

SPECIAL CALL JOINT UTILITIES / FINANCE COMMISSION MINUTES

Monday, February 22, 2016 – 9:00 A.M.

City Hall, Council Chambers, Vero Beach, Florida

PRESENT: Finance Commission: Chairman, Peter Gorry; Vice Chairman, Glen Brovont; Members: Nathan Polackwich, John Smith, Alternate Member #1, Daniel Stump and Alternate Member #2, Victor DeMattia **Utilities Commission:** Members: Chuck Mechling, Judy Orcutt, Stephen Lapointe, Bill Teston, Laura Moss, Indian River Shores Alternate Representative, Richard McDermott, Jr., and Alternate Member #1, George Baczynski **Also Present:** City Manager, James O'Connor and Deputy City Clerk, Sherri Philo

Utilities Commission Excused Absence: Robert Auwaerter

Finance Commission Excused Absence: Kathryn Barton

1. CALL TO ORDER

Mr. Gorry called today's meeting to order at 9:00 a.m. He explained that he would be running today's meeting as the Utilities Commission does not have a Chairman or a Vice Chairman present. He noted that if a vote is to be taken today each Commission would make a separate motion. He pointed out that what they are hearing today on the stormwater management only applies to the customers who live within the City of Vero Beach.

2. PUBLIC COMMENT

None

3. PRELIMINARY REPORT / STORMWATER UTILITY STUDY – COLLECTIVE WATER RESOURCES, LLC

*Please note that questions and discussion took place throughout today's presentation.

Mr. Monte Falls, Public Works Director, reported that he and Mr. Matt Mitts, Assistant City Engineer, would be giving a brief Power Point presentation of the stormwater system in the City and then Ms. Amelia Fontaine, Collective Water Resources, LLC, would be presenting their study. He explained that the goal for today is to get the Finance/Utilities Commission's recommendation on if they want to proceed in looking into a stormwater utility and if so, they need to look at the rate structure and billing method.

Mr. Gorry said that he didn't know if they had sufficient time to contemplate making a specific recommendation on the rates and the structure.

Mr. Falls explained that they were not looking for the rates, but the rate and billing methodology.

Mr. Mitts said before they discuss a stormwater utility, he felt it was important for them to discuss stormwater and what the City does related to it. He said when it rains the water hits the ground and turns into stormwater runoff. That runoff is a source of pollution because everything that water encounters on its way to the river is a source of pollution, such as fertilizer, grass clippings, etc.

Mr. Mitts and Mr. Falls gave a Power Point presentation on *Stormwater Management in the City of Vero Beach – An Overview of the Past, Present, and Future State of Stormwater Management Goals for the City and Indian River Lagoon* (attached to the original minutes). Mr. Falls referred to the slide, *2015: Royal Palm, Miracle Mile, and Vero Isles*. He explained that on the map the pipes are shown in blue and the ditches are shown in orange. They have 77 miles of pipe in the ground, 43 miles of ditches, and somewhere around 6,000 drainage structures. The value of this infrastructure is estimated in the neighborhood of \$25 million dollars. The bulk of the infrastructure was installed prior to the 1990's. This means that most of it is approaching 50 years old, which is considered the design life of a lot of this type of infrastructure. So, if they were to get on a 50 year replacement cycle, it would cost about \$500,000 dollars a year in repair and replacement (R&R) for that system. Mr. Mitts referred to the slide, *Stormwater Infrastructure – Flood Protection*. He noted that is just to move stormwater and flood protection. There is no treatment in place. Mr. Falls referred to the slide, *Treating and Moving Stormwater – 2010 Humiston Park Project – A Success Story*. He said they chose this project to highlight the difference between a water quantity or just moving stormwater to a water quality or treating stormwater project. He referred to the pipe that discharges into the ocean in the Humiston Park area. He said prior to 2010, all the water that drained from Ocean Drive was collected at Easter Lily Lane and pumped directly into the ocean. From 2001 to 2009, they had 21 recorded beach closures because of bacteria in the water. In 2010, the City constructed an exfiltration system on top of the dune in the grassy area of the Park. Now when the water is collected instead of the water being pumped directly into the ocean it is pumped into the exfiltration system, which allows the water to percolate back into the groundwater. With the installation of this they have reduced the discharge into the ocean by 90%. Only when there is a very large storm event that the system can't handle all the runoff from the road is any water discharged into the ocean. Since this system was installed there has not been one (1) beach closure due to water quality.

Ms. Amelia Fontaine, of Collective Water Resources, LLC, reported that they were contracted by the City to do a Stormwater Utility Study. They completed the preliminary analysis and evaluation of options for the rate structure and billing method. They have estimated the projected total billable Equivalent Residential Units (ERU's) and projected revenue in looking at

all the parcels within the City. She noted that there are more details in the Stormwater Utility Report that the Commission members received than what she would be providing in today's presentation (report on file in the City Clerk's office). She then gave a Power Point presentation (attached to the original minutes).

Mrs. Moss said after reading the Brevard County Study, it was her understanding that there is runoff on the surface and then there is a base flow, which is absorbed by the soil, which will also have an impact. She asked Ms. Fontaine if they accounted for both of these.

Ms. Fontaine answered yes. She said they looked at the water table elevation throughout the City when they looked at the pervious area.

Mr. Brovont said they only looked at 20 houses out of 5,000. He felt that was a small number to look at.

Ms. Fontaine said they can get more accurate results if they look at more parcels, which they discussed with City staff.

Mr. Gorry asked if there is a Park that has parking spaces, does that count as impervious. He asked is that counted as developed or undeveloped.

Ms. Fontaine explained that the building impervious areas throughout the City are defined. The non-building imperviousness, including parking lots, is where the sampling came in. She said they would not be accounting for parking areas at a Park at this point.

Mr. Brett Cunningham, of Jones Edmunds and Association, Inc., referred to Mr. Brovont's question regarding the 20 parcels. He explained that for all parcels it is important to understand that there is some record of imperviousness in the Property Appraiser's data. What they don't have is a complete record of all the imperviousness so their analysis was to try and fill in the gaps. For example, a typical residential within the City might have about 3,500 square feet of imperviousness and of that maybe 2,500 to 3,000 square feet is accounted for in the Property Appraiser's data so they did the sampling to try to estimate the gap. He said the purpose was to try to do something fairly quick to come up with a good estimate of the number of ERU's.

Ms. Camille Tharpe, of Government Services Group, noted that this was the first pass at all the data. If the City decides to move forward there will be a lot more rigorous analysis of the impervious area information. She briefly went over the billing methods of the Power Point presentation with the Commission members. She referred to the slide, *Billing Methodology Pros and Cons*. She noted that there is a third method, which is a separate bill, but it is not recommended because they have two (2) strong methods for collection. However, the separate

bill could be used in cases where the City might not have met the statutory deadlines to put it on the tax bill or if there were some issues to putting it on the utility bills right away. She explained that they could send a separate bill for an interim period and eventually roll it into the tax bill or the utility bill. She noted that all three methods could be used together.

Mrs. Moss said the City does not have a separate stormwater utility at this time and it is her understanding that would require a referendum. At this time it is handled through Public Works. She asked does the billing methodology take that into consideration.

Ms. Tharpe answered no. She explained that the collection method is the City's choice.

Mrs. Moss asked what were their instructions.

Mr. Gorry asked Mr. Falls to address the issue of what it is and isn't in terms of who is going to manage it and where the manpower would come from.

Mr. Falls said if the stormwater utility is enacted it would still be managed through Public Works with the same staff they have today. No additional staff would be required.

Mr. Gorry said essentially the stormwater utility would be a funding mechanism managed by Public Works.

Mr. Falls said that is correct.

Mr. James O'Connor, City Manager, referred to Mrs. Moss's question. He explained that the only instructions given to the consultants were the feasibility and the design of a stormwater utility. They did not discuss referendums or anything else. They are looking at it from an engineering and scientific method.

Mrs. Moss said one reason she asked was because within the preliminary study they are recommending advertising to the public and they have to be careful as if it were to go to referendum advertising is prohibited.

Mr. O'Connor explained that advertising is for information only, such as today's meeting is for information.

Ms. Fontaine said they are asking the Commission members to make a recommendation on if they want to proceed, the rate structure, and the billing methodology.

Mrs. Moss asked how much money has been spent on the study.

Mr. Falls said about 50% of the project is completed. He said the City issued a scope of services with the first action to present their preliminary findings, which he thought the cost was around \$53,000 dollars. If they are going to move forward with the stormwater utility, they would take the study through the final phases, with the total cost being around \$100,000. If they are not going to move forward they would draw the line now and stop. He said staff is looking for a recommendation to bring to the City Council on if they want to move forward with the stormwater utility or stop here. If they are going to go forward staff would like their recommendation on the methodology on the rate structure.

Mr. Mechling asked Mr. Falls to go more in depth on the problem with the infrastructure that is currently in place.

Mr. Falls explained that the infrastructure that is in the ground started in the 1950's and went through the 1990's. He said they never know when something is going to happen because the infrastructure is aging.

Mr. Teston asked is there a like system outside the City limits.

Mr. Falls said they are discussing maintaining the infrastructure inside the corporate limits, which is needed. He said there are two components to it. One is the R&R of \$500,000 dollars a year based on the value and the age and the second being the water quality component of it. He explained that Indian River County has a system, but not a stormwater utility. The City of Fellsmere and the City of Sebastian have a stormwater utility. He said all the new developments in the County have their own stormwater system and after the 1988 time frame they all had a water quality component to them.

Mr. Mechling said U.S.1 goes through the City of Vero Beach and the stormwater runoff goes through the pipes. He asked whose responsibility is that.

Mr. Falls explained that it is in the City limits and is in the City's watershed, but maintenance is the Florida Department of Transportation's (FDOT) responsibility. He said the City has been working with FDOT over the past 10 years and all of the major outfalls that discharge into the lagoon have been treated with some type of baffle box.

Mr. McDermott asked how the current infrastructure was paid for over the years.

Mr. Falls said the funding source for the infrastructure that is in place was paid for by the one-cent sales tax. He said they have some grant funding to help with water quality projects. All the maintenance of the systems is from ad valorem taxes.

Mr. McDermott wondered why they were going elsewhere in trying to come up with complicated ways to pay for new infrastructure.

Mr. Falls said they have the need for about \$1 million dollars a year in infrastructure. They can continue to get the funding from sales tax revenue. The only other two funding sources that he knows of is increasing the ad valorem tax rate or enacting the stormwater utility. The stormwater utility would more fairly assess all the land and not just the land on the tax roll.

Mr. Lapointe said that he was interested on how incentives could be given to encourage responsible behavior.

Mr. Falls said there are credits that could be given. He explained that a site developed prior to 1988 would not have a water quality management system. A newer project would be eligible for some portion of a credit.

Mr. Brovont said the Study suggests that there will be some need for staff to help mitigate some of the credits property by property. He asked is that correct.

Ms. Tharpe said it would be incumbent of the property owner to apply.

Mr. Falls said it would be done with existing staff.

Ms. Fontaine referred to the process for credits and any adjustments to parcels. She said if they were to drive around a newly developed area throughout Florida they would see that almost all the private properties have a stormwater pond. When driving through Vero Beach you would not see that. Therefore, what they want to do is try to encourage private property owners to put in place best management practices to treat stormwater runoff on their own properties.

Mr. Gorry said if the City Council deems a stormwater utility is necessary and they don't have the stormwater funding mechanism, it is clear that they would do it 100% through ad valorem taxes.

Mr. Brovont said they have to be careful when construction costs are fiddled with as it may adversely impact the ability to maintain some houses and make them more viable to the current environment verses what they were built like in the 1950's.

Mr. Falls said in developing a commercial site today they are going to have to take a percentage of that land for stormwater management. He said developments, such as Miracle Mile that was developed in the 1960's, zero percent of that land has stormwater management.

Mr. Smith questioned using utility bills. He asked what happens with rental units. He said the ERU's are assigned by parcel and utility bills are by individual users.

Ms. Tharpe said they would prorate that parcel's impervious area on ERU's and the renter would pay it if they are the utility owner. With the tax bill collection method, the property owner would pay it and pass the cost to the tenant through their rent.

Mr. Smith said they would have to do that unit by unit.

Ms. Tharpe said if it is a condominium they would split it between the units. If it is a multi-family apartment they might do it on an average. There is not just one answer.

Mr. Brovont said in reading the study, they are recommending that the City go with Program 1B and with the utility billing system. He asked is that correct.

Ms. Fontaine said that is the recommendation given to City staff.

Mr. O'Connor clarified that this is just the initial stage of this discussion. He said there is no reason to spend any more money on this project if they don't want the stormwater utility. He said this gives them an outline, justification, the exercise, and the process. Staff has no position on the stormwater utility. They are just showing them a funding mechanism that they think is fairer than ad valorem taxes. He said if this is something they don't want to do then they need to tell staff. They needed to do the first phase of the study in order to educate the Commission members and the City Council.

Mr. Mechling asked could this be handled under the Public Works Department or were they talking about forming another entity in the City.

Mr. O'Connor said his challenge to Mr. Falls and to the consultants is that the City pays no labor costs out of the stormwater utility. The Public Works Department absorbs it. But, the City will be contracting out jobs, such as a pipe that needs to be replaced. The plan is there would be no additional manpower accredited to stormwater utility as assigned by a City employee.

Mr. Brovont said these funds would be dedicated exclusively for this use and would not bleed over into other divisions.

Mr. O'Connor said that is correct.

Mr. Smith said one benefit that he hasn't heard mentioned is if they go with the stormwater utility then this comes off the ad valorem tax. If they don't and leave it as it is, it is part of the revenue the City has to raise.

Mr. O'Connor said that is correct.

Mr. Teston said it is his understanding that staff is not asking for any type of recommendation other than a go or no go (to continue with the study or to stop).

Mr. O'Connor said they really have two questions. If it is a no go then it stops here and they don't need any more answers. If it is a go then staff would like a recommendation on how to do the billing.

Mr. Teston felt that more information was needed. It sounds great to put it on the utility bills, but there could be multiple utilities on one given property and the question would be how they would allocate the costs.

Mrs. Orcutt said that she attended the Indian River Lagoon Symposium and there was a question on seagrass and sadly the forecast for the lagoon is not good. She said seagrass is not anticipated to recover so she felt this was a very important thing for the City to move forward on. She said if they were going to do some water retention the City might have to purchase land or allocate some City land for water retention because there are areas, such as the downtown area, that has property where there isn't any space for water retention. Another thing being addressed in other counties along the lagoon is muck, which the City has not addressed. She felt that it was pointless to address the muck issue until they address what is going into the lagoon, but at some point they might need to do some muck dredging. She felt this was an important step in the right direction.

Mr. Falls said the muck problem is going to be more of a regional solution. He said there are three components to the City's stormwater operation. One is operation and maintenance, which is the \$700,000 dollars the City spends annually that is paid from ad valorem taxes. The other two components are capital components, which are water R&R and water quality. These two components are what they are discussing the need for a funding source, whether it be additional ad valorem taxes levied or a stormwater utility. Staff's position is that this work needs to be done and the funding mechanism is what they are looking at.

Ms. Cindy Lawson, Finance Director, explained that the situation the City is currently in is that all staff and personnel costs are part of the City's General Fund, which is paid for with ad valorem taxes. But, when they get to vehicles and the actual capital projects, currently they are part of Fund 304 that is funded by grants and mostly by one-cent sales tax. She said the City

takes in about \$2.3 or \$2.4 million dollars each year in one-cent sales tax and before they even start projects the City pays \$700,000 in debt service and \$400,000 to \$500,000 of capital lease purchases. Therefore, they historically have somewhere between \$600,000 to \$800,000 each year that they put into Fund 304 for all capital projects, which includes road paving, projects associated with aging infrastructure in the Recreation Department, stormwater, assorted Public Works projects, etc. She said that the math doesn't work when they are talking about \$500,000 just to maintain the current system and another \$500,000 to improve it to these upcoming standards. She said they probably need to be spending between \$300,000 to \$500,000 each year on road paving to maintain the road infrastructure. She said the reason for discussing the stormwater came up when looking at the budget for the past two years as they realized they had tremendous pressure on capital projects with a very limited source of revenue. She said in the 2015/2016 budget they took almost all of the stormwater funding out of Fund 354, leaving only about \$50,000 in case something fails, in anticipation of a conversation regarding a stormwater utility.

Mr. Lapointe said this issue is worthy of a study. He said if all that is needed from the Commissions at this point is a green light to continue the study then he would like them to move towards approval.

Mr. Gorry said staff is looking for a go or no go. If it is a go staff wants a recommendation on the rate structure and billing method, which he was not comfortable with at this time.

Mr. Mark Mucher asked the Commission members to remember that this whole scheme was initiated by three (3) members of the City Council who have large homes and didn't want this done on an ad valorem tax basis like other communities do and like the City has done up until now. He said it sounds like they don't want to pay any more for their valuable, perhaps larger, property than he does for his little two (2) bedroom home. He would like to see what the charges would be on ad valorem verses non-ad valorem for the average homeowner. He said that he would also like to know the definition of stormwater discharge.

Mr. Brovont said the initial \$51,000 for this study was done by the City Council without any input from this group or any other group. They just gave the authorization to spend \$51,000. Now the City Council is coming to them to push the camel through the tent and he has yet to hear that the City Council is going to have the courage to pass through another \$1 million dollars to the taxpayers. He said the City Council raised taxes last year by over \$1 million dollars. He referred to an analysis on the City's operating statements that was done by Mr. Gorry, which suggested that the City has \$1 million dollars in gas fuel costs in the budget. In his analysis the City could have \$600,000 to \$800,000 in savings in gas fuel costs. Mr. Brovont said that would suggest that at the end of year the City could have dropped down revenue gain of \$500,000 to \$600,000. The question is do they need to be authorizing another \$1 million dollar tax increase,

which is sort of what they would be doing if they choose to move forward. He asked is the City really going to pass this on or are they going to eat another \$50,000 and put the study on the shelf for a few years to see what the City's operating statements do. The City still has \$15 million dollars added to the balance sheet at \$1.5 million dollars a year for the past three (3) years in post benefits. Now here they are discussing another tax increase, which is really what they are discussing. He said that he is not disputing the fact that they need this because he felt they do, but questioned if they need to do it now before the budget is in place and they have a chance to review the City's operating statements. He asked if there was a possibility in going forward, because of the great benefit of lower fuel costs, that the City would sustain three (3) or four (4) years where the City could allocate what they need for capital projects without adding to the burden of the taxpayers.

Mr. Gorry said the numbers in his analysis were true, but the vast amount of expenses in fuel oil is in the Water and Sewer Fund and not in the General Fund.

Mr. Brovont said they have stormwater and they have water and sewer, but it is still taxpayer's money.

Mr. Gorry said that is not correct. He said when discussing the issue of fuel costs it is the ratepayers, not the taxpayers.

Mr. Brovont said all that he was suggesting was that maybe they don't have to authorize this right now. That they look at the budget more carefully this year to see if there is a way of handling more capital structure without adding to the burden of the ratepayers and the taxpayers.

Mr. Baczynski felt they needed to differentiate between operating costs, which is out of the City's control. The price of gas is controlled by the fact that there is a glut of oil in the market, which could stop at any time. He said operating costs was not something they should be looking at lightly because they are not under the City's control. He felt that capital projects should be funded on its own as a self sustaining entity, which is what is being proposed and he felt this was the direction they should go. He said they need to go ahead with this because at some point it is going to be mandated and the City is going to have to fund it, which means tax increases. The real question is how to allocate these increases as fairly as possible. Whether through ad valorem, the utility bills, or a mixture of both, he did not know, but felt that was something that needed to be looked at. He did not think they needed to be tied into recommending one or the other exclusively because he did not feel they were in the position to make that kind of recommendation and he was not sure they should. He felt their recommendation should be limited to if they go ahead with this now when they can do it by choice or if they should wait until it is mandated. He said it was always better to do things by choice rather than by mandate.

Mr. Stump said that he agreed with a lot of financial information that Mr. Brovont provided. But, he didn't feel staff or any of the consultants who worked on the report made a case for the go ahead. He said in staff's presentation it was stated that there were 21 beach closures and after the City's project there had not been any beach closures. He said that was done in-house without a stormwater utility tax, which is the way it should be. At the start of Mr. Falls' presentation he stated that they were asking for a recommendation on if they should continue with the study. Then they went right into a methodology of a collection, a methodology of tax, etc. They did not go into whether or not they needed to have a separate tax. He said that he did not hear any valid reasons to do this. He heard that the City of Fellsmere and the City of Sebastian has a stormwater utility. He said the City of Vero Beach is different. He heard that if they have this utility it would improve the Indian River Lagoon. He did not think this would have much of an impact on the lagoon. The pollution in the lagoon is caused by fertilizer runoff and defective septic tanks. He agreed with Mr. Brovont. He does not see any reason to go forward at this time.

Mrs. Orcutt said that she could think of three (3) very good reasons why they should move forward. One is because the nutrient reductions are going to be State mandated and in order for the City to receive grant funding they have to have designated funds set aside to match them. By having the stormwater utility fee it gives existing properties that didn't meet the new regulations to have an incentive to implement best management practices on their own in order for them to reduce their fee. She referred to Miracle Mile and said they could have incentives, which they could create stormwater retention in some of the parking areas. She said there are a lot of creative ways stormwater retention can be done and be very attractive. Another example is the old Albertson's store that Wal-Mart is renovating. She said because they are not tearing the building down and building a new building, they don't have to bring it up to current code and they don't have to do any stormwater retention. But, with the fee coming they would know their fee would be high if they don't implement stormwater retention so it would encourage them to do it. One more reason it is important is because the non-profits don't contribute at all, but they do contribute to the burden.

Mr. Herbert Whittall felt that a stormwater utility was needed. He said that he lives in Vero Isles and the drainage system is old, plugged, and goes directly into the Indian River Lagoon. He said lets go ahead with this.

Mr. Gorry clarified that if this goes forward it will be a recommendation to continue the study, not a recommendation for a stormwater utility.

Mr. Teston asked how much more will it cost to complete the study.

Mr. Falls said they were about halfway done and it would cost approximately \$50,000 to complete it.

Mr. Brovont said all that he was saying is the taxpayers just went through a \$1 million dollar tax increase and now they are discussing another one. He felt before they do that, they should relook at the budget so the taxpayers and the ratepayers are not faced with another increase.

Mr. Baczynski felt they should look at the budget carefully every year to see where they are spending money wisely and where they are not and make adjustments accordingly. But, this is something that could affect not just the Indian River Lagoon, but the viability of the City. If they don't contribute to improving the lagoon and it keeps deteriorating, there is no reason for people to come to Vero Beach.

Mr. Mechling said as a member of the Utilities Commission, his take on this is that they have pipes and structures that are in need. He questioned if this would be brought back before the Utilities/Finance Commission at a joint meeting. He asked would this be going to a referendum.

Mr. O'Connor said every step of the way they would come back before the Utilities/Finance Commission at a joint meeting or independently.

Mr. Mechling said obviously when they have infrastructure this old there needs to be a step up process somewhere, sometime, and in some way. He said that he has not heard enough information one way or the other. He is a proponent of not increasing taxes and he would like them to spend what they have wisely. He understands the recommendation that they should relook at the budget, which he felt needed to be done. But, at the same time they need to move this forward in some fashion to fix what they have.

Mr. O'Connor noted that the Finance Commission does review the budget annually. He said a referendum is not required, but he thought the City Council has said it would be an issue to go to a referendum.

Mr. Smith agreed with moving this forward. He said these capital costs are not going to go away and he felt this was probably the best time to move forward as they have crumbling infrastructure. He suggested in doing this study that they simplify the reports. He felt that they should receive a clear summary of the report and then they can go back and look at the details.

Mr. Lapointe suggested that they include an executive summary and a table of acronyms.

Mrs. Moss said it would be helpful if they received information in advance as they received just received some of this information this morning.

Mr. O'Connor noted that today's presentation was taken from within the study itself.

Mrs. Moss said that she was not comfortable voting on any type of rate methodology today. She felt it should be either to proceed or not to proceed with the study.

Mr. O'Connor noted that they are going to have to run the analysis on both options so there could be some additional costs.

Mr. Falls said infrastructure is the issue they have and Public Works is in charge of it. He said what people don't think of is if they have water failure, their water doesn't work. If they have a power outage, their power doesn't work. If they have a failure in a stormwater pipe, it really isn't a major personal inconvenience to anyone. He said since the budget was adopted in October, they have had numerous failures that they are trying to find a way to fix. He said the cost is somewhere around \$200,000 and the City is going to have to do a budget amendment to reallocate funds to fix them. His point is that the need for infrastructure is there. Staff is not advocating how to fund this, but they are showing there is a need.

Mr. Carter Taylor, of the Executive Committee for the Indian River Neighborhood Association and the South Beach Property Owner's Association, said that he lives in south beach and therefore would not be a customer of the City's stormwater utility. He said both organizations that he represents are very much in favor of this and would like to see it move forward. He said it will provide a more fair and equitable way to provide long term financial resources for these needed projects. He warned the members not to conflate a tax increase with a structure upon which taxes or fees are raised in order to pay for infrastructure. He said it would be possible, depending on the rate that is eventually set, that this could be revenue neutral.

Mr. McDermott felt they should move forward as he felt life in the lagoon was suffering and the longer they wait the worse it will get. He didn't understand why they couldn't put a motion on the table to spend the additional \$50,000 dollars and encourage the Finance Commission and the City Council to find as much money as they can in order to reduce the overall additional tax on the residents.

Mr. Mark Mucher said that he strongly feels they should perform all these functions, but that doesn't equate to establishing a stormwater utility. The question is, if they are going to perform all these functions how are they going to pay for it.

Mr. Gorry said that he supports going forward with the study.

Mr. Richard Winger, Councilmember, said no one is saying to raise taxes. This is a procedure to fix infrastructure. He said that he has wrestled with the budget for the past six (6) years and what

happened last year was the City was faced with more expenses than they could fund. What happens every year is infrastructure gets kicked down the road. He said what this really does is it takes it out of the hands of the City Council to kick the can down the road and not fix infrastructure. He would like to see a mechanism whereby they are assured that this problem gets fixed, not just for now, but for the future of their children and grandchildren.

Mr. Brovont said it is his opinion that the real plus of this is that they have dedicated funds. He said they need the capital investment. He is not opposed to the program, but how they are handling it.

Finance Commission:

Mr. Brovont made a motion to move forward and approve the City spending another \$50,000 to complete the study. Mr. Gorry seconded the motion and it passed 4-1 with Mr. Stump voting no, Mr. Smith yes, Mr. Polackwich yes, Mr. Brovont yes, and Mr. Gorry yes.

Utilities Commission:

Mrs. Orcutt made a motion to go forward and spend the extra money to finish the study. Mr. McDermott seconded the motion.

Mrs. Moss asked that even though staff stated that the study would come back before them, that Mrs. Orcutt amend her motion and state within the motion that the study is to be brought back before both Commissions and that there will be a public referendum on this since evidently it is not a matter of law (that it be brought to referendum).

Mrs. Orcutt said that she would not accept the amendment to her motion.

Mr. Teston said that he would like to vote on the initial motion.

Mr. Mechling asked Mrs. Orcutt why the issue of a referendum is a concern.

Mrs. Orcutt said at this point she did not want to make the decision that it has to be a referendum. The decision that they are making today is to move forward with the study.

Mrs. Moss said that she mentioned it because staff stated that it was not a matter of law and she felt it was very important that the public makes the final decision.

The motion passed 7-0 with Mr. Baczynski voting yes, Mrs. Moss yes, Mr. McDermott yes, Mr. Teston yes, Mr. Lapointe yes, Mrs. Orcutt yes, and Mr. Mechling yes.

Mr. O'Connor said it was his understanding that the Finance/Utilities Commission recommend that they move forward and finish the study. He did not want them to limit the cost because in moving forward there could be some unforeseen additional costs.

4. AJOURNMENT

Today's meeting adjourned at 11:52 a.m.

/sp