

**CITY OF VERO BEACH, FLORIDA
DECEMBER 21, 2010 9:30 A.M.
SPECIAL CALL CITY COUNCIL MINUTES
CITY HALL, COUNCIL CHAMBERS, VERO BEACH, FLORIDA**

1. CALL TO ORDER

A. Roll Call

Mayor Jay Kramer, present; Vice Mayor Pilar Turner, present; Councilmember Craig Fletcher, present; Councilmember Brian Heady, present and Councilmember Tracy Carroll, present **Also Present:** Monte Falls, Interim City Manager; Charles Vitunac, City Attorney and Tammy Vock, City Clerk

B. Pledge of Allegiance

The audience and the Council joined in the Pledge of Allegiance to the flag.

2. PRELIMINARY MATTERS

A) PUBLIC COMMENT

Dr. Stephen Faherty read a prepared statement (please see attached).

Mrs. Carroll commented that the OUC contract requires the City to do whatever they tell them to do in terms of improvements to the Power Plant. She asked Dr. Faherty to talk a little bit about that. She was surprised that these requirements were in the contract.

Dr. Faherty explained that there is a requirement that a two year notice be given if the City wants to replace or add on to the land. The contract states that this would be negotiated between the City and OUC. He felt that OUC was in a good position to negotiate and it would be the ratepayers who would bear the cost.

Mrs. Carroll asked if they were told that they had to replace Units 1 and 2, would they have to do that at their own cost.

Dr. Faherty explained they could say no, but then they would have to negotiate. The way he reads the contract is that it is heavily tilted to the ratepayers paying the cost.

Mr. Heady commented that in terms of supporting Representative Mayfield's legislation, when they get to the part of adopting the agenda for this meeting, he is going to add that item to the agenda. He recalled at the last meeting that several Councilmembers acknowledged that they supported it, but didn't want to do it in a formal way. He felt that if they are going to support something then it should be done in a formal way.

Mr. Heady recalled that there was a vote on selling the electric utility and it passed 4-1. He was the no vote and it was mentioned in one of the local newspapers that he was “backtracking.” One of the reasons that he voted no was because it was an open ended sale and could have been construed as a sale to OUC. He would not be in favor of a sell to OUC because of all the reasons that Dr. Faherty pointed out. Dr. Faherty mentioned the terms of the OUC contract. He (Mr. Heady) asked for and had delivered to Council the contract that was on the floor on April 7th and that contract is clearly different than the one that is attached to the signature page. At that time Mayor Tom White signed the contract and the City Attorney said that Council was not told of any changes when they voted for the contract. He said if you look at the document that is attached to the signature page in the City files you will find a very different contract. He said that OUC essentially sent back a counter offer and if the counter party didn’t look at it, review it, or agree to it, then he would argue that there is not a contract, but rather there is a counter offer in the files and they have been operating perhaps in terms of the counter offer. The City Attorney has alleged that there has been no dispute. Mr. Heady said that is clearly not the case. He has been disputing it regularly. He would argue that they have been essentially operating without a contract for the past eleven months.

Dr. Faherty felt that this was something that should be on the public record. He said if it is in fact the case perhaps rather than getting tied up in any potential litigation, that this gives the City a leg up in any type of negotiation with OUC for the termination of the contract at a reasonable termination cost.

Mr. Heady stated that this item will come up on the agenda and discussed at their workshop this afternoon. He said that if you have two parties and one party changes the contract without notification to the counterpart then there is not a contract. He said one of the things in the changed contract would involve spot market purchases.

Mrs. Linda Hillman thanked Dr. Stephen Faherty and Mr. Glen Heran for all the work they have been doing concerning the utilities. She also thanked Mayor Kramer and all of the other Councilmembers for investigating and looking into this to find out what other possibilities and avenues are available. She mentioned that with Mayor Kramer’s new proposal there will be the possibility of having to lay off some City employees and taxes will increase approximately 85%. She recalled that she mentioned that (85% tax increase) at an earlier meeting and Mr. Heady said that he had never heard of that number. She expressed that an 85% increase in City taxes is a lot of money. She owns two different properties in the City and her City taxes on one of her properties is \$250.13. She said that if you increase that amount by 85% it is substantial. She also commented that if there is a possibility that the Power Plant is going to be sold then they have to consider the fact of how they are going to dispose of it. She has heard that FP&L said that they did not want to pay for the disposal of the Plant itself. Again, she thanked them all for exploring these different options.

Mrs. Hillman brought up the Go-line buses/hub. She spoke to the County Commission at one of their recent meetings and was informed that there is going to be a meeting between the County and the City to discuss where the location is going to be. She asked for

transparency and that the neighbors are advised of when and where the meeting will be held. She asked if the neighbors were going to be included in the decisions and informed as to what the decisions will be.

Mrs. Hillman commented that Mr. Heady filed an application with the Governor's office for Kay Clem's position (Supervisor of Elections). She referred to an article that appeared in the Press Journal that elaborated on Mr. Heady's credentials. She said that these things have not been disclosed before and as employers of the City Council she would like to know all of the credentials that make him eligible to take this position.

Mrs. Turner asked Mrs. Hillman what was her electric bill on the properties that she owns in the City.

Mrs. Hillman said that her whole utility bill was less than \$300.00 and her property was about 1,750 square feet. She would guess that her electric bill was about \$140.00.

Mrs. Turner explained what they anticipate happening is that the lower utility bills will offset the amount that the taxes will have to be raised.

Mrs. Hillman commented on what a hardship that it will be on the employees who will have to be laid off.

Mrs. Carroll stated that in her conversations with FP&L they told her that they are considering tearing down the Power Plant and that would be a part of the whole package. She wanted everyone to keep in mind that the tax bill trim notice includes all County taxes.

Mrs. Carroll asked Mr. Falls about the meeting scheduled between the City and the County to discuss Go-line buses.

Mr. Monte Falls, Interim City Manager, said that they would be meeting with the County to talk about some different sites and which ones might work. He would make sure that once the meeting is scheduled that public notice is given.

Mr. Heady commented that since he has been on the Council he has made a point to ask staff to let him know if at anytime he says something that is not correct, which they have done and he appreciates it. He said one of the things that happens when the public comes to the podium is that they say things and the public believes them to be true. He told Mrs. Hillman in respect to the 85% increase in taxes that no decision has been made. However, if they looked at an 85% increase in their City taxes and looked at her quote of a \$300 utility bill, if they should sell the utilities to FP&L that the savings in her monthly bill would enable her pay that amount in two months and the other eight months would be positive cash flow to her. He said although 85% is a good scare tactic, unless they look at the rest of the story then they realize that even with an 85% tax increase that you wouldn't increase your cost. He said that Dr. Faherty and Mr. Heran have put up some models that have demonstrated that, but perhaps Mrs. Hillman was not at those meetings

or paid attention to those particular points. He said the fact that FP&L said they would not pay for decommission of the Power Plant is absolutely not correct. He said FP&L has discussed as part of their offer to facilitate and take part in decommissioning of the Plant. He said certainly FP&L is aware that is a cost and if they want five votes to approve the sale that cost would have to be built into the price that they offer.

Mayor Kramer commented that in the workshop he will probably go over the numbers he has come up with a little bit more.

Mr. Ken Daige brought up the utility issue and told Council to remember that they represent the voter and everyone that lives within the City limits. The City residents don't want their taxes raised and they want to have their level of service maintained. He cautioned that when people speak before them to pay attention to what they are saying and what their background is. He said that neither Dr. Faherty nor Mr. Heran have a background in the utility field. Their model is based on a number of assumptions. He said the bottom line is when Council starts making decisions that they need to look at advice from experts and they need to look at the bottom line numbers and then make the best decisions for everyone that they serve. He said that there are pension plans in place now that this City is going to have to honor. Going forward they can start making reductions wherever they can be made. However, they do have to follow rules and regulations that are in place. The new Councilmembers were elected because of the utility matter and that has been a hot issue for a number of years and there have been a lot of misinformation that the Press used, which is how they got elected. He advised them when making decisions to look at expert opinions and make the best decisions for everyone that they serve. He said that as they go forward they will be under a lot of pressure and they need to think long term.

Mr. Heady quoted "just because a citizen says someone is not an expert doesn't mean that they are not an expert." He said that both Dr. Faherty and Mr. Heran are experts in their fields.

Mrs. Carroll was offended by the phrase that Mr. Daige used in that they were elected based on misinformation.

Mr. Daige told her that she could be offended. He said that there is a lot of misinformation that has been put out. He reiterated that this Council needs to look towards experts when they are making decisions.

Mrs. Carroll commented that she would be glad to have the names of those experts.

Mr. Daige also expressed that whatever they do (referring to negotiations) that they make sure that they get everything in writing.

Mr. Darrell (last name not given), 2425 50th Avenue, stated that he lives in the County, but has City electric and water. He said that there is a little history that needs to be looked at. He came here in 2000 and he had FP&L. Every time that the power went out

it took between forty-five minutes and three hours before they came out to restore the power. Then in 2004 he moved into this area and not one person was complaining about their utility bills. He said then the hurricanes came through and about that time Mr. Pete Lindberg worked for the Power Plant, and he was looking at repowering the Power Plant which means that the City customers would have a lower bill than FP&L. He then mentioned Frame Seven, which is a unit that if the City installed they would be producing power cheaper than FP&L and turn around and sell power back because they would not need to be using the whole 185 megawatts of power. Not only would they be making the City money, they would be cheaper than FP&L. He is a utility customer and he loves the City. He said that they need to start looking at protecting the City. He urged them not to make taxpayers turn around and pay more. He mentioned how cold it was last year and that Sebastain had to have blackouts. He hoped that the City would not have to start having rolling blackouts. He said saving the City does not mean going out and giving FP&L all their customers. He mentioned that Mr. Lindberg spent days on end trying to do something for the City. At that time Mr. Lindberg provided a picture of what the Power Plant would look like. The 185 megawatt generator would turn around and power Units 4 and 5, so they would have had 285 megawatts of power. This would enable them to sell the additional power that they would have if this was done. They would be able to make a profit for the City. He said if they feel that the OUC contract is not viable then look at going out on their own like they used to do and dispatch all the power. He asked Council to take care of the citizens the way that they used to do instead of just throwing what they have away. He urged Council to look at what the Power Plant has done for the City.

A. Adoption of Consent Agenda

Mrs. Turner made a motion at the request of Mayor Kramer to pull item 2A-1) off of consent agenda and place it under City Manager's Matters for further discussion and approve item 2A-2). Mrs. Carroll seconded the motion.

Mr. Falls requested that item 4-3) be added under his matters "Discussion of Indian River Shores letter concerning the Utility Franchise."

The motion passed unanimously to approve these changes to the agenda.

1. Roof Work to Support Unit 5 Superheater Tube Replacement – Requested by Interim City Manager

This item will be discussed later on in the meeting under City Manager's Matters.

2. Bay Drive and River Drive Bridge Replacements – Recommendation of Project Acceptance and Final Payment – City of Vero Beach Project No. 2005-24 – Requested by Interim City Manager

This item was approved under the Consent agenda.

4-1) Land Swap with Indian River County

This item was moved up on the agenda.

Mr. Keith Kite, Kite Properties, was at today's meeting to speak about the hotel and tourism industry. He went over the importance of sports tourism to the local economy. He said that it gives the citizens the gift of jobs.

Mr. Falls commented that with the additional information that Council has received they now have a completed package for the Dodgertown property exchange. What Council has before them is the result of the City and County negotiation team to approve the agreement, which lays out all the items in this exchange. There was one small change that needs to be made which was in the parking license agreement. In their Table of Contents this would be Exhibit 6. In item 5 it talks about the use of license area B or license area C in that paragraph it deals with FAA restrictions and uses of the parking. One thing that they need to add on the next page, second paragraph of number five, at very top of the page where it ends in manner; it states "and the County." He asked that the "and" be taken out and it will say County shall not enter secured airfield or otherwise interfere with the Airport operations; added and then a new sentence – and the County will comply with any other FAA requirements. He felt that this sentence should be added just in case FAA would come up with something that they did not cover they wanted it made clear that the County would have to comply with any FAA requirements should they arise. Mr. Falls said if Council chooses to make this conceptual approval, they will then have to get them to conceptually approve the land swap and do the necessary advertisement before final approval takes place.

Mr. Fletcher mentioned that he spoke with staff about the irrigation rights and all he sees in the document is access to the easements and ponds. It talks about the access and the easement, but it does not talk about the actual rights to use the water in the pond. There should be something in the agreement giving them the right to be able to use that water. The other issue is if they have a dry spell, who has priority.

Mr. Falls expressed that the pond has been the irrigation source for many years and the pond is being enlarged in size and it is fed from the main relief canal.

Mr. Fletcher asked if they had a permit with St. John's Water Management District. Mr. Falls said that they have a consumption use permit and the permit would reside with the County since they are the landowners. Mr. Fletcher did not feel comfortable with the pond being the sole source of water. He wanted staff to be aware that he had this concern.

Mrs. Carroll referred to the proposed parking areas A, B, and C and asked if those are the areas currently being use for baseball, Harvest Festival and other activities that occur on the property. Mr. Falls explained that it is areas B and C that are across from Aviation Boulevard and historically with area A parking occurs first and then it has been used on the other parcels as needed. Mrs. Carroll asked if the City chose to now use their area A

to develop the use for some type of recreational purposes then it can be pulled out from this agreement and not utilized for parking. Mr. Falls explained that the way this is written is that area A will be used first if it is available. If it is not available then they would go to B and C and if B and C are not available then they have told them that sufficient land exists on the property to accommodate the parking needs. These three options will give Vero Sports Village the most convenient way to use parking. There is nothing in the agreement that restricts the City from developing those properties in a way that they see fit. Mrs. Carroll said so they can do anything they want with those properties. Mr. Falls answered yes.

Mr. Charlie Vitunac, City Attorney, answered Mr. Fletcher's question. He said that the easement that the County gave the City gives them the right to use the lake for irrigation.

Mr. Heady stated that the comment made at the podium that this is about jobs, often they hear a comment that seems to hit a positive or negative vote as being for or against something and he does not think that there is a Councilmember sitting here today that is against jobs for the citizens of this community. He felt that they all recognize that is one of the biggest challenges that they face right now. One of the things that has been a concern for a long time is that financial analysis is provided with anything that comes before this Council. He asked Mr. Falls if there was any financial analysis that he will be presenting. They are going to be doing a land swap, which in affect takes a third of a ten million dollar piece of property and transfers it to the County. The taxpayers paid 3.3 million dollars of that third in addition this land swap facilitates the expenditure of 2.2 million dollars, so now you are up to 5.5 million dollars of taxpayer's money that is directly tied to this. He again asked Mr. Falls if he had any financial analysis as to the benefit of the taxpayers paying/releasing 5.5 million dollars to Vero Beach Sports Village. He wanted him to show them in a meaningful way, what the financial benefit to the taxpayers would be.

Mr. Falls answered that they would be getting back almost an equal amount of land.

Mr. Heady explained that the property that they are getting back in exchange, they already own and have rights to that property because they lease it for one dollar a year. The lease is good until the year 2035.

Mr. Falls explained that they own a lease hold. The ownership Mr. Heady brought up that they are giving up a third of the property that they purchased is correct. However, they get back in return an amount of land almost equal in size. He said that staff has looked at the pros and cons of doing this land swap. If they don't do it there is a retention pond issue that arises with the Aviation Boulevard project.

Mr. Heady stated that the retention pond issue only comes into play if they no longer have access to the pond.

Mr. Falls made it clear that this pond has nothing to do with the heart shape pond. If they don't do the land swap, the clover leaf facility planned now would be constructed on that site where the practice site and retention site is located.

Mr. Heady pointed out the location on the doc cam where Vero Beach Sports Village wants to build the clover leaf fields. He said that the original agreement with Sports Village does not include a clover leaf field. Mr. Falls said that was correct. Mr. Heady recalled that when Sports Village first came here the agreement was that they were going to take the existing fields and make them Little League fields. Mr. Falls explained that they were going to add lighting to some of the fields.

Mr. Heady agreed that they were going to light the fields to baseball standards and change the baselines from 90 to 75 feet on two fields to accommodate the Little League. He said that Sports Village has since changed their mind and have said what they really need, in addition to what they have already agreed to is an additional clover leaf of fields. It is that development of clover leafs on the Dodgertown property that creates the concern about the drainage.

Mrs. Turner explained that there is a drainage concern with the expansion of Aviation Boulevard. She said that the clover leaf fields will be built either South of Holman stadium or to the East. She said either way this is going forward and the Council does not have any control on whether or not those clover leaf fields are built. It is just where the location is going to be. If they refuse to do the land swap then the clover leaf fields will be built to the East and that will impact the City because they will have to build another drainage retention pond at the Airport.

Mr. Heady asked Mrs. Turner if she was saying that the clover leaf fields have to be built. He said that is not part of any agreement. This is something new that Sports Village has brought forward and is not part of the original agreement. He again went over what Sports Village plans were.

Mrs. Turner added that Sports Village has gone to the County and the County has agreed that they want to proceed in building these clover leaf fields. The issue is where the fields are going to be built.

Mrs. Carroll noted that at the last Council meeting they discussed this item and there are seven pages of minutes available on what discussion took place. The decision at that meeting was a vote of 4-1 to empower the City Manager to bring these documents back to Council.

Mr. Heady agreed with Mrs. Carroll that the vote was 4-1 and he was the Councilmember who voted against it. He voted against the land swap because he thinks that it is wrong for the City Council to either enable or spend taxpayers dollars in this regards. He felt that baseball all over the Country has been dipping into the public treasury for years and that it should come to a halt. He said that Sports Village came into this community with their plan. They (Sports Village) were given the facility for one dollar a year and now

they say after being in operation they are losing money so what they want to do now is come back to the public treasury and they want even more. He continues to be against this. He said it is Sports Village's new plan that has the impact on the drainage. It is not the City's refusal to do a land swap.

Mayor Kramer commented that the problem is they (City) don't have a mechanism to stop Sports Village from spending money that comes from the County. The land swap does preserve the value of the City's money (10 million dollars). The whole issue with him is preserving this money and seeing if they can get it recognized somehow.

Mr. Heady stated that Mayor Kramer was right in that the money will be spent. They have been told by the representatives of Sports Village that they are going to spend the money and they don't care if they spend ineffectively or effectively. He was offended by those kinds of remarks and more than concerned when that is the kind of individual that you want to deal with. When he (Mr. Pat O'Conner, CEO of Sports Village) spoke at one of their meetings and said that they were going to spend the money anyway. Mr. Heady put together some estimates that included lighting and they are looking at about \$800,000 to \$900,000. What they are going to do by this is enable them to spend more because the County's contract has a blank line and does not identify the dollars. With the expansion of this program, they are going to expand the taxpayer's liability from an \$800,000 number to \$2.5 million dollars and the City is giving up a third of a \$10 million dollar piece of property. He understands that they, as a governing body, don't have the ability to dictate to the County, but they are enabling this process by going forward with this agreement and enabling them to spend another five million dollars of taxpayer's money. For the City to invest this kind of taxpayer's dollars to a company that is telling them they can't make money now is wrong.

Mrs. Carroll made a motion to conceptually approve the property exchange agreement with Indian River County and conceptually approve the land swap with Indian River County and authorize that the public hearing be held on January 18, 2011, including the modification made to the agreement by the Interim City Manager. Mrs. Turner seconded the motion.

It was noted that the County will discuss the agreement of the package at their January 11th meeting.

Mr. Heady brought up under discussion that in the future if they receive a package like this that the Clerk make sure that the pages are numbered. He knows that Mr. Fletcher had some concerns when the other Councilmembers met privately with FP&L. In Sports Village there were one on one meetings with the Council, which he (Mr. Heady) chose not to take part in. It seems that after the meetings were held, Mr. Fletcher had a complete change in his opinion of doing this land swap.

The motion passed 4-1, with Mr. Heady voting no.

3. FIRST READINGS BY TITLE FOR ORDINANCES AND RESOLUTIONS

THAT REQUIRE A FUTURE PUBLIC HEARING

- A) **An Ordinance of the City of Vero Beach, Florida, requested by St. Edward's School, Inc., to amend the Comprehensive Plan Future Land Use Map by changing the Land Use Designation from GU, Government/Institutional/Public Use (0 Units per acre) to RL, Residential Low (up to 6 units per acre) for the property located on the West side of Club Drive, South of Bay Oak Lane, including a portion of Government Lot 3, Riomar Subdivision, containing 5.74 acres, more or less; and providing for an Effective date. – Requested by Interim City Manager**

The City Clerk read the Ordinance by title only.

Mr. Tim McGarry, Planning and Development Director, reported that this Ordinance is to amend the Future Land Use Map for the former site of St. Edward's Lower School. He said that staff and the Planning and Zoning Board have approved the request and he would recommend to Council that they schedule a public hearing for January 18, 2011.

Mrs. Turner made a motion to approve the Ordinance on first reading and set the public hearing for January 18, 2011. Mrs. Carroll seconded the motion and it passed 5-0 with Mrs. Carroll voting yes, Mr. Heady yes, Mr. Fletcher yes, Mrs. Turner yes and Mayor Kramer yes.

- B) **An Ordinance of the City of Vero Beach, Florida, amending the Text of the Comprehensive Plan's Capital Improvements Element; providing for conflict and severability; and providing for an Effective date. – Requested by Interim City Manager**

The City Clerk read the Ordinance by title only.

Mr. McGarry reported that this Ordinance amends the Capital Improvements Element of the City of Vero Beach Comprehensive Plan. This amendment is the annual update of the Capital Improvements Element as required by the Florida Statutes and is based on the City's adopted FY 2010/11 annual budget and five year capital program, fiscal years ending 2011-2015. The total expenditures for capital projects in the five-year CIS is \$19.8 million. The following is a breakdown of these expenditures by category: Sanitary Sewer 1.525; Potable Water 4.770; Recreation and Parks 2.093; Solid Waste 1.140; Roads 8.050; and Drainage 2.200 totaling \$19.778. As required by Florida Statutes and the City's Intergovernmental Agreement with the Indian River County School District, the five-year improvements programs are included in the CIE: Appendix B – Indian River County MPO Transportation Improvements Program and Indian River County Capital Improvements Schedule for Transportation; and Appendix C - Indian River County School District Five – Year Work Plan and Summary of Capital Improvements Program. The Planning and Zoning Board and staff are in favor of the amendments and would recommend that Council hold the public hearing on this Ordinance on January 18, 2011.

Mrs. Turner noted that she was still waiting for additional data from the Water and Sewer Department.

Mr. McGarry explained that they could make the necessary changes in the Ordinance before the public hearing takes place. He just does not want to hold up future land use elements.

Mrs. Turner made a motion to approve the Ordinance on first reading and set the public hearing for January 18, 2011. Mr. Heady seconded the motion and it passed 5-0 with Mrs. Carroll voting yes, Mr. Heady yes, Mr. Fletcher yes, Mrs. Turner yes, and Mayor Kramer yes.

4. CITY MANAGER'S MATTERS

1. Land Swap with Indian River County – Requested by Interim City Manager

This item was heard earlier in the meeting.

2. Amendments to the Clean Water and Drinking Water State Revolving Fund Loans (SRF) – Requested by Interim City Manager

Mr. Rob Bolton, Water and Sewer Director, reported that at the June 16, 2009 Council meeting a Resolution was passed authorizing the Mayor to sign the CWSRF and DWSRF agreements. Then on August 18, 2009 the Council approved the execution of both the CWSRF and DWSRF loan agreements. On November 17, 2009 the Council authorized the Mayor to enter into a new CWSRF loan agreement due to funding revisions. In their backup material they have proposed Amendment No. 2 in the amount of \$2,544,444 that will cover some unfunded portions of the Deep Injection Well System, which consists of the Deep Injection Well, Transmission Line from the Wastewater Treatment Plant to the Water Treatment Plant, and Storage Reservoir and Injection Well Pump Station. Mr. Bolton attached a spreadsheet that details all of the expenditures associated with these loans. Based on staff's review of the loan revisions, the City will be able to draw an additional \$1,817,841.59 from the CWSRF and an additional \$238,293.17 from the DWSRF for a total of \$2,056,134.76. He presented this information along with an update of their current five (5) year financial projects to the Finance Commission on December 10, 2010. During the meeting it was discussed that the additional borrowing could pay down existing debt or reduce current rates. The Finance Commission voted 3-1 to borrow the additional funds with the stipulation that it would pay down current debt that is at a higher interest rate. The Finance Director has researched the options associated with the 2008 refunding (4.28%) and has stated that a call may take place on June 10, 2013 for the full (\$10,770,000) or partial principal amount. He prepared a spreadsheet titled "2011 Water and Wastewater Expenditure/Revenue Summary." He noted that the blocked amount under the 2013 column near the bottom of the page was in the amount of \$4,782,898. This is the amount of additional principal payment that the City could make in June 2013. In making this payment the City will reduce the debt service for future

years by \$651,729 annually. In addition the City will increase the revenue surplus by 2.8% for future years allowing for further debt reduction or rate reduction. Mr. Bolton recommended moving forward and expressed that they don't need the money for any other projects.

Mrs. Carroll mentioned at the Finance Commission meeting that they were in essence replenishing reserve funds. She asked which projects the reserved funds were used for.

Mr. Bolton told Mrs. Carroll that they were used for the Deep Injection Well, Pump Stations, lime from the two Plants and the buildings (as pointed out in the spread sheet). He explained that this money would replenish money that they have already spent on these projects.

Mr. Heady asked what is the cost of the additional debt that they are going to incur until June 2013.

Mr. Bolton stated that the cost of debt is \$40,000 because there is a 2% administration fee and they will pay the 2.26% interest for two years so it amounts to roughly \$120,000.

Mr. Heady mentioned that on the trigger date of June 2013, there is a sunset of the pre-payment penalties. He asked if there was also a call provision on that date.

Mr. Steve Maillet, Finance Director, explained that with the early call date it is all on the same date. They can call it and the City can call it. However, the bank can't come to them and demand payment.

Mayor Kramer asked if there was a penalty prepayment on the debt.

Mr. Maillet said that there is not because they can't call it at all.

Mayor Kramer then asked if there were any types of loans they could use this money for to get immediate benefits.

Mr. Maillet explained that there was not in the water and sewer system. This money is categorical and can only be used for water and sewer.

Mrs. Carroll asked if there would be any ramifications if they regionalized their water and sewer system with the County.

Mr. Maillet explained if that happens then they would just pay off the SRF loan.

Mayor Kramer asked if there was any reason they had to do this now. He asked if they could wait until June 2013 to do it.

Mr. Bolton explained that if Council does not want to take this money then it will go to someone else. Council could sign this agreement, but not draw the money down if they

still have questions, which would buy them a month. He explained that once they close the projects, whatever money is not drawn down will go back to the SRF fund.

Mayor Kramer sees this as paying \$60,000 to mitigate the risk of whatever the money market is going to be like in a year and a half. He didn't understand why they needed to pay \$60,000 for that.

Mr. Maillet explained that they were presenting this to Council as an option to restore some working capital and to give them some flexibility in moving forward. If they don't care to borrow the money that is fine. He said that the water and sewer system is still in good shape. This is just an opportunity to restore some of the funds.

Mayor Kramer thought that this was an immediate type of refinancing.

Mr. Maillet explained that because it is a revolving fund the State counts on money coming in because there will always be people waiting in line to borrow money. They will not let the City lock this up for a year to see if they want to borrow any money.

Mayor Kramer asked that if this was a yearly thing then wouldn't they have the same opportunity next year to borrow these funds.

Mr. Bolton explained that this is project related so once they finish a project they are off the list.

Mr. Heady thought that he was hearing two different things. He was hearing that the money was categorical and they were going to ask for it and it is going to be there on June 2013 and then he is hearing it is to restore working capital.

Mr. Maillet stated that in the end it is all the same. They will just have additional working capital if they need it. He reiterated that the water and sewer system is paying itself back for funds that have already been expended. This money is unencumbered cash that they can use until June 2013 for water and sewer projects. In June 2013 they will look at paying some or all of the loan back.

Mr. Heady commented that they are going to hedge their bets and it is going to cost them \$60,000 in hopes that the availability of money in June 2013 is at a higher rate and in the two years that money is going to be in an account, it is going to be unencumbered, and the Water and Sewer Department can use it as working capital.

Mr. Maillet added that they could also keep it on the books as reserves for debt service and not part of the working capital.

Mayor Kramer asked Mr. Maillet if they had to go and get money from alternative sources, what is the going rate now.

Mr. Maillet said that it is between 4% and 4 ½%.

Mrs. Turner made a motion that they approve this loan with the criteria that the funds be kept in a debt service reserve account. Mayor Kramer seconded the motion and it passed unanimously.

**3. Item Added on to the agenda –
Indian River Shores Letter concerning the Utility Franchise**

Mr. Falls told Council that he needed some direction so that he could respond to the County. He said that the only Councilmember he heard back from was Vice Mayor Turner (memo on file in the Clerk's office).

Mr. Heady made a motion to approve the draft response. Mrs. Carroll seconded the motion and it passed unanimously.

**4. Item 2A-1) pulled off of the consent agenda
Roof Work to Support Unit 5 Superheater Tube Replacement**

Mr. Jim Stevens, Director of Power Resources, reported that the Capital Project Power Plant Roof Work HRSG is required for Vogt Power International to remove the existing tube bundles and install the new tube bundles in Unit 5 heat recovery steam generator (HRSF). Replacement and sealing of the roof structure will depend on completion of installing the tube bundles. He expressed that he is in charge of maintaining the facility. It was noted about three years ago that there were thermal stresses in the superheater section. They went before the Utilities Commission for recommendations. At that time there were two individual firms that came in to study the generator and they recommended replacing the modules. They went out to bid and put this roof work in their budget, which is to open up the roof at the Plant so that the superheater can be replaced in that Unit. He said that Units 5 and 2 are their combined cycles and most efficient Units in the facility. He said the bottom line is that they have a defective module that needs to be replaced.

Mrs. Carroll asked if they have already purchased the new module.

Mr. Stevens said that it has been purchased and right now it is at a facility in Texas and will be at the Power Plant for their planned outage, which will occur on February 7, 2011.

Mrs. Carroll said so if they did not approve this roof work then they would have this module just sitting there.

Mr. Stevens replied yes.

Mrs. Turner mentioned that this bid went out to 335 bidders and they only received three responses.

Mr. John O'Brien, Purchasing Director, explained that all the bids are sent out on demand star (program they use) and it is driven by membership and any member that signs up are notified. He said that this is all done electronically and that three responses for this type of work was normal.

Mrs. Carroll referred to the backup, which states time of completion is February 7, 2011. She asked if the project would be completed in that short of time.

Mr. Stevens explained that just allows for them to take the roof off and then the Unit will be down for the planned outage.

Mayor Kramer wondered if they could push the outage into March or April.

Mr. Stevens explained that these outages are planned way in advance and can't be changed.

Mrs. Turner made a motion to approve the request. Mrs. Carroll seconded the motion.

Mayor Kramer mentioned that it irritated him that they have to spend this \$95,000 to do this work and then they may turn around and dismantle the Power Plant.

Mrs. Carroll expressed that they have already purchased this equipment and if they don't use it then it will have little value and have to be stored in the warehouse.

Mayor Kramer asked if that Unit was to be sold to another party, would that be an integral part of that. Mr. Stevens answered yes.

Mr. Heady asked what was the risk of running this equipment without making this replacement.

Mr. Stevens explained that there is always a risk. He said that the Unit would be considered unavailable. He said if one of those tubes was to rupture there is a potential for human injury, there is a potential for damage to the equipment, and potential for this Unit to be made unavailable.

Mr. Heady commented that if the combined Unit cycle is unavailable that means it is not turned on so what is the loss impact to the City. Mr. Stevens said that their next Unit in operation would be Unit 4 and that is expensive power. Mr. Heady added that these Units are not turned on based on the City's decision they are turned on based on OUC and FMPA's decision. He said that there could be 50 more units within the FMPA... At this point Mr. Stevens stopped him and told Mr. Heady that was not accurate. Mr. Stevens explained that if they are running Units 2 and 5, that means they need the power here now and they would have to bring another Unit on. Mr. Heady asked who makes the decision which units come on within FMPA. Mr. Stevens explained that it is the Florida Energy Market Power Pool, which is called the OUC dispatch. Mr. Heady asked wouldn't the most efficient Unit on the grid come on. Mr. Stevens answered no. He

Stevens explained that their Units come on because Vero Beach needs that load of power. He said that Vero Beach power is used in Vero Beach.

Mrs. Carroll mentioned this morning they talked about the OUC contract. She asked if OUC could require them to do this work based on their contract with them.

Mr. John Lee, Acting Electric Utilities Director, stated that they have a contract with OUC which allows them to discuss many options. He said that Units 2 and 5 are part of the deal with OUC. However, he said that it is more complicated than that. They also have deals with Florida Transmission and they are asked by them to shed load. The way the City interprets that is they bring up their Units so that they can serve their own load, but we have the option if there are no Units available to shed the load, which means to be in the dark. The City is aware of what may happen with FP&L and the minute that they have some kind of time line they will overlay the maintenance schedule for the entire Power Plant and make decisions. But, right now they know that they are required to run these Units when they are the most efficient in the State or when there is transmission constraints that require them to either shed load or bring on Units. In his opinion this is a critical job that has to be done so that they can continue to have reliable service at what they call reasonable costs.

The motion passed unanimously.

Mr. Heady asked if they could discuss supporting Representative Mayfield's legislation. He heard from Councilmembers at the last meeting that they were in favor of her legislation, but a motion to send her a letter of a support did not pass. Dr. Faherty brought this item up this morning and said that it would be helpful to her to have this. Mr. Heady said if it will be helpful to her and they are in support of it then he could not understand why they don't give her a letter of support.

Mayor Kramer stated that he has not seen the exact legislation that she was going to be pushing forward and until that happens he is hesitant to blindly support it.

Mrs. Carroll agreed with the Mayor. She wanted to make sure that they knew what they were supporting.

Mr. Heady understood that the reason for the lack of support was because they have not seen the final draft. He said that was fine and agreed with the other Councilmembers on that.

Mrs. Carroll mentioned that originally they had placed Mr. Glen Heran on the last Council meeting to speak on some utility matters/options that the Mayor has brought up and have been outlined in the local newspaper. Then they found out that Mr. Heran was going to be out of town for that meeting. She asked the Council if he could have the opportunity to touch on these issues now if he would like to.

Mr. Glen Heran told Council that he was happy to answer any questions that Council might have. He has discussed these options with Mayor Kramer and has done a small model on this. He said that they could discuss this at the workshop. He was really at today's meeting just to educate and provide different ideas as to what the electric utility could be. He will get into some subjective issues and find out if the City can profit from them.

5. ADJOURNMENT

Mr. Heady made a motion to adjourn today's meeting at 11:29 a.m. Mrs. Carroll seconded the motion and it passed unanimously.

Council took a lunch break and reconvened for the workshop at 1:30 p.m.

**CITY COUNCIL WORKSHOP MEETING
TUESDAY, DECEMBER 21, 2010 1:30 P.M.
CITY HALL COUNCIL CHAMBERS, VERO BEACH, FLORIDA**

ITEMS FOR DISCUSSION:

Mrs. Carroll asked if they were going to follow the agenda. She explained that her reason for asking was because at the last Council meeting they agreed that they would be using various sorts of backup and from what she sees, only one item on the agenda has the agreed upon method of backup.

Mrs. Turner said that this is a Workshop meeting and felt that they should cut it some slack.

Council agreed.

1. City Advisory Boards/Commissions – Requested by Vice Mayor Pilar Turner and Councilmember Tracy Carroll

Mrs. Turner felt that they were very lucky to have such an incredible number of talented people willing to serve on their City Boards/Commissions. Her concern was that they were not utilizing this resource well. The City does not have clear mission statements for the Boards/Commissions, some of them are not configured well, and a lot of time and energy is being lost.

Mrs. Carroll agreed. She said that she spoke with some members who feel like the input they have provided in the past was not utilized or that many issues came before Council bypassing their Boards/Commissions. Therefore, these members were unsure of what the City wanted them to do. She felt that as Council, they should utilize these Boards/Commissions more.

Mr. Heady said on more than one occasion he has seen where the Finance Commission was charged by the Council with doing things and they did nothing. He did not think it was just a matter of Council being negligent as it is that the Boards/Commissions are not doing what he considers an adequate job. The OUC contract was a perfect example as it went before both the Utilities Commission and the Finance Commission and they never saw the unredacted copy. He felt that if they were going to be a responsible Board/Commission then they need a full packet of information. He was happy that this was on the agenda and agreed that if they were going to have Advisory Boards/Commissions then they need to use them and tell them what it is that Council wants. He said that at a prior meeting Council felt that the public was important and they put them first on their agenda. He said that in looking at one of the Boards/Commission agendas, public input is not anywhere on their agenda. He suggested that the Mayor send a letter to the Boards/Commissions requesting that they place public input as one of their first items on their agendas.

Mrs. Carroll said a number of the Councilmembers have been attempting to attend the Board/Commission meetings. She felt that since the Boards/Commissions are advising Council, then Council needs to make sure that they are not attending these meetings as an advisor to the Boards/Commissions. She explained that if there is an issue that they are going to vote on then it might not be prudent for Councilmembers to share their views because it may modify the decision of the Board/Commission.

Mr. Heady felt that if the Board/Commission members were cautious about their vote for fear of hurting a Councilmember's feelings then they probably shouldn't be sitting on the Board/Commission. He felt that it was important for Councilmembers to attend these meetings, particularly if there is something coming up that they have an interest in. He did not see anything wrong with Councilmembers attending the Board/Commission meetings and sharing their thoughts. He said that Councilmembers should not dictate to the Boards/Commissions, but they should share their opinions.

Mrs. Carroll said that she found some information that she gave Council, which was how Council can look at various issues to help in managing the Boards/Commissions (on file in the City Clerk's office).

At this time, Council went over each Board/Commission along with the backup provided by Mrs. Turner (attached to the original minutes).

Airport Commission

Mrs. Turner felt that although the frequency of Airport Commission meetings have been low, they are one of the more efficient and stable Commissions. She suggested that they revise their mission statement so that it is clearer.

Mrs. Carroll asked why the Airport Commission only held one meeting in 2010.

Mrs. Tammy Vock, City Clerk, explained that the Airport Commission meets when necessary.

Mrs. Carroll said that members of the public spoke at the last Council meeting and Council requested that they go before the Airport Commission. She said after that meeting there were allegations in the newspaper that they had appeared before the Airport Commission in the past and felt that they were not heard, but they told Council that they had not been before the Airport Commission.

Mrs. Turner felt that they had gone before the Airport Commission on other issues, but not on the issue of lead. She felt that the Boards/Commissions should hear issues before Council.

Mrs. Carroll appreciates the fact that members of the community have concerns, but she felt that they need to follow the steps of going through the Board/Commission before coming to Council.

Mrs. Carroll suggested that they add under the Airport Commission duties to address public concerns on Airport related issues.

Mr. Fletcher said that the job of these Boards/Commissions are to ensure that staff has properly implemented the City Code, especially the Planning and Zoning Board (P&Z).

Mrs. Carroll said the member of the public who spoke at their last Council meeting mentioned that the composition of the Airport Commission was mostly pilots and people close to aviation.

Mr. Fletcher mentioned that some of the Boards/Commissions that they have are mandated by the State.

Mr. Vitunac reported that the P&Z and the Board of Building Appeals are mandated by the State.

Mrs. Carroll hoped that if Council makes recommendations on the composition of the Boards/Commissions, that they keep an open mind.

Mr. Ken Daige agreed with Mrs. Carroll that Council needs to hear from the Boards/Commissions and not interfere. He said that if they go back and look at past Airport Commission meetings, the area of concerns of neighbors was that their voices were not being heard. This is the reason they went before the Council and requested a Special Call meeting. He felt that it would be helpful to have ordinary citizens serve on the Airport Commission.

Mrs. Turner said that if they have public comment on every Board/Commission agenda, then the public has ample opportunity to speak.

Mr. Heady said the Boards/Commissions were Advisory Boards to the Council. He said that people reserve the right to instruct their representatives and the Boards/Commissions are not their representatives, the City Council is their representatives. For Council to tell a group of citizens who have a concern that they are not going to listen to them unless they do something else first is ignoring their (Council's) duty. He agreed that they should steer them to the Airport Commission and that they (citizens) should develop a plan as a group with respect to what they want. If they can't pull their group together then they are not going to get anywhere with the Airport Commission and probably would not get anywhere with Council. He felt that these citizens were going to raise their concerns until they have the opportunity to sit down with Council. He understood that this was going to take some time. He noted that Council would not need City staff attend the meeting other than the City Manager, City Attorney, City Clerk and the Airport Director. He did not know what the answer is on the lead, but he did know that there are children that are impacted by things. He felt that Council should listen to these citizens. He did not think that this Council had the mindset to shut or slow the Airport down. He felt that they all understood the need for the Airport and what it contributes to the City's economic health. He said that he has not seen any proof that lead emissions from the Airport were some of the things that cause childhood diseases. He did not have a problem with these citizens going before the Airport Commission.

Mr. Fletcher asked Council if they wanted a change in the amount of members on the Airport Commission and if they wanted something like one pilot, one non-pilot, etc. He felt that this was the only way they could have control.

Mr. Heady said that Council should not be trying to control the Commission.

Mayor Kramer said that they would not be trying to control their thinking, but the constitution of the members so that they have representation.

Mrs. Turner felt that the Airport Commission was a functioning Commission. If they had been dysfunctional she would be inclined to rework it. She said that if Council wants to reformat the Commission so that one member is non-related to the Airport ...

Mr. Fletcher said that was what he was thinking because there was a concern that the Airport Commission was loaded.

Mr. Heady said there was a concern from Ms. Nancy Wood because she was not getting what she wants. He did not think that Ms. Wood would get enough votes from Council to sit on the Airport Commission.

Mr. Fletcher said that was not his point. His point was does the Council want to delineate the background of the people serving on the Commission.

Mrs. Turner asked Mr. Fletcher if he wanted to remove a member currently serving on the Commission.

Mr. Fletcher answered no. He explained that they would serve their term and when their term expires Council could replace them.

Mr. Heady felt that if a citizen has the ability, regardless of their background, they could serve on a Board/Commission.

Mayor Kramer said that Council reserves the right to appoint individuals to a Board/Commission irregardless.

Mrs. Carroll said that Council discussed earlier having neighborhood representation, but when they look at the duties of the Airport Commission, there is a greater knowledge base.

Mr. Fletcher agreed. He only commented on this because it was stated that the Commission was loaded.

Mr. Heady felt that when they send the directive to the Boards/Commissions that they are to put citizens first and have citizen input, that would lessen Ms. Wood's ammunition.

Mr. Fletcher asked if they were going to have a section on all the Board/Commission meeting agendas where there is public input.

Mrs. Turner answered yes.

Council agreed to accept the Airport Commission mission statement as amended with the addition of public input in the beginning of the meeting.

Architectural Review Commission

Mrs. Turner reported that the Architectural Review Commission (ARC) was formed about two years ago and meets regularly. She said that they review both commercial and residential property. These reviews are non-binding and they have gone into such details as the size of someone's bathroom window, which she felt was far beyond what is expected by an architectural review. She said that there were some great people with a lot of talent serving on this Commission. She said that many people think it is a great asset to have Architects review their project for free. However, others feel this is another bureaucratic step.

Mr. Heady felt that the last City Council wrongly imposed a restriction where they (ARC) could not look at anything unless it was prepared by an Architect. He did not think that they need to discourage development or redevelopment in this community by placing these restrictions. The rationale that the ARC used was that the Architectural Association has wording that bars them from reviewing anything that is not prepared by an Architect. He did not think that this serves the City well and he would like to rescind this.

Mr. Tim McGarry, Planning and Development Director, explained that single-family homes would not need to have an Architect.

Mr. Heady said the person who is developing the Three Avenues tried to bring his project before the ARC and was rejected because an Architect did not put together the renderings, which he said is nonsense.

Mrs. Carroll said that she read in their meeting minutes that they were discussing paint colors.

Mrs. Turner said when looking at commercial areas she could see value in having architectural review because they want to keep the City looking beautiful. She said that ARC has talent and value, but there are too many members.

Mr. McGarry agreed. He felt that several members on the ARC feel that they should not be reviewing single-family homes, that they review non-residential and commercial. He said that the only other time they may be of use is if a neighborhood wants to set up a conservation district. He said that reviewing single-family homes really slows progress down and it adds to the cost for the property owner because of the delay.

Mr. Fletcher felt that anytime they have more than five people on a Board/Commission, it is a bad idea. He did not think the City should have a Board/Commission with more than five people.

It was the consensus of the Council to limit the Boards/Commissions to five members.

Mrs. Turner agreed with limiting all their Boards/Commissions to five members.

Mr. Glen Heran felt that what Council should do is reduce Boards/Commissions entirely. He said that the County sunsetted the Utility Advisory Committee and Dr. Steven Faherty was the Vice Chairman. Both he and Dr. Faherty supported the idea because they have been productive enough without having to abide by the Sunshine law. He asked what is wrong with the public becoming Committees outside the Sunshine Law and bringing their ideas to Council.

Mrs. Carroll said in speaking with some of the members of the ARC, she was told that they would like to have more authority and be able to tell someone exactly the way the project should be done. She said that this was not the City's goal. Because the ARC does not have any teeth they feel like they are giving free services.

Mr. Fletcher felt that if the members feel that way then they should resign.

Mayor Kramer said if the people who are going through this process does not see the value then there isn't any value.

Mrs. Turner asked the Council if they want to continue with the ARC on a commercial basis or if they see a need to continue this Commission at all.

Mr. Fletcher said the ARC would be one of his candidates to sunset.

Mrs. Carroll said that she could see the need for ARC for commercial development. She asked Mr. McGarry if he felt there truly was a need for ARC review for commercial development in the City.

Mr. McGarry felt that there was a need, but it would depend on what effectiveness they have. He felt that it would work if they limit their review to commercial development. He said that there may be other things that come along as they set up districts and it would be good to have some design people who know what they are doing to provide input. He suggested that Council keep the ARC. He liked the idea of limiting the Boards/Commissions to five members.

Mrs. Carroll highly recommended that since they are the "City" of Vero Beach, that if they are going to make cuts to the Boards/Commissions that they make cuts to the members who live in the County and then they could open it up for alternate members.

Mr. Vitunac said that one theory of advisory boards is that each Councilmember appoint one member.

Mr. Fletcher said that he always supported that position.

Mr. Heady said that does not mean that they have to do this for existing Boards/Commissions, but on replacements.

Mrs. Turner said that there would be different people coming off of different Boards/Commissions at different times. She asked which Councilmember would get the appointment.

Mayor Kramer asked if they keep the ARC, does it represent any type of impediment for commercial development that they have to jump through hoops.

Mr. Fletcher said that the ARC has no teeth what-so-ever.

Mayor Kramer said then if someone doesn't want to come before the ARC they don't have to.

Mrs. Turner said it is required by the City Code that they go before the ARC for review.

Mr. McGarry said they are required to go before the ARC, but it is non-binding.

Mr. Falls asked Mr. McGarry to explain how much time this adds to the process.

Mr. McGarry said that they are required to go before the ARC before they submit an application for development approval, which adds about two to three weeks. He said that they also could be requested to go back before the ARC, which would add more time and money.

Mayor Kramer said that the problem he has with this is that they (applicants) are developers, construction people, business people, etc. They are not lawyers, architects, etc. He said that as a businessman, he finds it quite offensive to do this because that is not his area of expertise and he would not be able to get his project off the ground just because of the fact that he would have to jump through all of these hoops.

Mrs. Carroll referred to Section 77.04, design review applicability and procedures, of the Code. She said that she did not see anything regarding commercial.

Mr. McGarry said that non-single family covers everything else. He said that the ARC also does not want to review duplexes. He said that he would work with the ARC on these changes.

Mayor Kramer was still curious about the value of the Commission. He asked if applicants have to go to an Architect and to the County then why do they need them.

Mr. McGarry said not all Architects are created equal. He said that the Vision Plan was the reason this Commission was formed.

Mrs. Turner said that they do want to preserve Vero Beach. She suggested that they constitute a Board to try to incorporate the Vision Plan into the Code. She felt everything should be done by Code because then every applicant would know exactly what is required. She asked could they disband the ARC as it exists and task them to work on Code revisions.

Mr. Fletcher felt that they should sunset the ARC.

Mayor Kramer said that they are another layer of government that businesses need to jump through.

Mr. McGarry said having the ARC increases the workload of his staff.

Mr. Heady asked Mr. McGarry if he was saying that disbanding the ARC increases or decreases his workload.

Mr. McGarry said that it would decrease his workload.

Mr. McGarry said that they could give some of the responsibility to the P&Z Board.

Mrs. Turner asked do they want to disband the ARC or retain them in a modified form to deal with commercial issues.

Mr. Fletcher felt that they should sunset the ARC and let the P&Z Board take up the slack.

Mr. Heady agreed with having a five member commission and that they need to take out single-family. He said that it sounded like it was the consensus of the Council that the ARC was history.

Mrs. Turner suggested that they sunset the ARC effective January 1, 2011.

Mr. Wayne Coment, Assistant City Attorney, explained that these changes needed to be done by Ordinance so they can't sunset the Boards/Commissions until they are dissolved by Resolution.

Mr. Coment said that regarding Boards/Commissions going to five members, they would need to look at the State requirements for the Statutory Boards. Regarding adding public comment to the Board/Commission agendas, the quasi judicial-boards (P&Z Board, Board of Adjustment, and the Board of Building Appeals) all have public hearings on all of their matters and therefore the public has a chance to speak. With the Code Enforcement Board, they are strictly a quasi-judicial Board that is like a Court. He said that people cannot speak during these hearings unless they are called as a witness.

Mr. Fletcher said the Boards/Commissions that are not legislatively required to have more than five members would have five members and public comments would be on the non-legislative Board/Commission agendas.

Mrs. Carroll said another idea is to have an Ad Hoc Committee to be utilized for commercial developments over a certain footprint.

Mr. Fletcher mentioned that the Board of Adjustment is required by the State.

Mr. Coment said that was correct. He said that someone has to provide that function.

Mr. Fletcher asked could their responsibility be assigned to another Board/Commission, such as the P&Z Board.

Mr. Coment answered yes.

Mr. McGarry said that they could change the Code so that the ARC only meets when necessary.

Council agreed.

Board of Adjustment

Mrs. Turner said that the Board of Adjustment rarely meets. She proposed that they disband this Board and since they have such low activity that their function be served by the P&Z Board.

Council agreed to disband the Board of Adjustment.

Finance Commission

Mrs. Turner felt that the Finance Commission was not well utilized and suggested a new mission statement. She said that she would like this Commission to be a hand to Council on financial management. She would like them to review monthly statements, debt funds, etc. She said that she would like this Commission to have five members with one alternate member.

Mrs. Carroll asked Council if they wanted to reconstitute the Finance Commission based on one delegate from each Councilmember.

Council agreed.

Mr. Fletcher felt that in the next few months, Council needed to charge the Commission with the task of putting together their concerns for the City about a sale of the Power Plant. He said that he would like this reported back to Council in the form of a formal report.

Mr. Heady suggested rather than the Commission giving Council a formal report in a few months that they do the report within several weeks.

Mr. Fletcher agreed. His point was that the Finance Commission has a lot of expertise when something is sold.

Mr. Heady said that FP&L said that they would bring information back within 60 days and to have the Finance Commission come back after 60 days would be meaningless.

Mr. Fletcher said that the City does not have to accept FP&L's suggestions right away.

Mrs. Carroll said that three of the very experienced members of the Commission resigned. The others may not have the depth of experience that the City needs. That is the reason she suggested reconstituting the Commission.

Mr. Fletcher agreed with reconstituting the Commission, but he would still like to have their ideas.

Mrs. Carroll agreed.

Mr. Heady suggested that they ask each Commission member to send Council what they think the most pressing financial concern is and their thoughts for a resolution by the second meeting in January.

Mrs. Turner said that the Commission members have not been receiving financial information. She said they have not received monthly financials, income statements, balance sheets, etc. She asked how they could come up with a response without this information. She asked that each Councilmember to have their appointee ready and after a new Ordinance is in place they could immediately reconstitute the Commission.

Mayor Kramer said to let them tell Council what they need. He felt that Council should use the Commission's talents.

Mr. Fletcher said that this Commission is very important. He suggested that they have five full members and two alternate members.

Council agreed.

Mr. Heady felt that they should advertise that the City is reconstituting the Finance Commission and are accepting applications for members.

Mrs. Carroll said that the current members could reapply.

Council agreed.

Mr. Glen Heran asked would there be qualifications to become a member on this Commission, such as an accounting degree, finance degree, etc. He said that they need members who can read a balance sheet, income statement, etc.

Mr. Fletcher said that they all were going to look for people who are qualified.

Mayor Kramer said it was important that they recognize people who put ideas in motion and come up with a mechanism to make things work.

Mrs. Carroll said the suggested mission statement states that the Commission is to review City monthly financials and advise Council of negative trends. She suggested that if they are going to review City monthly financials, their meetings should be one week prior to a Council meeting where they are reviewing monthly financials. She said that they would need to be committed to meet on a monthly basis.

Mrs. Turner said they should meet at least on a quarterly basis.

Mr. Steve Maillet, Finance Director, asked that nothing is construed in there to prevent him from sending items to the Commission.

Council agreed.

Mr. Maillet said that over the last few years there were a few Councilmembers who wanted the Finance Commission to be more involved with the budget, but there were no instructions given to either staff or the Commission on what they expected. If this Council wants them to be involved with the budget review, there is a time schedule that this needs to be done.

Mrs. Carroll would also like to task the Commission that if issues come forward to Council that have a large financial impact that the Commission is called for a Special Call meeting.

Mr. Maillet felt that they needed business people with a broad scope. Not a bunch of members who are bookkeepers.

Historic Preservation Commission

Mrs. Turner said the Historic Preservation Commission (HPC) currently has seven members and has been fairly active. She felt that the Commission was too large and in order for the City to become a Certified Local Government, the Commission members must all be City residents. She proposed reconstituting the Commission to a five member Commission of all City residents if the Council chooses to keep this Commission.

Mr. Fletcher said there would be five full members and two alternate members.

Mayor Kramer said that he would like to keep the Commission as there are some very interesting programs, such as revitalization of neighborhoods.

Mrs. Carroll asked if they take off the three members who live in the County, would there still be one Architect on the Commission.

Mrs. Vock answered Mr. McCracken is an architect, but he serves on the Commission as the P&Z representative.

Mr. Fletcher asked if there is anything that keeps a citizen from serving on two Boards/Commissions.

Mr. Vitunac answered that two offices cannot be served by the same person, but felt that was okay for someone to serve on two advisory commissions.

Marine Commission

Mrs. Turner said that the Marine Commission has not been an active Commission.

Mr. Fletcher suggested that they sunset this Commission.

Mrs. Carroll disagreed because the City has been approached by two different community groups (youth sailing organization and a rowing organization). She said that she did some research around the County and there are a large number of communities that have boathouses for waterfront activities. She felt that this was a wonderful way to have our youth participate in lagoon activities. She said that she spoke with the Interim City Manager about having the Marine Commission and the Recreation Commission jointly look at the entire Marina through Riverside Park to see if there was a good area for this. She would rather not sunset them until they can get some type of a lagoon/water front activity plan that could possibly have some type of river walk from the Marina to Riverside Park.

Mr. Fletcher said his point was to move this responsibility to the Recreation Commission.

Mrs. Carroll did not think the Recreation Commission would cover marine activity.

Mr. Falls said the Recreation Commission could look at the Park activities, but the Marina is a separate operation.

Mr. Fletcher said the Marine Commission is not going to do anything that the Recreation Commission couldn't do.

Mrs. Carroll said a large portion of the Marina is serving tourists in our community. She felt that if they could utilize that and advertise it more and push our Marina it could be another source of income for our community. She felt that it was important to look at an overall plan for their waterfront.

Mayor Kramer asked are the members of the Marine Commission more qualified to handle the boathouse and rowing issue than the members of the Recreation Commission.

Mrs. Carroll felt that both Commissions should meet on this. She did not know the background of the members serving on the Marine Commission.

Mr. Fletcher felt that the duties of the Marine Commission could be folded into the Recreation Commission very easily.

Mrs. Turner questioned if they would be better served by forming a separate Commission to handle the waterfront. She said that the Marina currently hosts the Youth Sailing Group. They have a building that houses hundreds of kayak racks. She said that there are some things that they could bring to the table. She did have doubts about continuing the Marine Commission as it is.

Mr. Heady said that the number one infusion of cash in Florida is agriculture and the second is tourism and they have ignored the tourism aspects of their waterways. He said that if they charged the Commission with some duties they might come up with some meaningful suggestions. He said that there is a Crew opportunity where they have people within the community who are very active and very interested in seeing Crew brought to

this community. He felt that this might be an opportune time. He said that there was a gentleman at City Hall who spoke with him about Crew opportunities and when he finished meeting with him he (Mr. Heady) felt that he should meet the Mayor so he brought the gentleman to see the Mayor and a reporter was sitting in the City Clerk's office and overheard the introduction of this gentleman to the Mayor. Mr. Heady said that he introduced this gentleman to the Mayor so that he could tell the Mayor what he told him (Mr. Heady). The reporter was concerned that there was a Sunshine Law violation and sent an email to the City Clerk's office. He noted for the record that the Mayor was not involved in a Sunshine Law violation and he was not talking. Mr. Heady said that he was doing the talking by introducing this gentleman to the Mayor and telling him the subject of what the gentleman wanted to speak with the Mayor about. He wanted to clear the air that there was not a Sunshine Law violation.

Mr. Heady said that he brought documents into the last Council meeting from Sarasota where they are spending a large number of tax dollars to bring the "crew" in. He felt that they should take advantage of this group that wants to bring "crew" in. He was not sure what the interaction would be with the Marine Commission, but he was sure that they could be of some assistance to help bring this in and make Vero Beach a venue for regattas.

Mrs. Carroll said that was why she felt the Marine Commission and the Recreation Commission should meet with the Recreation Director, Interim City Manager and Marina Director and create some type of coordination or plan for the entire area. She hoped as a result of that the entire area could be used as perhaps a river walk or bike trail and at some point have some type of a lagoon activity center, boathouse, classroom area, etc., and citizens and tourists could utilize this.

Mr. Heady felt that the discussion they are going to have regarding FP&L and the Power Plant there could be more waterfront property that the Marine Commission might have some suggestions.

Mayor Kramer asked Council if they wanted all City residents serving on the Commission.

Mrs. Carroll asked Council that if they do appoint someone to the Commission that they are cognizant to the fact that the Marina is a venue for tourism in our community.

Mrs. Turner suggested that they add to the mission statement, to promote tourism.

Council agreed.

Planning and Zoning Board

Mrs. Turner reported that the Planning and Zoning Board (P&Z) consists of nine members. Previously today Council discussed having each Councilmember appoint a

representative to serve on the Board. She suggested that the alternate members be at large.

Mr. Fletcher said the County has two at large members that serve full time and it takes the entire County Commission to either appoint them or remove them. The remainder of the members are appointed by one member for each Commissioner. He suggested having five members and two at large members who would be their alternate members (seven members).

Council agreed.

Mr. Fletcher said if one of the five members leaves the Board, they normally would move an alternate member up to that position.

Mrs. Turner said that whoever's representative it is, that Councilmember would be the one to replace them.

Mr. Fletcher said then the alternate member would only be used if there is not a quorum.

Mr. Fletcher said this Board serves as a check and balance between making sure staff is implementing the Code correctly and felt that this should be placed in their mission statement.

Council agreed to advertise for applicants to serve on the Board.

Recreation Commission

Mrs. Turner said there are seven members on the Recreation Commission. She suggested that they have five full members and two alternate members. She said that they should try to have as many City residents serve on this Commission as possible.

Mrs. Carroll said that she served on this Commission for a number of years. She said that one member has served on the Commission since 1986. She felt that although it is honorable to keep members on a Board/Commission for years, sometimes their input becomes less after decades of serving on the Board/Commission. She mentioned that this is the only Board/Commission that has followed the Code by providing a yearly report to the City Council.

Mr. Fletcher said that he initiated this requirement when he previously was on Council.

Mrs. Carroll would like each of the Boards/Commissions to provide Council with a report for 2010.

Mr. Fletcher felt that the Mayor should send a letter to the Boards/Commissions to reinforce that they send Council a yearly report.

Mr. Heady asked would each Councilmember appoint a member to the Recreation Commission.

Mrs. Carroll said that the Vice Chairman of the Commission lives in the City and is the Assistant Director of the County Recreation Department. She asked the City Attorney if this was a conflict.

Mr. Vitunac assumed that Council knew this when they appointed him.

Council had no problem with this member serving on the Recreation Commission.

Mr. Falls suggested that they add something in the mission statement to task the Commission members to be cognize of the fact that City recreational facilities are used by much more than City residents. He said that about 70% of the users of the Park system are used by non-City residents. He said the programs the City provides are funded by City residents, but are used by much more.

Mr. Fletcher referred to Mr. Heady's question regarding each Councilmember appointing a member to serve on the Commission. He said that he was only interested in having a Councilmember appoint a member on the P&Z Board and the Finance Commission.

Mrs. Turner concurred. She asked Mr. Heady if that was just a question.

Mr. Heady answered yes.

Mr. Heady said regarding the statement of a member serving on a Board/Commission for a long period of time. He said that he would hesitate to pull someone off a Board/Commission because they have served for a long time if they are an active member.

Mayor Kramer felt that it was nice to have the history.

Mr. Fletcher felt that it was very important to have the knowledge of what has happened in the past.

Mrs. Carroll said that there are a number of members on this Commission that have served for a number of years. She felt that it was very important to have members on the Commission that might be more likely to participate in Recreation activities.

Council agreed to have five full members and two alternate members on the Recreation Commission.

TREE AND BEAUTIFICATION COMMISSION

Mrs. Turner said that the Tree and Beautification Commission has a very detailed mission statement and have been very active. One thing that has come up during their meetings is

the need for a beautification fund. She suggested that the City set up an account for people who want to donate money to go towards beautification.

Mrs. Carroll said that she noticed that a large portion of the Commission's discussions concerns Downtown. She would like the Commission to consider the major arteries throughout the City and not just the Downtown.

Mr. Falls said that this Commission has been very helpful to the City and have come up with some really good ideas for beautification in the area. He felt that they have been real receptive to anything that they have been asked to do.

Mr. Heady asked if the City was to set up a beautification fund, would that qualify as a tax deduction.

Mr. Vitunac answered yes.

Mr. Falls said that he has had some contact from some citizens who have asked some of these questions and they agreed to get together after the first of the year. He felt that this Commission would be great to discuss this with.

Mr. Coment said that anything the Commission recommends it would have to come before Council for approval of expenditure of funds. He said that they currently have a tree replacement fund. He suggested that Council consider allowing use of some of the funding from that account for beautification rather than just the planting of trees.

Mrs. Turner explained that this account would be a donation fund.

Mr. Falls said that he would discuss this with the Commission members and bring back some recommendations to Council.

Utilities Commission

Mrs. Turner said there are currently six full members and one alternate member on the Utilities Commission. She reported that they held seven meetings in 2010.

Mr. Heady suggested that they reduce the members to five full members and one alternate member.

Mr. Fletcher suggested five full members and two alternates. He said that the member that would step down would be the one with the least tenure.

Mrs. Carroll said that she did an analysis based on the number of times members of the Commission participated and was surprised to find that three of the members had inadequate or unacceptable times that they attended the meetings or that they sat there and never spoke. She felt that it was important that they not just put someone forward

based on the fact that they are currently on the Commission, but for the fact that they actually participate and bring forward important issues for the City.

Mr. Fletcher would like the entire Commission reinterviewed and reconstituted with new people who are energetic enough to support Councils' position in selling the Power Plant.

Mr. Vitunac said because of the importance of the FP&L issues to this Council, the Utilities Commission should reflect their position and not someone who appointed them in the past (past Council).

Mr. Heady said that he would be opposed to appointing members to the Commission who only had one point of view. He would rather have members who would look at all options.

Mr. John Lee, Acting Electric Director, pointed out that the Commission is for electric and water and sewer. Historically utilities tend to look forward in their planning and he felt this was represented in some of members on the Commission. He felt that it would be a good idea to look at people who are going to focus on current problems, such as financial, engineering and legal issues for both the electric and water and sewer. He felt that what they did in the past is not nearly as relevant as what they would be doing in the future.

Mrs. Turner suggested that they reinterview for appointments on this Commission.

Mr. Heady asked would each Councilmember appoint a member on the Commission.

Mr. Fletcher agreed as this is a very important Commission.

Mr. Rob Bolton, Water and Sewer Director, said that there was a lot outside representation on this Commission. He wanted Council to make sure they have the proper balance.

Mrs. Turner said that concludes my review of the Boards/Commissions.

Mrs. Carroll said that she sent out information to the Council in regards to the Mayor's Action Challenge for children and families, which is an initiative throughout the Country to have Mayors and City Councils set a strong precedence for the inclusion of children and families into the decision making process. She also gave Council some census data regarding the actual percentage of youth in our community (on file in the City Clerk's office). She noted that she recently received new census data and in the 2000 census 18% of our community was under the age of 19. She said that as a Council they need to represent the families and the youth of our community. She suggested creating a Youth Advisory Board made up of individuals who would look at issues that would be important to the youth and families in our community.

Mayor Kramer felt that it was a great idea to get children involved and to mentor them politically. Outside of the Sunshine Law issue, he felt that this was a great idea.

Mrs. Carroll reported that Council received a memorandum from Mr. Vitunac regarding the Sunshine Law (on file in the City Clerk's office).

Mr. Vitunac explained that the Sunshine Law would apply to advisory boards even if they are composed of youths.

Mrs. Carroll said the primary goal of the Board would be to discuss the impacts on our City youth in matters involving marine traffic, community events, the welfare and safety of children, and recreation. The secondary goals would be to have youth members of our community serve as liaisons to their school and other community organizations and also to utilize them for participation with the Mayor for participation at schools and community activities to teach children the value of public service. The composition of the Board would be three High School students (10th or 11th Grade) ideally from different High Schools, one full time local college student of no more than 20 years old and three adults, all City residents. She would like the three adults to be people involved with working with children, such as teachers, volunteers for agencies, such as Child Care Resources, Boys and Girls Club, etc., as well as custodial parents of infants. There also would be some student alternate members. She said that this would be an Ad Hoc Board to be called as issues come forward. She said that there would be an application and interview process.

Mr. Heady said that Council streamlined government today. He felt that reducing the size of government, the impact of government, and the hoops they have to jump through, was something that should be commended. He also felt that with them reducing the number of Advisory Boards/Commissions and then adding one was counterproductive. He agreed that they need to bring children on board to get them involved, but he felt they could do that without making a formal committee. He said the youth could get together and create their own committee and go before any Board/Commission or the City Council. He said that he would have a hard time endorsing an official City Board.

Mr. Fletcher agreed with Mr. Heady regarding them sunsetting a couple of Boards/Commissions. He felt that it would be easier to fold that into the Recreation Commission than forming a new Board.

Mr. Ken Daige liked the idea of having some youth involvement. He said that younger people want to become more involved with government. He felt the way Mrs. Carroll laid it out was a good foundation to build on.

Mrs. Carroll said that if they don't want to call them an advisory board, they could put the same type of structure and call them something like the Mayor's Action Plan for Children and Families.

Mr. Heady said that this seemed like something that Mrs. Carroll wants to do and why not have her head it up. He said that it doesn't have to be the Mayor.

It was the consensus of Council to give this Board a try.

Mr. Coment explained that each of the Boards/Commissions would have to come back to the Council in Ordinance/Resolution form. He asked how Council wants them to bring this back before them. He asked is one Board/Commission more important to them or do they want to appoint members for all the Boards/Commissions at one time.

Mr. Heady said that they could bring back the Boards/Commissions that they disbanded immediately.

Mr. Coment said that he could bring them before Council the second meeting in January.

Mr. Heady said the two most pressing issues they are facing is Finance and Utilities. He suggested that they bring these two Commissions to Council first.

2. FPL Report – Requested by Councilmember Brian Heady

Mayor Kramer gave Council a handout of his presentation (on file in the Clerk's office). He explained that he had a process where they can calculate the cost of power per unit at any given size. He referred to the Power Cost per Unit graph and explained that what that does is it goes through the City's entitlements and takes the cheapest power first, then the second cheapest power, third cheapest power and then to OUC. He explained that the 100% area was their current level. As they shrink the size of their system, the 70% level was the point where they could get rid of the Power Plant. As they go further into a smaller system, the price begins to drop. The partial cost is the 39% mark. The reason the price continues to drop is that as they get smaller they receive more by the sale of entitlements. He said that this explains why the smaller the City goes into the system the cheaper it gets. He said that he was making the assumption that there is a sale of the entitlements. He said that was the biggest part of the equation that he does not know the mechanism of the sale.

Mrs. Carroll asked will the current statewide regulatory agency allow the City to sell those.

Mayor Kramer did not know. He explained that what he has been doing is tracking down the City's expenses and revenues. The big variable is OUC and FP&L and he would like Council's blessing to speak to them or to have the Council speak to them. All he can present at this time is the internal data. He stated that the Electrical System Valuations was pretty obvious. He then went over the Operating Budget and the Economic Benefit added to Vero Beach Taxpayers that was included in the handout. He said that going to FP&L whole system is a much better solution than where they currently are. However, it is not as good of a solution as a partial sale. He stated that any of the solutions noted in the Economic Benefit added to Vero Beach Taxpayers was better than the City's current situation. The question now is what is the best solution and which is the best way to go.

The FP&L sale does give a benefit and does drop the rates, but they would have to make it up in advalorem tax. He then went over the Complete Sale to FP&L included in the backup information. He said that the entitlements will be very important if the City can capitalize on them. He noted that he was still tracking down revenues to make sure that they are exactly what they are. Staff is giving him real numbers and there are options. He said that he was looking for the best answer and right now the partial sale is leaning in that direction. He noted that they need the answers on the entitlements. This whole thing hinges on the settlement with OUC and FMFA on the entitlements. Once they get those answers they can move forward and get these scenarios nailed down to a good answer.

Mrs. Carroll asked where he got the sale proceeds of \$90,000,000.00.

Mayor Kramer said that number is a ballpark figure of what FP&L has offered in previous times.

Mr. Heran said that the Mayor was presenting a model in a way to think about a way a stand alone would work.

Mrs. Carroll said it was her concern that every time a Councilmember throws a number out it is in the newspaper and if FP&L does not come in with those numbers, people think the City is trying to lowball them.

Mayor Kramer said it is tough because of the Sunshine Law. This is a work in progress and these numbers are not exact, but what they are doing is using a method that gets them closer to what it could possibly be. He said the greatest thing about putting these models up is that they begin to recognize what variables have the greatest coefficient in the multipliers. He said that what he is finding out is that the actual purchase price does not matter as much as the annual prices of the City's entitlements (expenses and revenues).

Mr. Heran referred to the utility debt payment of \$50,000,000.00. He said that if they do this they would be winding up the Enterprise Fund.

Mayor Kramer said that the reason he used \$50,000,000 was because the sale would not occur today, it would occur in the future.

Mr. Heran said that was as of September 30, 2010 and there was \$12,000,000 in pulled equity investments. He asked are they assuming that they were gone. He felt that the proceeds were a little bit high. He asked the Mayor if he was assuming that FP&L would pay the same price per customer as they would for Indian River County and Indian River Shores.

Mayor Kramer answered no. He said that he figured on a wholesale they would probably pay \$32.50 and a partial sale he discounted seventeen and one-half percent.

Mr. Heady said the Mayor discounted for a partial sale. He asked in terms of the value of customer, isn't the Indian River Shores' customer more valuable than a City customer.

Mayor Kramer said from an operations and management side, yes it is.

Mrs. Carroll asked does the FP&L sale include the taxes coming into the City for T&D.

Mayor Kramer answered yes the utility taxes are in there.

Mr. Lee said one of the reasons he said earlier that this was a complex issue and attorneys are going to be involved is because when they talk about the property tax and the franchise fee that FP&L pays is they reduce their franchise fee payment by the property tax that they pay. He said that this was something that would have to be worked out over time.

Mayor Kramer said that this is a work in progress and he is nailing it down as much as he can.

Mr. Heran said that the Mayor was making the assumption capital costs as they stand on the budget, which if they look at the last few years it is tremendously low compared to prior years and that is also sustainable.

Mayor Kramer said that he received the numbers from Mr. Randall McCamish, Transmission and Distribution Director. If Mr. McCamish is wrong, it is his budget.

Mr. Heran said that they are talking about staff that has motivation to keep their jobs.

Mayor Kramer said the entire FP&L sale allows the City the leverage to maneuver and optimize their system and to put them in a position that they can be competitive and efficient.

Mr. Heran asked Mayor Kramer if he thought that FP&L would do a partial sale.

Mayor Kramer did not know and said that they would need to work with them on that. He said that there are some engineering issues on the North side of the City that would be present.

Mr. Heady asked in terms of transmission.

Mayor Kramer answered yes.

Mr. Heran said that this was the first opportunity in decades that they have looked at this issue. He said that if the City doesn't seize this opportunity now and they trust that staff is giving the correct data to make this decision and they head down the path thinking that this is a good deal, the City has kept large size of government. One of the advantages of a complete sale to FP&L is that it reduces the size of government, which directly impacts pension obligations. He said that many of the Councilmembers were elected on a

platform to sell to FP&L. He asked if this is a great thing to do, why was it not proposed five or six years ago.

Mr. Lee said there were five options previously discussed and one was the sale of the entire system. He said that another option was partial as to finding another power partner like the City currently is with OUC. He did not think that they ever discussed a shrink back within the City limits.

Mayor Kramer said that they need to keep in mind that a partial sale would not stop them from selling the whole thing to FP&L later down the road. He said that it just gives the City a way to get more value back to the taxpayer.

Mr. Heran asked if these numbers were artificially low, which he suspected they were, what about capital reserves. He said that they would be losing momentum and they would not have this opportunity again.

Mayor Kramer said that was not true. The City would get the opportunity again because if the partial sale does not work they would go back to FP&L next year. He said that he was not for keeping a business if they were not competitive. He said that he wants to give the most value to the taxpayers.

Mr. Charlie Wilson agreed with Mr. Heran that there is nothing wrong with talking about this option. They have talked about this several times. He stated that this was not in the options that were presented and he could vouch for that because he spoke with Mr. James Gabbard, former City Manager, and he was told that this was not a workable solution (referring to the five options Mr. Lee discussed earlier in today's meeting). He said that one of the five options was that the City could sell the entire system and the good things in doing this was that the City would have a huge influx of capital and rates would be lower. The bad thing was that there would be smaller government. He said that Mayor Kramer was correct that they need to look at all the options. He said this was a deception, a back burning retreat by people who want to keep the electric system. He said there were many things that were not involved in these numbers. There is nothing in there about commercial projects. Regarding pension plans, the City of Vero Beach has twice as many employees as the City of Sebastian. He said that no one has been given a more clear, concise direction than this Council. He said that the City is going to get opposition from staff because they want to keep their jobs. He said that they cannot keep doing this. Utility decisions are not about today. They are about 20 and 30 years. The reason Council is being told today on why they should keep the utility are the same reasons they have been told since 1976. If they can't find five Councilmembers who agree to sell, they are going to go through election after election until they find five Councilmembers who will. The City should sell to FP&L and quit delaying. He said that Council is being manipulated and they were elected to be stronger than that manipulation. He asked Council that they do what the people told them to do and sell the Plant.

Mayor Kramer said that he was elected for financial analyses, open government and transparency. He said that he was doing the financial analyses. He is trying to find the best value for the taxpayers. He asked what is wrong with that.

Mr. Heran did not think there was any objection from the County or Indian River Shores on a partial sale. He felt that there was some objection if the City attempts a surcharge to the County and Indian River Shores through the sale.

Mayor Kramer said that he was not planning on sticking them with a surcharge.

Mr. Heran said it has been discussed by staff.

Mr. Heady said it may have been discussed by staff, but he did not think that a single Councilmember would be in favor of a surcharge.

Mayor Kramer showed on the screen actual bills that go out to customers. He said that he could not see how staff could falsify the numbers.

Mr. Heran said from what he understood from reading 32963, Mayor Kramer believes that if the City did a complete sale they would no longer be a utility and as such, would not be able to broker out the access capacity and base load generation investments from FMPA.

Mayor Kramer said that he was making the assumption that the City could.

Mr. Heran said that he use to worry about the previous Council and about the status quo. Clearly the public has been educated enough to understand that they were on the right path. He felt that selling to FP&L was better than the status quo. The next war would be against FMPA and FMEA, who will try to hold all the municipalities together. He felt that they would give the opinion that the City can't do anything with the baseload generation investments, that the City would be responsible for the liabilities, that the City would not be able to sell or broker them. He said that if the City can broker that power, then they would be in the money.

Mrs. Carroll asked how can they find that out.

Mayor Kramer said that they need to speak with OUC and FMPA.

Mrs. Carroll said that they need to begin the process or they cannot have accurate numbers. They can't have accurate projections until they know what is going to happen. Someone needs to find out if the City can use these assets.

Mr. Fletcher said that FMPA is going to say the City can't.

Mr. Carroll asked has the City tried. She asked how do they start the process. She asked what is their game plan.

Mr. Fletcher felt that the Finance Commission and the Utilities Commission should come in and start the baseline for that plan.

Mr. Lee said this would be settled by the Public Service Commission (PSC) because the City is going to have to have an offer from FP&L and the City's take on how they are going to handle it. He felt that any work they do now would be of no value as far as that because FMPA will say no. The only way they would say yes is when PSC makes a ruling on it.

Mr. Vitunac said early on in the process staff met the FP&L team including one of their Bond Lawyers, Mr. Phil Gildon (spelling may be incorrect). Mr. Gildon was tasked with devising a way that they could get the entitlements to FP&L from the City. Mr. Vitunac said this was a technical problem with FP&L and the law. He reported that it requires OUC and FMPA to consent to this no matter what the City does. He said that it is a very valuable asset that the City has and they probably would not turn it loose.

Mr. Heady asked doesn't some of the information that Mayor Kramer showed in his presentation go to the answer to questions on the baseload generation assets. If the City was to shed themselves from customers outside the corporate limits, then the City maintains ownership of the baseload generation. So, it was no longer a question as far as what to do with it. The City owns it, they keep it, and they use it.

Mr. Vitunac said that is why partial sale is of some interest.

Mr. Heady felt that Council should have the opportunity to discuss this.

Mr. Fletcher said there were a lot of "ifs" and Council could discuss this for the next eight hours and still not have an answer. He felt that the Mayor had a great idea, but felt that they needed to move on

Mayor Kramer said that people have approached him and they love the idea of getting FP&L rates, getting the same service, and keeping the taxes the same. He said that this would cut the County loose and everyone would be happy.

Mr. Heran felt that they needed to understand the road forward and how they would overcome potential pitfalls.

Mayor Kramer said the purpose of having a model is so when they figure out how the entitlement settlements are going to work out, they would have something to immediately plug in to see the value to the taxpayers.

Mr. Falls said that when he asked this Council to reaffirm his appointment as Interim City Manager, one of the things he asked was that each Councilmember notify him if they were not receiving information they requested from staff. For the record, he wanted to make sure that the Mayor was receiving information that he has requested from staff and that he was not getting opposition from staff.

Mayor Kramer said that he was collecting the raw data and by passing staff altogether.

Mr. Falls said that the Mayor was getting that information from staff.

Mayor Kramer said that was correct.

Mr. Falls said that his point was that staff was not opposing the effort of the Mayor to look at the different alternatives.

Mayor Kramer said it was actually the opposite.

Mr. Falls said that while the City of Vero Beach may have more employees than the City of Sebastian, it is not an apples to apples comparison. He explained that the City of Vero Beach offers more services, such as utilities.

Mayor Kramer said that he wanted to make sure we were an efficient City. He said that he hates the fluff talk of services. He said that he wants the actual numbers. He said that he wants to make the City's budget competitive, efficient, and to give good value to the taxpayers.

Mr. Falls said that staff would assist in doing that.

Mrs. Turner said that she was very discouraged to learn that they had already paid the renewal membership fee to FMEA. She said that Council voted not to do this, but the check had already been sent.

Mr. Heady asked why Council wasn't told that at the time. He asked when was the check mailed, who drew it, and what is the date on it.

Mr. Falls said when Council asked if it had been paid, Mr. Lee did not know that the check had already been sent.

Mr. Maillet explained that this was a routine annual membership. He said that by the time Council got around to saying don't pay the annual membership, it was paid. He said that they could ask for a partial refund, but they have responsibilities and among those are the FMEA membership, which offers things such as mutual aid. He said that Dr. Faherty doesn't like it because he feels that FMEA undermined his personal efforts to strip the taxpayers of Vero Beach of their utilities. Mr. Maillet felt that they should discuss what the FMEA membership involves.

Mr. Heady said that last year Council was told that the payment had already been made and that they would revisit this. He said that this has been on the table for a long time.

Mrs. Turner said that the check has been mailed. She asked staff to come up with an alternative to the mutual aid and look at cancelling their membership with FMEA.

Mr. Heady asked for a copy of the check, and he wanted to know who signed off on it and when.

Mr. Fletcher said it was important to know the benefits of FMEA. He said the mutual aid benefit was really big.

Mr. Maillet explained that the payment would have been a wire transfer. He said that he would get the information to Mr. Heady.

Mrs. Turner said that they were supporting an organization whose main lobbying would be against the sale. She said that the City is funding those lobbying efforts, which was not appropriate.

Mr. Heady had some problems with this bill being paid after staff had been given directives from the Council.

Mr. Lee said that Mr. Heady said that staff has the right to say he was wrong. Mr. Lee said that before Council said anything about the FMEA dues, he had already received the invoice, signed off on it and it went to Finance for a wire transfer. The night that Council discussed this he did not know if the wire transfer went through. What Dr. Faherty said was that the City could work out a mutual aid agreement with FP&L to replace the agreement they have with FMEA. He said that was something that would take a great deal of time to do. He said that the dues were paid before this ever came up.

Mr. Heady said he has asked staff if he is ever incorrect in his assumptions that they stop him right then and there. When Council discussed not paying the dues and Mr. Lee knew it had already been done, then he had the obligation to come to the podium and tell Council that the dues have already been paid.

Mr. Lee said that this issue came up under Matters by the Public and a customer gave Council an opinion. It was his understanding that those issues were not to be voted on, but discussed. He said that a customer suggested something and he does not react to that.

Mr. Heady said that the customer didn't suggest it, he (Mr. Heady) suggested it six months ago.

Mrs. Carroll made a motion to adjourn the workshop at 4:48 p.m. Mr. Heady seconded the motion noting that they would table the remaining items to the next Council meeting. The motion passed unanimously.

3. Sports Village financial analysis – Requested by Councilmember Brian Heady

4. Parking possibilities in downtown – Requested by Councilmember Brian Heady

5. **Further discussion of reception area City Hall – Requested by Councilmember Brian Heady**
6. **Progress on updating restriction for vehicles allowed in residential neighborhoods - Requested by Councilmember Brian Heady**
7. **Update on noise regulations near residential neighborhoods – Requested by Councilmember Brian Heady**
8. **OUC Contract – Requested by Councilmember Brian Heady**
9. **Progress on Reconstituting Finance Committee – Requested by Councilmember Brian Heady**
10. **Change time of Council meeting – Requested by Councilmember Brian Heady**
11. **Debit Card – Requested by Councilmember Brian Heady**

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