 and the existing agreements between the County and municipalities.

Next Meeting

The next Utility Advisory Committee meeting was scheduled for November 5, 2009.

