

MINUTES
THE TOWN OF INDIAN RIVER SHORES
6001 North Highway A1A, Indian River Shores, FL 32963

WATER UTILITIES WORKSHOP MEETING

Wednesday, March 16, 2011

3:00 p.m.

PRESENT: Thomas W. Cadden, Mayor
Gerard A. Weick, Vice Mayor
Frances F. Atchison, Councilmember
Richard M. Haverland, Councilman
Michael B. Ochsner, Councilman

STAFF PRESENT: Richard Jefferson, Town Manager
Laura Aldrich, Town Clerk
Chester Clem, Town Attorney

OTHERS PRESENT: Bill Beardslee, PZV Chairman
2 Residents
Vero Beach City Council Members Pilar Turner and Brian Heady
Indian River County Commission Chairman Bob Solari & Wife
Indian River County Manager Joe Baird, Utilities Director
Erik Olson, and Glen Herran
Jim Moller, Lee Miller and Brian Kroh, John's Island
Reporters VB 32963 and Press Journal

1. **Call to Order**

- a. Pledge of Allegiance
- b. Invocation (Councilman Ochsner)
- c. Roll Call

Mayor Cadden called the meeting to order at 3:03 p.m., with the Pledge and Invocation recited. The Town Clerk called the roll and noted the attendees as reflected above.

2. **Council Discussion**

- a. Review Proposed Agreement from the City of Vero Beach

Mayor Cadden said that we sent proposal to County and COVB in August, the City replied and the County has not yet returned a draft contract. We want to review the City's amended agreement that came back to us in October.

Vice Mayor Weick commented that the title should be amended to add "...for Water, Wastewater and Reclaimed Water." The term reuse water should be updated to reclaimed water everywhere. All were in agreement.

Mr. Clem said that the Town, through our advisor, GAI, sent the draft to the City of Vero Beach (COVB) staff - not the Council - who reviewed it and sent back their comments, which resulted in a response from us and a redraft from them last September. He took his proposed contract and went over it with GAI, who redrafted it with the October 5, 2010 version. We didn't pursue anything further at that time because of election events

Please Note: The Town of Indian River Shores does not routinely keep verbatim minutes. Any party interested in such an appeal relating to any decision made by the Council with respect to any matter considered at this meeting is responsible to record the meeting and include the testimony and evidence upon which the appeal is to be based.

in the COVB in November and then our impending elections, and so on. Mr. Clem said this is the first time the agreement has been brought back to the Council. He has reviewed it from a legal standpoint, making comments in a memo dated March 16 addressed to the Mayor and Council. Mr. Clem said he believes it is in good form now. It reflects that we would turn over our infrastructure to the COVB in return for another 30-year franchise with the removal of the 10% surcharge. The surcharge initially accommodated a half-developed town 30 years ago. The agreement could be readily and quickly worked out if the Council desires.

Councilman Haverland said as he read the agreement, the surcharge remains but the discount takes off the surcharge. Mr. Clem clarified that it has been removed from the draft that came back from the City that he and staff have been working on. The compensation now instead of having a 10% surcharge is that we would be part of the system and turn over our equipment. Councilman Haverland said what he read was that after the 6% discount ran out, we reverted back to the surcharge, and Mr. Clem said that had been eliminated.

Councilman Ochsner questioned the purpose of the meeting today since we have "deal points" from the City, and now we have a letter from the County stating that we will have a proposal from them also by April.

Mayor Cadden said that Chester has done an outstanding job in reviewing all of the points outlined, and we've been waiting for six or seven months for a response from the County. He was of the opinion that we should go forward with the City and also let the County provide their input, and not stop that process. He said he is looking forward to hearing from the County. Vice Mayor Weick agreed with Mayor Cadden, that we still should review this contract with the City, with no guarantee that we will sign it. Mayor Cadden added that Mr. Jefferson and Mr. Clem would handle this at a staff level and discuss the changes with City staff to bring back to the Council. Councilmember Atchison said she understood that we were pursuing the agreements on a parallel track, to which Mayor Cadden agreed.

Mr. Clem apologized that they are dealing with two different drafts. What we would be doing is to transfer all of the real estate that is owned by the Town and is being used by the City for water/wastewater/reclaimed water, which only seems to encompass the water tank by Public Safety. The provision is that it remains theirs as long as it remains in use for water/sewer/wastewater, and if that use ceases, it reverts to the Town.

He continued that the franchise period is similar, an additional 30 years unless a declaration and notification is made that a party does not want to move forward is made five years in advance, which is the same as what is in the agreement now. There is the 10% surcharge, which would be done away with. Vice Mayor Weick asked if any property is relinquished to them now, if it reverts to us at the end of 30 years, and Mr. Clem said that was correct. It is very similar to the existing franchise agreement, but with more "legalese."

The 10% surcharge was discussed again, with Mr. Clem explaining that it is allowed by Florida Statutes, saying that the old agreements were prepared at a time when the municipal or county government was the only source for providing utilities. Everyone should be paying the same rate more or less here in this county.

Councilmember Atchison asked if we are sure the COVB can afford the infrastructure, and Mr. Clem replied that we will get as much information as we can.

Vice Mayor Weick agreed with Chester on Section 3, the Transferred Assets. He said that Section 4 calls for records to be turned over, and Mr. Clem said we don't have any real records, the City has them as the service provider. Vice Mayor Weick continued with Section 4.4, to change the terminology to the property being in Town rather than Vero

Beach, to which Mr. Clem agreed. The Vice Mayor asked about the 10% surcharge in Section 5.6 that currently applies to water and wastewater customers, requesting that “for the period of thirteen years” be removed, and Mr. Clem said it had been from the current document, which the Vice Mayor did not have. There was discussion about the version of the agreement that the Council had versus one that the Mayor and Mr. Clem had, deciding to continue addressing comments so Mr. Clem could incorporate them in the redraft.

Continuing, the Vice Mayor addressed the term “sufficient pressure” for fire hydrants, with Mr. Clem preferring to leave it as, following the requirements for the COVB. Councilman Haverland asked if there isn’t a standard measure for the pressure, and Mr. Clem said it is a question of a technical nature that Mr. Hartman would be better suited to address it, agreeing to ask if there is a standard so it will not be as subjective. Vice Mayor Weick asked that anything stating that the Town would have the authority to add an additional franchise fee on the water bill be removed from the agreement, as he didn’t want future councils to be able to assess this. Mr. Clem said the language would be that if a future Town Council did want to enact a fee, they would have to give the COVB notice so it could be added to the bills.

Councilman Haverland was concerned that the COVB appears to have significant financial disability, and they could raise rates to make up for a deficit in some other part of their business. He suggested that the Town come up with a price that we are willing to pay for water with a built-in price adjustment based on the CPI (Consumer Price Index) or something. We should pay an amount relative to what we are receiving in service.

Councilman Ochsner agreed, but was not so concerned about locking in a price as he was about locking in a price that is the same for everyone. Councilman Haverland added that, for whatever reason, they could pass unforeseen costs to the residents. Councilman Haverland, Councilman Ochsner, and Mayor Cadden discussed this briefly, with Councilman Haverland noting the County’s financial stability, with water rates only going from 23 to 29 cents over 20 years.

Continuing with Section 9.7, Vice Mayor Weick spoke about the Quality of Reclaimed Water, which increases only 30% to 2.9 million gallons (MG) by 2040, which he thought was unrealistic. The COVB doesn't currently serve the Northern half of our town, and 2.9 MG may not be enough. Mayor Cadden said he had some numbers to insert that were significantly higher than that. Lee Miller and Jim Moller, representing the John’s Island Water Users, said they are using 1.4 MG day at JI now.

Mayor Cadden and Mr. Clem agreed to meet tomorrow morning to get this document ready to be placed on the March 24 agenda, aware that there will be some gaps to be plugged in at a later time as this is part of an ongoing process to get a feel for what the Council wants to present to COVB and ultimately to the County.

Bill Beardslee, 621 Palm Island Trail, was concerned about provision for reuse water for the north end of Town, which currently does not receive any. Mayor Cadden said that he plans to address this in the agreement. Councilman Haverland asked how they watered their lawn, and Mr. Beardslee said their Homeowner Association has wells on the river side, and uses potable City water on the beach side.

Councilman Haverland asked what population percentage does not receive reuse water, and Mayor Cadden guessed 20%. Councilman Ochsner said it would be optimal to have a reuse water line that ran the entire length of Town that can be tapped into by neighborhoods, and mentioned committed use of reuse water.

Vice Mayor Weick asked if this agreement precludes the County coming from the north end for reuse water. Mr. Clem said the first agreement is with the City, then John’s Island,

then the County could be granted a franchise agreement for reuse water. Mr. Clem said if the Town entered into an agreement with COVB it does not preclude an agreement between the City and County for regionalization of water service.

Vice Mayor Weick received confirmation from Mr. Clem that they would be leaving the date open as to when this agreement could start.

b. Update on County Proposal

Erik Olson, Director of County Utilities, said that the County has consistently indicated that they desire to serve the Town. There were some questions from the original Draft Purchase and Asset Agreement, to which they submitted a letter back to the Town in December, stating that the infrastructure in the Town would be acquired by the County. The County looked at the original franchise agreement that existed, and there seemed to be more assets than what were listed in the Asset Purchase Agreement. The letter sent to the Town said they needed to understand what was being asked for them to acquire and what would stay in the Town. The original agreement said there were certain basic clear exceptions, and the two agreements didn't match (e.g., the main transmission line to Baytree). Vice Mayor Weick and Mr. Olson discussed this further, with Mr. Olson saying that the large transmission mains on North Fred Tuerk Drive also do not appear to be included in assets being returned. Mayor Cadden said that Mr. Clem has answered this question to the County attorneys. The County is looking forward to coming on the 24th, clearly they are interested in addressing the Town about their financials, looking into the future, the cost of resources, and predicting water/sewer rates.

Joe Baird, County Administrator, recommended that the Town have its consultant look at the audited financials, adding that the County should be able to guarantee the rate for three years. They looked at JI reuse water, Mr. Baird concluded, and neither the City nor the County can deliver enough reuse water to cover the need individually, but combined they could.

Glenn Heran said this document has the Town's rates 22% higher already, which is for the small meters. The bigger meters are 40-50% higher. Mayor Cadden asked him to refrain from saying what will be covered at the presentation next Thursday. Mr. Heran agreed, continuing that the COVB is debt-ridden. The "elephant in the room" is the South Beach Agreement, which if they leave COVB as a water provider, the 20% fixed cost would have to be spread over the other water customers. He said a letter is forthcoming from South Beach to the City stating that the County will service them.

If the Town chooses the County as its provider, we are all are County residents, and there will be taxation with representation, as you vote on the Commissioners.

3. **Public Discussion**

None other than what is above.

4. **Adjournment**

The Mayor adjourned the meeting at 4:04 p.m.

Respectfully submitted,

/s _____
Laura Aldrich, Town Clerk

(Approved by the Town Council at the 3/24/11 meeting)