

**VERO BEACH UTILITIES COMMISSION MINUTES
TUESDAY, JANUARY 12, 2021 – 9:30 A.M.
CITY HALL, COUNCIL CHAMBERS, VERO BEACH, FLORIDA**

PRESENT: Chairman, Jane Burton (arrived at 9:43 a.m.); Vice Chairman, John Cotugno; Members: Judy Orcutt, John Sanders, Mark Mucher, and Indian River Shores Representative, John McCord **Also Present:** Water and Sewer Director, Rob Bolton; City Attorney, John Turner and Deputy City Clerk, Sherri Philo

1. CALL TO ORDER

The Vice Chairman called today's meeting to order at 9:35 a.m.

2. APPROVAL OF MINUTES

A) December 8, 2020

Mr. McCord made a motion to approve the minutes of the December 8, 2020 Utilities Commission meeting. Mr. Cotugno seconded the motion and it passed unanimously.

3. PUBLIC COMMENT

None

4. NEW BUSINESS

None

5. OLD BUSINESS

None

6. CHAIRMAN'S MATTERS

None

7. MEMBER'S MATTERS

A) Modeling Septic System Nutrient Impact on the Indian River Lagoon - Requested by Mrs. Judy Orcutt

Mrs. Orcutt gave a presentation on the modeling septic system nutrient impact on the Indian River Lagoon (attached to the original minutes). She showed on the screen; Table 08 – Estimated Overall TN Reduction for several Treatment Options of the Florida Onsite Sewage Nitrogen Reduction Strategies Study, Figure 5-2 STEP Scenario Modeled Nitrogen Plumes of the City of Vero Beach Water and Sewer Department ArcNLET Modeling Report and the Septic Tank Pump-out Dashboard (attached to the original

minutes). She proposed that as the City is moving forward in making their septic remediation plan, that they make it a goal of the City to make the barrier island within the City limits septic system free.

Mr. John Turner, City Attorney, said they have a point of parliamentary procedure that needs to be discussed. He explained that under the City's Ordinance, when a member is late to a meeting, that member is not to be seated unless the full designated members are not present, including Alternate Members. He said if there is a full Commission present including Alternate Members, then Mrs. Burton could not be seated. However, they do not have full membership of the Commission. He said that he would not recommend that Mrs. Burton take the gavel and run the meeting at this point, but she can remain seated with approval of the other members of the Commission. He asked the Board for a motion that the Chair may sit, but not run the meeting.

Mr. Mucher made a motion to approve allowing Mrs. Burton to sit at the dais. Mr. McCord seconded the motion and it passed unanimously.

Mr. Mucher asked Mrs. Orcutt why the new septic systems treat nutrient reduction better than the old systems when the technology is basically the same.

Mrs. Orcutt referred back to Table 08 – Estimated Overall TN Reduction for Several Treatment Options of her presentation. She said in looking at the numbers shown on the chart, the old systems do nothing and the new systems only take out 30% of the bad stuff. In effect, the septic tanks are inappropriate for the barrier island.

Mr. Cotugno said the proposal to make the barrier island septic free is a good objective. He asked Mrs. Orcutt how she would propose they do this.

Mrs. Orcutt said that she would not begin to tell the City how to do it, but she would like it to be a goal. She said the City is going to have to do a septic remediation plan and she felt this would be an important goal as part of that plan. She felt a very important goal to have as part of the City's septic remediation program is to clean up the worst area first, which is the barrier island.

Mr. Cotugno said as he understands it, Mrs. Orcutt would like the Commission to pass on to the City Council that they consider making the barrier island septic free.

Mrs. Burton thought that it was more of a recommendation to the City Council, which she felt should be made in the form of a motion.

Mr. Turner suggested that they focus on what it is that the Utilities Commission wants to do. He said they could advise the City Council that they consider and adopt a Resolution expressing the goal of the City of Vero Beach is that all systems on the barrier island are connected to the STEP System or a future sewer system.

Mrs. Orcutt asked can the Commission vote that they recommend to the City Council that they make 100% STEP System connection mandatory within the City limits and on the barrier island.

Mr. Bolton said they will still have people on the barrier island who are fronting a sewer system that are on the septic system so if they are going to make a recommendation, he would recommend that they connect to the STEP System or a sanitary sewer system, whichever is available to them.

Mrs. Orcutt asked is the City planning to do the septic to sewer remediation plan, which is part of Senate Bill 712.

Mr. Bolton said that is something the City is going to have to do, but the State is still in the process of writing the rules.

Mrs. Orcutt said the Commission could make a recommendation to the City Council to have the barrier island within the City limits septic system free as the first step.

Mrs. Burton said because Tallahassee is in the process of writing the rules, she felt that this was premature. She felt that they should wait until they see what the rules are going to be.

Mr. Turner suggested that they rely on staff to see what recommendations would be appropriate.

Mr. Keith Drewett suggested that there should be some action by the City Council in terms of a change in policy or a change in legislation on what is going to occur.

Mr. Cotugno asked Mrs. Orcutt if she wanted to make her recommendation in the form of a motion today or if she wanted to make her proposal more defined and table this until their February meeting.

Mrs. Orcutt asked that this item be tabled to their February meeting.

B) Follow-up on \$1.5 Million Grant and any other Pending Grants that can Affect the City's Efforts to Improve Lagoon Quality – Requested by Mr. John Cotugno

Mr. Cotugno said the City just received a \$1.5 million grant and there are other pending grants to improve the water quality of the Lagoon.

Mr. Bolton reported that the City received a \$1.5 million grant under the Indian River Lagoon Cost Share Program for the construction of the main canal pump station and treatment system, which will allow for removal of up to four (4) million gallons of water per day from the main relief canal to be filtered and provided back out as irrigation water. The City is working with John's Island Water Management on a pipeline that would go from the Water Treatment Plant to the barrier island. He hopes they would have a Memorandum of Understanding (MOU) within the next month. He reported that the

pipeline would provide treated canal stormwater to ponds on the barrier island, as well as supplement the reclaimed storage tank by Indian River Shores (IRS) Town Hall, which would improve the reclaimed water system. He reported that the City would be submitting another grant request on January 19, 2021, for the pipeline itself in this coming St. John's Water Management's Cost Share Agreement process under the alternative water supply.

Mr. Cotugno referred to the STEP System conversions and asked Mr. Bolton if he thought about applying for grants.

Mr. Bolton reported that the City received a grant for the first installation of the STEP System force mains. Staff is currently checking to see what the new requirements on the grants will be. They didn't apply for a grant this round because they do not have the design, which would take about one (1) year and they hope to submit for a grant next year for STEP System lines outside the City limits. He noted that if the State is going to be funding septic to sewer programs there could be a caveat in the applications or in the actual agreements that requires mandatory connection.

C) Update on the State's Unfunded Mandates Regarding Lagoon Water Quality – Requested by Mr. John Cotugno

Mr. Cotugno said this item was discussed under item 7-A). He asked Mr. Bolton if he had anything more to add.

Mr. Bolton reported that they are going to have the septic to sewer and the wastewater system evaluation and improvements. The City did budget for additional staffing and equipment to begin the process, which will take place after March of this year. He said every wastewater utility in the State of Florida will have to evaluate their system over a 10-year period. He reported that they don't know what the State is going to require on the septic to sewer. As far as reclaimed water, the City is moving forward with design and construction of the new wastewater treatment plant that would meet advanced wastewater treatment requirements.

Mrs. Orcutt said another issue they are struggling with in regards to the Lagoon is stormwater. She reported that the City's GIS Department created an educational tool on their website entitled, "*Where does the rainwater go*" and she asked staff to go through this with the Commission. She asked the Commission members if they wanted to add this item to today's agenda or put it on their February agenda.

Mr. Turner suggested that they hear this item at their February meeting.

Mrs. Orcutt agreed.

D) Follow-up on the Progress of the New Wastewater Treatment Plant Design and Funding - Discussion of a Possible Timeline with Milestones going Forward – Requested by Mr. John Cotugno

Mr. Bolton reported that the first milestone is to get an Engineer to start the design of the new Wastewater Treatment Plant. He then went over the timeline for project benchmarks with the Commission members (attached to the original minutes). He reported that staff is also soliciting for a Financial Advisor.

Mr. Cotugno asked when will they have an idea of what this will cost the City and the taxpayers.

Mr. Bolton said they know what the cost is going to be, it is just how you fund it. He said a lot of it is going to come through rates at some point.

Mr. Mucher said they have been talking about this for two (2) or three (3) years and it has always been a five (5) year project. He asked when does the five (5) years begin.

Mr. Bolton said it would begin on January 26, 2021.

Mr. McCord reported that Indian River Shores (IRS) is once again in mitigation with the City of Vero Beach. He said that he was involved in the mitigation the last time, which took seven (7) years on a project that people said could not take place; that they could not get out of the Florida Municipal Power Agency (FMPA) contract. Seven (7) years later and many millions of dollars in legal fees and wasted time they got out of that contract. He said they got out of it because the people of Vero Beach said they have had enough of the high rates and inefficiencies of the FMPA. They wanted lower rates with a better service provider, which turned out to be Florida Power and Light (FPL). The current lawsuit between IRS and the City of Vero Beach is over pressurized water. He said he has heard the cost of \$50 to \$55 million for the Plant. However, a similar facility with the same capacity is being constructed in Orlando and the cost of it was bid out in 2019, at \$106 million. He wanted the Commission members to be fully aware of the fact that they are not looking at \$50 million or \$60 million, but probably in excess of \$100 million. He said IRS would like the Utilities Commission to recommend to the City Council that they consider merging with the County. He said that IRS is approximately 20% of the City's business and their contract with the City goes through 2026 or 2027, and IRS has to give notice to the City by 2023, in order to exit the contract at the end of the term. He said IRS does not want to be burdened with a \$60, \$70 or \$100 million burden of having significantly higher rates if there are other options for the City similar to what the City did with FPL. He said IRS is concerned about this project and they would like this Commission to encourage staff to consider other options as part of this project. He felt that when the final cost comes in and the public is made aware of it, they are going to question if the City looked at other options and if not, why.

Mr. Bolton reported that the City has looked at those options and he can have that information available to IRS.

Mr. McCord said so the answer is that staff is not willing to continue down that road.

Mr. Bolton felt they have been doing that for years. He reported that staff did a report that showed merging with the County would be more expensive than building a new Plant.

Mr. McCord said then IRS needs to look at their options.

Ms. Cindy Lawson, Finance Director, explained that staff will be sending out a Request for Bid (RFP) for a Financial Advisor Firm for the City. The primary purpose is to bring the Firm on board as part of the conversation about how to properly finance this project as they move forward. She is also working with the City's Rate Consultant to develop a high level estimate on what the impact might be on rates. She noted that the goal in the financing is to appropriately match the ammonization of the financing to the useful life of what they are building. She felt that they would have a high level view of how this will impact rates in the next few months.

8. ADJOURNMENT

Today's meeting adjourned at 11:09 a.m.

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