

MINUTES
THE TOWN OF INDIAN RIVER SHORES
6001 North Highway A1A, Indian River Shores, FL 32963
WATER, WASTEWATER AND RECLAIMED WATER
UTILITIES WORKSHOP MEETING
Thursday, February 24, 2011
2:30 p.m.

PRESENT: E. William Kenyon, Mayor
William H. Ahrens Vice Mayor
Frances F. Atchison, Councilmember
Michael B. Ochsner, Councilman
Gerard A. Weick, Councilman

STAFF PRESENT: Richard Jefferson, Town Manager
Laura Aldrich, Town Clerk
Chester Clem, Town Attorney
Judith Lewis, Town Treasurer
Bill Schauman, PSD Director
Robert Stabe, PSD Captain

OTHERS PRESENT: Bill Beardslee, PZV Chairman
Council-Elect Tom Cadden & Dick Haverland
Indian River County Commissioner Flescher
4 Residents
Mayor Kramer, City of Vero Beach
Indian River County Attorney Polackwich
& Utilities Director Erik Olson
Jim Moller, 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 Kenyon called the meeting to order at 2:34 p.m., with the Pledge and Invocation delayed until the 3:30 meeting. The Town Clerk called the roll and noted attendees as reflected above.

2. **Council Discussion**

Mayor Kenyon said that the purpose of the meeting was to bring the outgoing and incoming Council together to help make the transition as seamless as possible. The Council has been working on due diligence for water, sewer and electric for two years in trying to determine the needs of the Town and the major users in the Community. The information has been gathered at meetings where the Town Attorney and Town Manager were present, as well as Tom Cadden, our utility liaison.

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.

The Mayor asked if the Council had any comments about the presentation given by the County to the City of Vero Beach (COVB) at the meeting the other evening.

Councilman Ochsner said he believes that regionalization makes sense, with a pretty strong argument for capacities and the strength of the Indian River County (County) system being apparent in the presentation. His big question is who can supply sufficient reuse water at a reasonable price. The County doesn't have extra capacity at the present. If the Town switched from the COVB to the County today, the County couldn't commit to supply enough to meet the demand. Mayor Kenyon said that the reuse water from the city generates significant income for them. (Vero Beach 32963 Reporter Lisa Zahner arrived at 2:40).

Councilmember Atchison opined that Commissioner Solari and Erik Olsen made an excellent presentation, and noted a woman at the meeting who spoke about the geographical handicapping with the COVB. The Council had all met with John's Island individually (except Councilman Weick, who was out of town), who shares a concern for reuse water. Councilmember Atchison said they need to start moving as quickly as possible. She and the Mayor agreed that John's Island is on to something with their reuse water plans, adding that today, with no proposal from the County, she would go with the COVB because there is assurance of good water in place. The Mayor added that a lot was said about County finances at the COVB meeting the other night, and very little about the City's finances. It looks like the COVB doesn't have financial strength, he continued, and they briefly discussed the monies transferred from the utilities to the General Fund. They both were very impressed with IRC proposal.

Vice Mayor Ahrens said that regionalization is the ultimate end, that the County should take over. The trend is beyond just municipalities, with the broader region and source of supply very critical. The Vice Mayor concluded by reiterating that we're the buyer.

Councilman Weick agreed that regionalization makes a lot of sense, being most interested in who offers the better deal. He had no doubt that the County has enough potable water, but reuse water is the problem. His understanding is that of all the COVB treated wastewater, only 25% is for reuse. Councilman Weick continued that there is a shortage of reuse water now from the COVB, with restrictions and lack of pressure from COVB being a problem. The quantities of reuse water by varying neighborhoods in the Town was discussed before Councilman Weick suggested that they consider the potable and sewer first agreements first, then consider separate contracts with homeowner associations for reuse.

Mayor Kenyon asked Councilman-elect Tom Cadden if he had anything to add, and he did not.

Councilman-elect Dick Haverland asked about normal utility situations, and Mayor Kenyon interjected that if a utility is owned by a municipality, the state has nothing to do with rates charged. If it's a private utility, the Public Service Commission (PSC) regulates it. Mr. Haverland said it seems like the City is abusing their position. Councilman Weick noted that his reuse water rates went from 50 cents to \$1.82 for water under pressure. Mr. Haverland asked if the County is regulated, and Erik Olson, Utilities Director for the County, said they also are not governed by the PSC.

Glenn Heran said that the City transfers about \$900,000 to the General Fund every year. The County has less incentive to "abuse" its customers. Mayor Kramer, COVB, said they have an incentive to patch up the hole. Mayor Kenyon asked about Vero's financial status, and Mayor Kramer said the debt is getting paid off. Consultants revealed work and problems to resolve, and the City seems to be stable and in a good position to improve more.

Councilman Weick asked Mr. Olson if they have enough water to serve the Town, to which the reply was that reuse water is a critical component. He proposes a combination of

City and County reuse water for the barrier island. Mr. Olson said he had contacted the COVB to see if they were interested in purchasing one million gallons a day as a customer for reuse water, which could be put in place even this year. The County is currently constructing reuse water lines on the barrier island from CR 510 at the North working towards the South. There is the potential for working together to solve the problem, such as connecting the lines for the City and County. Currently John's Island (JI) West is being supplied about 750,000 gallons/day, and suggested using common infrastructure to tie into existing lines to connect to JI East. Short term solutions start the process without having to go through the franchise issue. Councilman Weick asked if the County has enough potable water for the Town, and he said they have the capacity that could serve the City of Vero Beach and all of its customers, including Indian River Shores.

(Comm. Flescher arrived at 2:59 p.m.)

Mr. Olson continued that the City and County have to come to a consensus. They are just beginning to work with the City, with the presentation the other night to open dialogue. Starting with the reuse issue will help towards resolving the long term (water/wastewater) issue. Councilman Weick said we have a timeline for potable water to meet. Mr. Olson said even if it's a total merger, it's still a combination of the two resources.

Mayor Kenyon said that Councilman Weick makes a valid point. Contracts or agreements have to be done by the end of October. His recommendation to the Council is to finalize an agreement with Vero Beach, and if the County wants to get in on it, they must provide options. The Town has tried to get information from the County almost two years ago. He mentioned that Commissioner Joe Flescher arrived, and asked for help in getting something from the County Commission.

Councilman Weick agreed with Mr. Olson's recommendation to combine the two utilities.

The Mayor asked Councilman-elect Haverland's opinion, who said he wouldn't sign anything without knowing the price.

Mr. Clem said this is a very positive conversation, how government works together at local level. What Erik Olson said about the County tying in with the City for a million gallons per day of reuse water is a great start, with the goal is to keep moving forward with the basics. Mr. Clem added that we have to have target dates, even though nothing magical happens when we are getting close. Councilmember Atchison asked if they could work with one entity, and simultaneously work with the other, until an agreement is reached. Mayor Kenyon said anything is possible, and until this body votes and the documents are signed by all parties, nothing changes.

Councilman Ochsner reiterated that they needed some kind of proposal from the County. Commissioner Flescher said we are the ultimate customer, and the Council should have the presentation that was given to the City of Vero Beach.

Mr. Jefferson said we have a proposal from the City, who has given assurance that they can provide water even if they have to buy it from the County. Councilman Ochsner discussed it briefly as the October GAI response, which Mr. Jefferson said has been modified and sent back to us. The Councilman said he would rather have proposals (from both providers) to compare, so there would be an unbiased proposal not filtered by GAI. Councilman Weick agreed. Mr. Clem said it is one way to negotiate by starting with an offer, but he did not like the contract or agreement format that GAI used, which appeared to be a lot of boilerplate text with three attachments.

Councilman Weick asked to get something straight for the record: the old Franchise Agreement expires on the date it was signed by parties, which has three dates: October 30 by

one party, November 6 by another. Another date mentioned was October 16, and Mr. Clem said it would be the last date, which was November 6, 1986, and to allow extra time so that they would not to be backed into a corner.

The general discussion by the Council was that they need the two parties to get together, and to be offered the same rates as the City and County constituents have, even if an inflation factor is included. Councilman Ochsner, Mr. Haverland and Mr. Cadden had no further comment. Mr. Jefferson said they need to move forward towards negotiations, and have a workshop to go over the City's offer. Mr. Clem agreed that a workshop after the Council reorganizes would be prudent. He addressed some of the points from a memo he had sent to the Council, and other contracts involving water with other entities where there is a need and no provision yet.

Mayor Kenyon agreed that they should try to work out an agreement with the City of Vero Beach, and if the County submits a proposal to also consider that. Mr. Jefferson asked for a definite date for the new Council to meet, and Mr. Clem said that could be set during the regular meeting.

3. **Public Discussion**
None.

4. **Adjournment**
The Mayor adjourned the meeting at 3:25 p.m.

Respectfully submitted,

/s
Laura Aldrich, Town Clerk

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