

**CITY OF VERO BEACH, FLORIDA
MAY 3, 2016 9:30 A.M.
REGULAR CITY COUNCIL MINUTES
CITY HALL, COUNCIL CHAMBERS, VERO BEACH, FLORIDA**

The invocation was given by Pastor Larry Boan of Central Assembly of God followed by the Pledge of Allegiance to the flag.

1. CALL TO ORDER

A. Roll Call

Mayor Jay Kramer, present; Vice Mayor Randy Old, present; Councilmember Pilar Turner, present; Councilmember Richard Winger, present and Councilmember Harry Howle, present **Also Present:** James O'Connor, City Manager; Wayne Coment, City Attorney and Tammy Vock, City Clerk

2. PRELIMINARY MATTERS

A. Agenda Additions, Deletions, and Adoption.

Mr. Old made a motion to adopt the agenda as presented. Mr. Winger seconded the motion and it passed unanimously.

B. Proclamations and recognitions by Council.

1. Historic Preservation Month – May 2016

Mayor Kramer read and presented the Proclamation.

2. National Police Week – May 15 – 21, 2016

Mrs. Turner read and presented the Proclamation.

3. Tobacco Free Florida Week

Mr. Old read and presented the Proclamation.

4. Mr. Curtis Paulisin to speak on the Veterans Outreach Golf Tournament

Mr. Curtis Paulisin reported on the Veterans Council of Indian River County Veterans Outreach Golf Tournament, which will be held on Saturday, June 18, 2016 at Sandridge Golf Club (flyer attached to the original minutes).

5. Announcement of the Vero Beach Wine & Film Festival

Ms. Jerusha Stewart reported on the Vero Beach Wine and Film Festival, which will be occurring the week of June 9-12, 2016.

C. Staff/Consultant special reports and information items.

1. Presentation by Mr. Schef Wright, Attorney, on the Cost and Exposure for partial sale of the Electric System to Indian River Shores.

Mr. Schef Wright, Attorney, provided Council with the rate impacts on the remaining Vero Beach electric customers if there was a partial sale of the utilities (attached to the original minutes). He introduced Mr. William H. "Bill" Herrington, P.E., WHH Enterprises, Inc.; Mr. Gerald E. "Jerry" Warren, GE Warren Associates and Mr. Henry Thomas, Public Resources Management Group, Inc. ("PRMG"). He said that they were all tasked with preparing their best estimate of the amount of money it would take as a lump sum payment on the front end to keep the City, City citizens and the rest of the City's electric rate customers (those customers outside Indian River Shores) whole in terms of keeping their rates the same as they would be if the City continued to serve Indian River Shores. He said there was a preliminary evaluation done last summer and that value of \$64 million dollars over 30 years. When they looked at this again, having met with representatives of the Town of Indian River Shores they were asked that it be looked at, at a year by year revenue requirement analysis. They went back and did that and did it on a component by component year analysis for a total term of 30 and then 50 years. The revised number for 30 years is \$42.4 million dollars, which includes updated power supply cost information and an updated natural gas forecast. The value over 50 years is \$59.6 million dollars. He said in addition to keeping the City citizens and the other customers whole, some provision has to be made to protect all of the other customers against contingent liabilities for which the City could be responsible for through its participation with the Florida Municipal Power Association (FMPA) supply projects. The City of Vero Beach is a virtual co-owner of the Power Plants Stanton I, Stanton II and St. Lucie II. He said that FMPA is on the deed and the City has virtual co-ownership interests and generation entitlements of the purchase contracts and the project support contracts. The City is obligated to pay their share of anything else that comes up.

Mrs. Turner commented that she noticed in the revision that there still was no reduction of the City's overhead costs. She said they will be reducing the size of their system by 10%, but there is no reduction in their costs.

Mr. Wright said that is not quite accurate. He referred to the backup material where this information is outlined.

Mrs. Turner commented that they have gone from \$64 million dollars as their original number to now \$42 million dollars. She said they are looking at a \$22 million dollar reduction (35% reduction) in the costs. She asked for a summary of how this \$22 million dollar cost figure is broken down.

Mr. Wright explained it was the breakdown of the change in the bulk power supply cost forecast, the natural gas supply forecast, and a fresh look using a detailed year by year analytical methodology. He said the biggest difference was in the change in the treatment of the City's electric fund expenses, which was done last summer. The other significant change was in the way the General Fund transfer is calculated starting with the projected 2015-2016 value and escalated that forward by at 2 1/2 % per year. He said in this analysis they actually calculated the General Fund transfer on a year by year basis to be exactly equal to 6% total revenues starting with the other four (4) cost components, which are electric, non-departmental, bulk power supply, and debt service. He said after 2023 the debt service goes away.

Mrs. Turner explained what information that she is asking for. She said Mr. Wright has come up with a \$22 million dollar figure. She wants to know how much is that due to the revision on the power costs, revision of looking at the transfer, how much is due to natural gas, etc. She would like to see a breakdown of that \$22 million dollars.

Mr. Wright explained they have not done that today, but he felt that they could do that.

Mrs. Turner said she would certainly hope so.

Mr. Howle displayed the materials that they were looking at and all the numbers involved. He said that coming from someone that is not a CPA and not a mathematician to him this is kind of like walking into a car dealership and they put a bunch of numbers in front of you and they can end up with whatever number they want at the end of the day. He gave an example of one of his clients no longer needing his services and knowing that there would be fixed costs in his office. But, he would not be calculating 30 years of what he would be using because this client left him and he would be using erroneous numbers to project what the losses truly are. He said there are a lot of people that could look at these numbers and be overwhelmed.

Mr. Wright told Mr. Howle that there are a lot of numbers and someone could be overwhelmed. He did furnish electronic numbers and a complete format of the exact excel spreadsheets outlining these numbers.

Mrs. Turner stated that she would have liked to have seen an executive summary showing what the impact is of each of the different factors.

Mr. Wright felt that the front page was an executive summary.

Mrs. Turner commented that it doesn't show what was done differently from the previous analysis. She felt that it was an incomplete product. She said the City knows the franchise agreement with Indian River Shores expires in November and that Indian River Shores has given notice that they are not going to continue. She said the franchise agreement obviously addresses other things other than just the ability to collect a franchise tax. She said there are other terms in the franchise agreement, which will be null and void in November. She asked Mr. Wright to summarize this for the Council.

Mr. Wright stated that in general terms, Indian River Shores agrees that they (the City) can operate their system in their service area free of completion by the Town in return they (Indian River Shores) get the right to ask the City to collect and impose a franchise fee. He said there are other terms and conditions within the franchise agreement itself. He said there is not a buyout provision or a right to kick the City out in the franchise agreement.

Mrs. Turner questioned if there was something in the franchise agreement to use Indian River Shores' right of ways. Mr. Wright answered that there was, which involves other legal issues that are currently pending in Court.

Mrs. Turner commented that what Mr. Wright was saying was that the franchise agreement was irrelevant for their right to serve.

Mr. Wright stated in terms of their right to serve, person in the authority of the Public Service Commission's territorial service orders, that his answer would be yes. He said in respect to rights of way that is on-going litigation.

Mayor Kramer stated at this time he did not have a problem if there was anyone from the public who would like to ask questions of the legal staff. No one from the public wished to speak.

Mr. Jim O'Connor, City Manager, stated that their attorneys would remain at today's meeting until Mr. Dylan Reingold, County Attorney, has completed his presentation.

D. Presentation items by the public.

1. Mr. Dylan Reingold, County Attorney, to discuss the FPL Electric Utility Sale – Sponsored by Councilmember Harry Howle.

Mr. Dylan Reingold, County Attorney, stated that during the legislative session the County was working with various communities across the State of Florida to try to work with the Legislature to adopt legislation concerning FMPA. He said while in Tallahassee, as the Bill was moving forward in the legislative process, he was approached by representatives from FMPA who expressed a desire to involve the County and others in the issues that they are addressing in this community. He said those issues include existing FMPA and ultimately the sale of the electric utilities to FPL. He thought this would be a great opportunity to be able to engage the City in talks with FMPA, FPL, OUC, Indian River County, and maybe even Indian River Shores in an attempt to discuss the issues of exiting FMPA and hopefully getting to the full sale of their utilities to FPL. He requested from the City Council to authorize their Counsel and Mr. Wright to work with the County, FMPA, and the other interested parties to explore their options and avenues to exit FMPA and get to the full sale to FPL.

Mrs. Turner commented that after having two (2) public referendums held with the outcome that “yes” their residents want to proceed with the sale of the electric it behooves the City Council to follow up on the wishes of their constituents. She said if they are not taking the steps and doing everything possible in selling the utilities then they are not doing their jobs. She certainly would support Mr. Reingold’s request.

Mr. O’Connor stated that administratively they have no objections to this request. However, he would like to ask that Mr. Reingold make the contacts with FMPA to put this meeting together. He said that he has not seen the indication as mentioned by Mr. Reingold from the contacts that he has at FMPA.

Mr. Reingold referred to the letter that was provided to the City yesterday from FMPA (please see attached), which said they would be willing to engage with interested parties in this process. He said they were looking at having this door opened by the City Council, authorizing them to engage with other entities and have this discussion. He appreciated the offer from Mr. O’Connor, but he saw the letter saying that if the City is willing to make the first step to allow them to be at the table then he would be happy to call FMPA and coordinate with the different parties on having such a meeting.

Mr. Howle referred to the letter that the City received from Mr. Nicholas Guarricello, FMPA, in which it stated that FMPA stands ready to meet with the City and any of its negotiating partners, together, if requested by the City. He made a motion to authorize outside Counsel to join in discussions with FMPA, OUC, FPL, Indian River County, and Indian River Shores, in an effort to complete the sale of the electric utilities as a whole to FPL. Mrs. Turner seconded the motion.

Mayor Kramer expressed that the City does have pending lawsuits with Indian River County and Indian River Shores.

Mr. Reingold explained that there is no more briefing to be done by any of the parties and at this point they are just waiting for a decision from the Supreme Court. He hoped that they could engage in having positive discussions with FMPA and the other entities.

Mayor Kramer continued by saying that they do have litigation with Indian River Shores.

Mrs. Turner commented that this would be a way to circumvent any further litigation. She said it would be a way to see if they could negotiate a settlement for the desire of what everyone wants which is the sale of electric to FPL.

Mayor Kramer agreed that they need to negotiate in good faith to get this deal closed. He then asked what direction they were going in. He said are they going with a partial sale or with a full sale. He said they have pending lawsuits and typically you don’t work with people who are suing you.

Mrs. Turner explained the objective has always been to sell their electric company in its totality. She said the partial sale was a fallback position. She said if they could open the

door for discussion and proceed with what the voters are asking for, which is a full sell to FPL that would be great.

Mr. Howle added that the door has been opened to circumvent the litigation and perhaps and opportunity to come to an agreement for all interested parties to get the electric utilities sold. He said there are two (2) different issues. The issue with Indian River Shores is a partial sale, but the issue they are talking about today is an entire sale that involves Indian River Shores, Indian River County, the City of Vero Beach, FPL, and FMPA. He said while the "iron is hot" they need to strike. He said no offense to the lawyers, but they need to make some progress and it was not cheap to continue what they are doing.

Mr. Old asked if Indian River Shores should be a part of this.

Mr. Reingold said they would welcome Indian River Shores to be a part of this process, but he can only speak on behalf of Indian River County, who would be delighted to be at the table and a part of the conversation.

Mr. Old explained that what he was referring to was if they are discussing a full sale, would Indian River Shores still want to be a part of the discussion. Mr. Reingold would be happy to have Indian River Shores a part of that and would be happy to reach out to them.

Mayor Kramer found it interesting that when they talk about a fallback position that it is FPL who made the offer on the partial sale and said it his understanding that FPL is now abandoning that and wants to go forward with the full sale.

Mr. Reingold stated that he has been told by FPL that they are willing to listen to the City in giving guidance to move forward. He said that is what he is looking for right now to open the door and have discussions with all these different parties.

Mr. Winger referred to the second page of the letter that they received from Mr. Guarricello outlining the FMPA contract requirements and status. He asked for the City Manager's opinion, City Council's opinion, and their hired Counsel's opinion as to whether or not this should go forward because of the pending litigation.

Mr. O'Connor commented that what he has been told by FMPA over and over was to bring them a willing and qualified buyer and they will do the deal. He said that he has no problem meeting with FMPA, but they do not have either one of those components. He said at this point, FPL has not been able to address that.

Mrs. Turner recalled that at one point they were close to a sale and OUC was interested. She said anything they can do to avert further litigation and controversy and find a solution is worth pursuing. She asked what do they have to lose.

Mr. Old asked to hear from their Counsel as to whether they think this is a reasonable path.

Mr. John Frost, Attorney, stated that he did not see anything wrong with talking with anyone at any time. However, it needs to be confidential so that the conversation cannot be used in any of the litigation. He said if they are serious then it will take a lot of effort on everyone's part, but he did not see anything wrong with talking. The ground rules would be that it will be a confidential discussion and nothing will be used in the litigation proceedings.

Mr. Winger went back to what Mr. O'Connor said earlier in that all of their feedback from FMPA is consistent with the letter that they sent. He read the conditions portion from FMPA. He said Mr. O'Connor made the proposal that the County Attorney go back and set this up and he felt that would be the right way to do it.

Mr. Reingold said that he would be happy to set the meeting. However, after reading the letter sent by Mr. Guarricello he interpreted it as saying that FMPA wanted to make sure that the City authorized him to move forward with getting all of the parties to the table.

Mrs. Turner commented that there is no question the City has to take the lead. She said the City is the FMPA member. She said the City needs to be willing to say "yes" they want to move forward and have these discussions as a City to do what their voters have told them to do.

Mr. Wright agreed with Mrs. Turner's comments. He said FMPA has made it clear that they will negotiate with the City and have no problem if there are other parties at the table.

Mr. Winger did not have any problem with this sort of format. He suggested amending the motion with the caveat that Mr. Reingold has said that he would be happy to set the meeting up.

Mr. Reingold said he would be happy to work to make this happen.

Mrs. Turner felt that the request should come from the City of Vero Beach. She reiterated they are the member of FMPA.

Mr. Wright agreed that it should come from either himself, Mr. Coment, or Mr. O'Connor.

Mrs. Vock reread the motion.

Mayor Kramer commented that the motion reads that they are authorizing outside Counsel to complete the sale. Mr. Howle said the words "in an effort" were included in the motion.

Mr. Frost suggested that the motion be amended to say that this meeting will be held in confidentiality. Mr. Howle amended his motion to include this.

Mayor Kramer had two issues. The first issue is that outside Counsel as they sit before them today will not be speaking on behalf of Indian River County. The other issue is this has been going on for two (2) years and all of a sudden this pops out of nowhere without there being any new information. He asked Mr. Reingold who was the person that talked to him in Tallahassee. Mayor Kramer said that might be the person to talk to because he must have some new information that they could move forward on.

Mr. Reingold explained as he was in Tallahassee, lobbyists on behalf of the FMPA bumped into him in the elevator and said since he was with Indian River County that they wanted to talk to him. The people he spoke to while in Tallahassee were Mr. Dean Cannon, former Speaker and also Mr. Bill Peeples, who represents FMPA.

Mayor Kramer asked Mr. Reingold if he could identify the person who might have the information to get this discussion started again.

Mr. Reingold reiterated that he was approached in Tallahassee about this matter and it was the first time that he has had the opportunity to speak with someone from FMPA. He said this is the first time that he has been approached and he felt it was important to “run” with it.

Mayor Kramer commented that the people mentioned by Mr. Reingold are not FMPA people, but represent FMPA. He asked Mr. Reingold if they said they were representing FMPA’s opinion. Mr. Reingold referred to the letter that the City received from FMPA stating they are willing to sit down at the table and talk.

Mrs. Turner recalled that FMPA has never allowed them to have other people talk to them other than the City, so just the fact that they have a letter saying they will talk with the City and other representatives is opening the door.

Mayor Kramer expressed that the person who talked to Mr. Reingold is the key person to get this discussion to take place. He said that he was not going to say no to this, but he has not seen any new information in order for the sale to take place.

Mrs. Turner explained that they were just looking at options.

Mr. Howle hoped by having everyone sit down at the table it will bring a lot of unanswered questions to light.

Mayor Kramer brought up that this is the political season and there has been nothing done for two (2) years and now right before an election they are discussing sitting down at the table and talking. He questioned why this wasn’t done in the last two (2) years.

Mr. Howle made a motion to authorize outside Counsel to join in discussions with FMPA, OUC, FPL, Indian River County, and Indian River Shores in an effort to complete the sale of the electric utilities as a whole to FPL provided they negotiate with a confidentiality agreement and that nothing said in those meetings would be introduced into the current lawsuits. Mrs. Turner seconded the motion and amendment to the original motion.

Mr. Winger asked when they say confidentiality does that imply this will be a closed meeting. Mr. Frost said that it would have to be if they are going to talk about litigation matters.

Mr. Reingold stated that if the City wants the meeting to be confidential, he would be happy to agree to that. He just hoped they don't spend a month negotiating on what a confidentiality agreement means.

Mr. Winger called the question.

Mr. Brian Heady commented that the County Attorney has come before the Council and asked to set up a meeting. He is not asking to represent the City. Mr. Heady said that he does not care who Mr. Reingold talked to in Tallahassee. The County Attorney has the ability to set a meeting. He did not see the problem. If the City is authorizing the County Attorney to set the meeting up then it is coming from the City.

Mr. Lyle Sykes commented that maybe it was time to hire an outside attorney who was in favor of existing FMPA and selling the electric utilities to FPL.

Mr. J. Rock Tonkel, Utility Commission member, expressed yesterday at the Utilities Commission meeting that he thought it was premature to pass a Resolution on what they are acting on today until they heard comments from the County Attorney. He agrees that this is a positive development and hopes that it yields the results that they have sought for over the last eight (8) years in getting FPL to be the electric utility provider in this County. He said the work done by Mr. Wright is well done. The problem is that the City can't compete. The cost is inflated and the evaluation is excessive because of the matter of the way this utility has been run. He said they need to find a way to resolve this issue and get FPL involved and let the people of this community enjoy lower utility rates.

Mrs. Laura Moss, Chairwoman of the Utilities Commission, urged Council to move closer to fulfill the will of the people as expressed twice in public referendums.

Mr. Ken Daige felt that this was an interesting dialogue this morning and knows what Council is doing is looking out for the citizens of this community. He took note when Mr. Wright said that they (the City) are on the deed. That means they are on the hook for whatever happens. Whether it be a partial sale or a full sale. He wants to make sure going forward that the ratepayers are not being subsidized. Council needs to look out for the residents of this City and that is what they took an oath to do. This is an electric utility that was set up for long term. The City is on the hook for the FMPA contract that

was set up a long time ago. FMPA has outlined in their letter what needs to be done in order to get out of the contract. He felt that needed to be followed carefully so people are not responsible down the road. He doesn't want to see their City go bankrupt and the residents be on the hook for past decisions. He reiterated that elected officials take an oath and with that oath there is a lot of responsibility. He said the contracts signed with FMPA are extremely tight.

At this time the City Clerk reread the motion. Mr. Winger read excerpts out of the letter sent by Mr. Guarriello. The motion passed 5-0.

2. Ms. Patty Goffinet to speak on the Blue Tube – Sponsored by Councilmember Richard Winger

Mr. Winger introduced Ms. Patty Goffinet founder of Blue Tube.

Ms. Patty Goffinet explained that Blue Tubes are bright blue, easy to spot containers that hold bags. They are placed at the beach crossovers so people can grab a bag on their way to the beach, pick up trash, and throw it away in the garbage cans at beaches. Beach goers donate their clean, used plastic bags to the container, and the cycle continues. She asked the City to join the growing list of communities with Blue Tubes on their beaches. She said there is nothing to buy. Sponsors pay for Blue Tubes, fund research and raise awareness of plastic in the ocean. She passed out cards and flyers giving her contact information and the website address for people who wanted to find out more about the program.

Mr. O'Connor commented that the City has no problem with this project as long as they don't have to pay for the boxes. He recalled there is a box at South Beach that Anheuser Bush sponsors and maintains and it helps keep their beaches cleaner. He told Ms. Goffinet that she would need to work Mr. Falls in their Public Works Department to find locations for the boxes.

At this time, Council took a short break and the meeting reconvened at 11:15 a.m.

3. CONSENT AGENDA

- 1. Regular City Council Minutes – April 19, 2016**
- 2. Funding Request from the Veterans Memorial Island Sanctuary Advisory Committee**
- 3. Water and Sewer Laboratory Services Provider – Recommendation of Award – Bid No. 070-16/CSS**
- 4. Replacement Generator for City Hall – Final Pay and Acceptance – Bid No. 100-15/JO**
- 5. Award of Contract to Rehabilitate Taxiway C (FAA AIP-39; FDOT #430941-1-94-01) – Bid #060-16/CSS**

Mr. Winger made a motion to adopt the consent agenda. Mr. Old seconded the motion and it passed unanimously.

4. PUBLIC HEARINGS

- A) An Ordinance of the City of Vero Beach, Florida, Abandoning Certain Portions of 29th Street, Carissa Drive, and Park “L” (Median) lying within Plat No. 3, Royal Park Subdivision, as recorded in Plat Book 4 at Page 88 of the Public Records of St. Lucie County, Florida, said lands lying and being in Indian River County, Florida; Providing for Conflict and Severability; Providing for an Effective Date. – Requested by the Public Works Director**

The City Clerk read the Ordinance by title only.

Mr. O’Connor reported that the City received an application for an abandonment of the right of way for a portion of 29th Street, Carissa Drive and Park “L” (median). He said the Vero Beach Country Club has been using and maintaining a portion of the right of way for years. Further, reconfiguration of this portion of the right of way will allow one owner, Mr. Eric Hall, to increase the buildable area of his lot. The three affected parcels have agreed on how the right of way is to split and have prepared descriptions for each parcel. The City will retain a 60’ right of way consistent with the existing rights of way on Carissa Drive and Tropical Avenue.

Mayor Kramer opened and closed the public hearing at 11:17 a.m., with no one wishing to be heard.

Mrs. Turner made a motion to approve the Ordinance. Mr. Winger seconded the motion and it passed 5-0 with Mr. Howle voting yes, Mr. Winger yes, Mrs. Turner yes, Mr. Old yes, and Mayor Kramer yes.

5. RESOLUTIONS

- A) A Resolution of the City Council of the City of Vero Beach, Florida, Adopting the Economic Development Plan for the Historic Downtown Vero Beach Economic Development Zone; Providing for Conflict and Severability; Providing for an Effective Date. – Requested by the Historic Downtown Vero Beach Economic Development Zone Advisory Committee**

The City Clerk read the Resolution by title only.

Mrs. Jessica Hawkins, Chairman of the Economic Development Zone Committee, reminded Council that she went over their Economic Development Plan at the last City Council meeting, which is attached to this Resolution.

Mrs. Turner questioned the need for maps and signage at seven (7) different locations.

Mrs. Hawkins explained that there may be a need to have these signs/maps at seven (7) different locations, but realizing that the cost will be \$4,000 for each sign, she said that this might not be done for some time or they might only have three (3) or four (4) signs done instead of all seven (7) signs.

Mr. O'Connor explained that the Council will have a line budget for these projects and can spend the money any way that they see fit. He said Council will have to authorize the funds for all of these projects.

Mrs. Turner asked about the specialty lighting. Mrs. Hawkins explained that they would like to continue with lighting that is in the Downtown District now and just changing out the light poles that are already there. Mrs. Turner asked about the costs of maintaining and paying for this lighting. Mr. O'Connor explained that the City would work with the supplier that MainStreet used for their lighting to make sure that all the lighting was uniform in the Downtown District.

Mrs. Turner brought up the Stamp Crosswalks and said there were not any costs associated with the project. She read excerpts out of the Code dealing with the Economic Development Plan (attached to the original minutes). She did not have an issue with the projects being identified, but did not think that there was a significant financial basis for the different projects as required in the Code.

Mrs. Hawkins commented that they will be working with different organizations, such as the Heritage Center and MainStreet on partnering with some of these projects. She said one of the projects they had in the plan, which was the Painted Walking Trail was taken out of the plan because other organizations are planning to do that project.

Mrs. Turner commented that someone will have to pay for the projects.

Mrs. Hawkins understood that and said that any project on the list will have to come to Council for approval before any money is spent on the project.

Mayor Kramer opened and closed the public hearing at 11:24 a.m., with no one wishing to be heard.

Mayor Kramer made a motion to approve the Resolution. Mr. Winger seconded the motion and it passed 4-1 with Mr. Howle voting yes, Mr. Winger yes, Mrs. Turner no, Mr. Old yes, and Mayor Kramer yes.

6. PUBLIC NOTICE ITEMS FOR FUTURE PUBLIC HEARING

Public Hearing to be held on May 17, 2016

- A) An Ordinance of the City of Vero Beach, Florida, amending Chapter 62, Article IV, M Industrial District, of Part III, Land Development Regulations, in the Code of the City of Vero Beach, related to permissible floor area for accessory recreational uses; Providing for Codification; Providing for**

Conflict and Severability; Providing for an Effective Date. – Requested by the Planning and Development Director

The City Clerk read the Ordinance by title only and stated that the public hearing would be held on May 17, 2016.

Public Hearings will be held on May 17, 2016 and June 7, 2016

- B) An Ordinance of the City of Vero Beach, Florida, Amending Various Provisions of Part III, Land Development Regulations, in the Code of the City of Vero Beach, related to Permitted Uses in certain nonresidential zoning districts; Providing for Codification; Providing for Conflict and Severability; Providing for an Effective Date. – Requested by the Planning and Development Director**

The City Clerk read the Ordinance by title only and stated that the two (2) public hearings on this Ordinance will be heard on May 17, 2016 and June 7, 2016.

7. CITY CLERK'S MATTERS

A) Summer Council Meetings

Mrs. Vock commented that it has been customary for the City Council to cancel their first Council meeting in July and their first Council meeting in August and she asked Council if they wished to do the same this year.

Council concurred to hold their July City Council meeting on July 12th at 9:30 a.m. and their August City Council meeting on August 16th at 9:30 a.m.

Mrs. Vock reported on the Swagit contract. She said they finally have received the contract back and it will be signed by the City Manager and then soon they will have their live streaming done without any advertising and have their meetings played on both AT&T and Comcast.

8. CITY MANAGER'S MATTERS

A) Emergency Replacement of 13kV Bus at Power Plant

Mr. O'Connor reported that on Monday, March 27, 2016, there was a catastrophic failure of the bus tie feeder breaker at the Power Plant substation. The existing Power Plant substation metal clad switchgear was no longer safe to be reenergized and necessary repairs were needed to provide contingency capabilities. Repairs involved installation of a bus tap box and underground conductors to add four (4) circuits at a cost of \$164,300.00. As City Manager, he authorized payment of the work be done on an emergency basis before bringing the request to Council. Because this purchase exceeded his current formal bid threshold, he was bringing it before Council today.

Mrs. Turner asked where the funding would come from to pay for this replacement equipment. Mr. O'Connor explained that a budget amendment was not necessary to pay for these repairs.

B) Grounds Maintenance Division Mowing Services

Mr. O'Connor reported that in advance of the 2013/2014 budget preparation they developed specifications for mowing the City's medium maintenance areas and low maintenance area (Dodgertown). These areas included non-irrigated medians, rights of way and large open spaces. The contract was awarded to the low bidder and the contractor began working in June of 2013. Subsequently, the Grounds Maintenance Division eliminated two full time Groundskeeper positions. The mowing contract had three (3) one-year renewals and will expire on May 31, 2016. The original in-house cost estimate was based on the use of two (2) workers utilizing "belly pan" mowers on tractors to complete the work. The contract, however, has been able to accomplish the work on the medium maintenance areas with the full-time equivalent of one employee, using a 72" riding mower. On March 3, 2016, a new mowing bid was advertised and there were two (2) responses to the medium maintenance portion of the bid, with a low of \$62,016 and a high of \$110,229 for the first year. There were four (4) responses to the low maintenance area (Dodgertown) portion of the bid with a low of \$8,800 and a high of \$14,700. He said utilizing the same manpower and equipment that the current contractor is employing the City can perform the medium maintenance work in-house for approximately \$62,000. He recommended for the low maintenance area (Dodgertown), because they did not have the specialized equipment required to mow the old Dodgertown golf course property, and since that property is for sale, to award the Dodgertown portion of the bid to the low bidder, A Quality Bush Hog Services, for \$8,800. Then for the medium maintenance areas, since the low bid and the in-house cost are essentially the same for the medium maintenance portion of the contract, he recommended performing the work in-house as it gives them greater control and the ability to be more flexible for special events and emergencies, resulting in a better overall project. Performing the work in-house would necessitate hiring an additional full time employee (Groundskeeper).

Mr. Howle commented that it seems they could hire someone for roughly \$62,000 or hire it out for roughly \$62,000, so his concern would be in the case if they have an employee who is on their payroll and becomes ill then they would be on the hook for whatever the costs are, plus they would have to hire someone to do the mowing work.

Mr. O'Connor explained what they would do in a case like that is probably provide overtime to one of their employees to complete the work. He said one of the things that Council has done to reduce exposure on their employee is not offering a defined pension plan, so long term exposure is limited. He is looking at this as more of an efficiency issue then as an expense issue, as well as they would be faced with this same issue next year. The City Council can control the costs of employees, but with the mowing contract they keep going up every year.

Mrs. Turner commented that no doubt they have a high maintenance community and want to keep their City beautiful. She asked by doing this work in-house will it necessitate the purchase of another 72" riding mower.

Mr. Monte Falls, Public Works Director, answered yes. He said in order to achieve the same efficiency they would ultimately need a 72" riding mower. They could purchase it on day one, or put it in their cycle and purchase it when one of the other mowers is scheduled to be replaced. The approximate cost for a 72" mower is around \$9,000.

Mr. Winger commented that they employ Mr. O'Connor and Mr. Falls to make the decisions in this area and he has always felt that management is getting things done through others. He felt that the grass should be mowed and they need to come up with the best method to accomplish that. He was not one for micro-managing.

Mayor Kramer commented that they did experiment with contracting these things out and it has not always worked. He was inclined to agree that the City Manager should be the one to make the decision on this. He did not have a problem with out-sourcing other items as they come along, but with the mowing services they have experimented with it and have learned their lesson.

Mr. O'Connor expressed that the City is recommending outsourcing the Dodgertown golf course.

Mrs. Turner felt this option gives the City the best method to control rising cost in the future and supported the City Manager's recommendation.

Mr. O'Connor added that they felt since the contractor can accomplish mowing these grounds with one person that the City should be able to accomplish the same goal.

Mayor Kramer opened this up for public comments at 11:36 a.m.

Mr. Ken Daige thanked Council for agreeing with the City Manager on this item. He said with the subcontractor that was doing this work there were some situations where the grass was overgrown and there was a lot of debris in some of their smaller Parks. He said with the City taking care of the grounds they will notice if there are other things that need to be done in the area that they are mowing and be able to take care of those things. He thanked Council for allowing this contract to go forward as it was presented to them.

Mr. Howle made a motion to award the Dodgertown portion of the bid to the low bidder, A Quality Bush Hog Services, for \$8,800.00. Mr. Winger seconded the motion and it passed unanimously.

Mr. Howle made a motion to decline the hiring of a subcontractor for the medium maintenance areas. Mr. Winger seconded the motion and it passed unanimously.

C) Discussion with City Council regarding FY 16-17 Budget Priorities

Mr. O'Connor brought up that he is getting ready to work on the FY 16-17 budget preparations and wanted to see if Council wanted to include anything specific in the budget.

Mr. Winger felt that they needed to include the OPEB (Other Pension Employment Benefits) and think about how they were going to set up a trust fund to handle that so eventually they have a fund that will help them into the future. He said his second item was to look at the capital plan for the Marina. He said the facility needs to be upgraded. He said that he does not think that in the last two (2) budget meetings they have addressed the on-going streets as much as they need to. He said they need to think carefully about how much money needs to be put in the budget for streets.

Mrs. Turner recalled that every three (3) years Council receives a report on the condition of their streets and she did not know where they were on that cycle. Mr. O'Connor said that the existing report projects out for three (3) years.

Mr. Winger brought up 19th Street as an example of a street that needs some work. He said another project they need to think about is stormwater. He felt that it should be part of the budget discussion as to how do they deal with stormwater. He said this year they have grant money totaling \$540,000 for McAnsh Park and Vero Isles. He said that they do not have the collateral funding and they still have the situation where they have only 32% of their runoff dealt with. He also said there are improvements for information to get out to the public other than the television. He said there are surrounding cities that actually have a person in charge of their public relations, which might be something they need to look at. This person could help in modernizing the webpage, such as when you have a boil water notice it should immediately appear on the webpage. He said they are at that stage where their webpage is "tired" and they need to be thinking about what it will take to upgrade what they have.

Mrs. Turner commented that something she would like to see is the reserve policy. She said this policy needs to be brought to Council and approved prior to budget time. She said that will play into how they look at expenses coming in for the year.

Ms. Cindy Lawson, Finance Director, reported that the Finance Commission has reviewed the draft policy that was proposed on two (2) separate occasions and at their May 26th Finance Commission meeting they will review the final version that they are planning to forward to the City Council. Their recommendation to this point is that an Ordinance needs to be passed instead of a Resolution, but that will be up to the Council.

Mrs. Turner added that OPEB was also a number one priority for her.

Mr. O'Connor reported that staff has been working on the callback system for emergencies. They have been involved with a company that is working with the electric department and trying to make sure that they modernize their practices.

Mr. Old asked if they were going to get into long range planning where they going to have the Treasure Coast Regional Planning Council come in with a proposal or were they going out with an RFP to have someone come in and help them with their planning.

Mr. O'Connor asked Mr. Old if he was talking about the Comprehensive Plan. Mr. Old said yes. Mr. O'Connor said there is someone that Mr. McGarry has contracted with to help in completing the Comprehensive Plan. He said at the same time, Mr. McGarry is going to be proposing in the budget a new staff position for his department.

Mr. Old felt that they needed to start planning on replacing their infrastructure. Mr. O'Connor said that these projects are listed in the five-year plan.

Mayor Kramer wanted to keep the taxes steady and get the reserve policy completed. He was hoping to move forward and have a good budget season this year.

Mr. Winger mentioned that the Dodgertown golf course may or may not get sold. If it does get sold it will be a short sale and reduce the \$600,000 plus debt service requirement.

Mr. O'Connor preferred presenting Council with a solid budget and not a projected one.

Mrs. Turner commented that she noticed in the FMPA minutes that they are projecting they would pay off the debt on Stanton I and Stanton II. She mentioned the debt owed and wondered if it was realistic to get those paid off.

Mr. O'Connor stated that if everything stays status quo the Board has taken direction that there will be no extension of existing debt and they want to be debt free in less than 20 years for the entire FMPA. He said of course there always is a risk, but FMPA has built up very good reserves on their service. He said hopefully the Stanton Plant will be paid off at least a year in advance because their reserve account looks very good. He said another thing that FMPA has done was a cap bond pertaining to the St. Lucie facility and they are guaranteed a 6% return on that capital appreciation bond that helps pay the debt on the St. Lucie Plant. As long as interest rates do not go up over 6% it works in FMPAs favor in stabilizing rates and at the end there will be enough resources to pay it off at one time. He said it should be paid off earlier than anticipated.

Mrs. Turner referred to a graph that shows the annual debt report in which quite a bit was synthetic fixed rate debt. She asked if they knew how much of their Stanton I, Stanton II, and St. Lucie is involved with the synthetic debt. Mr. O'Connor did not believe that there was any of the Stanton Plant that was fixed. He said he thought it was variable.

Mr. Winger asked when will they have a rate sufficiency. He said there have been about four (4) small power rate decreases over the last few years that total around 10%. The reason he was asking the question is because if they are operating efficiently and know they are going to have another rate decrease at the time they do the budget that would

drive down the revenue, which would drive down the 6%, which would in turn drive down the income for the City. He asked if they would have a reasonable revenue forecast based upon the updated rate sufficiency.

Mr. O'Connor was hoping in June to be able to project that rate. He said that they don't speculate on what is coming next year, but set their projections on what the revenue was the previous year. He said they don't fluctuate throughout the year.

Mr. Winger said in June they will be able to look at the numbers and have a projection on what the revenue is.

Mr. O'Connor explained that one of the things that is holding them up is making sure they have a good handle on the decommissioning of the Power Plant.

9. CITY ATTORNEY'S MATTERS

A) Retirement of Assistant City Attorney

Mr. Coment reported that Assistant City Attorney Peggy Lyon will be retiring effective September 30, 2016. He would like to plan accordingly and start the search for and hiring of a qualified replacement as soon as possible in order to allow some time while Mrs. Lyon is still working for the City to facilitate as orderly a transition as possible. This would help promote some continuity in the services the office is called on to provide. To cover a two-month overlap the office budget impact for the current fiscal year would be approximately \$17,800, which covers salary, taxes, and benefits for the Attorney I position at the midpoint of the current salary range.

Mr. Winger complimented Mrs. Lyon and what an asset she is to the City of Vero Beach. He recalled a recent Ethics Class that most of the Council attended and how Mrs. Lyon was more familiar with the subject than the attorney presenting the class. He said that she has done a wonderful job and is a wonderful person.

It was the consensus of Council for Mr. Coment to proceed in hiring a replacement for Mrs. Lyon.

Mrs. Turner asked Mr. Coment about the motion filed in front of the Public Service Commission (PSC) on April 14th.

Mr. Coment explained that was filed by Mr. Wright. He said the City filed a motion to dismiss and IRS filed a response to that. He did not think this would get heard by the PSC for some time (June or July PSC meeting).

Mrs. Turner brought up the Conflict Assessment meeting to be held on Thursday, May 12th at 9:30 a.m. She asked if that was a closed meeting. Mr. Coment told her that the meeting will be open to the public.

Mr. O'Connor added that the meeting will be formatted around the issues that the City presents to IRS that are their objections to their Ordinance.

10. PUBLIC COMMENT

Mrs. Phyllis Frey read a prepared statement.

Mr. Ken Daige commented that Mr. Wright corrected him about a comment he made earlier in the meeting in that the City's name is not on the deed, it is FMIPA. He recalled that a few months ago, Mr. Winger brought up an error in the charges made by OUC to the City and that there was going to be a reimbursement to the City. He asked would this result in a rate decrease.

Mr. O'Connor explained that all revenues go towards the rate structure. He anticipated that there could be a rate reduction in the near future or the money may have to be used for cleaning up the Power Plant site. He is hoping to have these numbers in June. The reimbursement that they receive from OUC will go into the Electric Revenue Fund and what is left over will be a rate reduction.

Mr. Winger commented that since the amendment of the OUC contract the rate changes have been favorable realizing that a part of that was because of lower gas prices.

11. CITY COUNCIL MATTERS

A. Old Business

None

B. New Business

None

12. INDIVIDUAL COUNCILMEMBERS' MATTERS

A. Mayor Jay Kramer's Matters

- 1. Correspondence**
- 2. Committee Reports**
- 3. Comments**

Mayor Kramer reported that the Indian River Lagoon Coalition has a fund of money to be used for the lagoon. He attended the groundbreaking for the new church near Miracle Mile, Mr. Smokes 35th anniversary, the Marty Fish Tennis Championship, and congratulated Congressman Bill Posey who was able to get the Federal railroad to give them some information on the plans from All Aboard Florida. He said that the Federal Railroad Association are looking at the plans and have found a lot of deficiency in safety issues.

Mrs. Turner asked Mayor Kramer to distribute copies of the information that he was referring to regarding All Aboard Florida.

B. Vice Mayor Randy Old's Matters

- 1. Correspondence**
- 2. Committee Reports**
- 3. Comments**

No comments made.

C. Councilmember Pilar Turner's Matters

- 1. Correspondence**
- 2. Committee Reports**
- 3. Comments**

Mrs. Turner commented on the recent passing of Mr. Frank Zorc. Mr. Zorc had done a lot for this community. She recently attended a fundraiser at St. Francis Manor, which Mr. Zorc was instrumental in developing. She congratulated the Girls Rowing Club for recently winning State medals at a competition that was held in Sarasota, Florida. She reminded the public that the Art Gallery Stroll was scheduled for this Friday night and that Vero Heritage would be honoring a pioneer family.

D. Councilmember Richard Winger's Matters

- 1. Correspondence**
- 2. Committee Reports**
- 3. Comments**

No comments made.

E. Councilmember Harry Howle's Matters

- 1. Correspondence**
- 2. Committee Reports**
- 3. Comments**

Mr. Howle brought up the homeless situation and hoped they could enact some legislation to stop it.

Mr. Coment reported that he was hoping to bring a draft Ordinance to Council at their next meeting.

Mayor Kramer said that his hat was off to the Police Officers who have helped in taking care of this situation.

Mr. O'Connor reported that he just received word that the Judge ruled in favor of the City in the Fritz case.

13. ADJOURNMENT

Today's meeting adjourned at 12:17 p.m.

/tv