

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

PRESENT: Chairman, Jane Burton; Vice Chairman, John Cotugno; Members: Judy Orcutt, Mark Mucher, and Indian River Shores Representative, John McCord **Also Present:** Water and Sewer Director, Rob Bolton; Assistant City Attorney, Jenny Flanigan and Deputy City Clerk, Sherri Philo

Excused Absence: John Sanders

1. CALL TO ORDER

The Chairman called today's meeting to order at 9:30 a.m., and the Deputy City Clerk performed the roll call.

2. APPROVAL OF MINUTES

A) January 12, 2021

Mr. McCord made a motion to approve the minutes of the January 12, 2021 Utilities Commission meeting. Mr. Cotugno seconded the motion and it passed unanimously.

3. PUBLIC COMMENT

None

4. NEW BUSINESS

None

5. OLD BUSINESS

A) Update on Water Reclamation Facility – Mr. Rob Bolton, Water and Sewer Director

Mr. Rob Bolton, Water and Sewer Director, went over the design/construction tentative schedule for the Water Reclamation Facility with the Commission members (attached to the original minutes).

B) Update on Stormwater Main Canal Project and John's Island Water Management (JIWM) Pipeline – Mr. Rob Bolton, Water and Sewer Director

Mr. Bolton reported that the City received a grant in the amount of \$1.5 million from St. John's River Water Management (SJRWM) to do the intake structure and the modifications to the Treatment Plant to treat the stormwater. He said they hope to go out to bid and begin

construction this summer. The remainder of the project is the pipeline from the City's Water Treatment Plant to John's Island Water Management (JIWM) southgate area on A1A. The City will be putting in a request for a grant from the SJRWMD as an alternative water supply. He reported that the State originally had \$40 million to go towards projects, however when the Department of Environmental Protection (DEP) selected the projects, they only selected the projects in Central Florida. So the City did receive grant funding for the intake structure, but not for the pipeline. The City is currently in the round of 2021/2022 partial agreements and are requesting funding, which closes around February 19, 2021, and there would probably be some type of awards in April, 2021. The City is currently in discussions with JIWM for an agreement.

Mr. Mucher asked where does the main canal project fit in. He said it was his understanding that the scrubbing facility was a County project.

Mr. Bolton said that is a County filter facility and the City's intake will be downstream of that. He explained that where Lateral E and the Main Relief Canal comes together, on the north side of the canal is where the City would build the intake structure.

Mr. Mucher suggested that Mr. Bolton explain the entire project to the Commission members at a future meeting.

The Commission members agreed.

Mr. Bolton said that he could discuss the project as a whole at their next meeting. He thought that he discussed the project with the City Council, but he did not think that he discussed it with the Utilities Commission.

Mr. Mucher asked Mr. Bolton to let the Commission members know what City Council meeting it was discussed at so they could go back and watch it.

Mr. Bolton thought it was discussed during the budget process and possibly at a regular City Council meeting, but he would need to go back and research it.

C) Discussion on New St. Johns River Water Management District (SJRWMD) Cost Share requirements for Alternative Water Supply (AWS) and Septic to Sewer (S2S) Projects – Mr. Rob Bolton, Water and Sewer Director

Mr. Bolton reported that in this round of cost share agreements, Senator Bradley requested additional model ordinances that SJRWMD has out for landscaping, watering, etc., to be adopted by the applicant. He said the City is permitted to say they are in the process of adopting these ordinances, but before they could sign an agreement with them the City would have to have them in place. City staff downloaded the ordinance for the alternative water supply and the City Attorney's office is in the process of reviewing it. He said that this will satisfy the canal project. One thing they put in place for septic to sewer, which could be an issue with future extensions of the STEP System is that they want mandatory requirements for connection. On top of that they want letters from 75% of the affected

property owners saying that they are in favor of the project and want to connect, which he does not see happening. He felt that the letter program was going to kill projects.

Mr. Mucher asked are the requirements for connection the same for the STEP System as they are for gravity sewer.

Mr. Bolton explained that when he permitted all the STEP System lines, he wrote into the permit that the City was not making it mandatory, but they would make it mandatory upon failure of a person's septic system. The City received the permit from the Department saying that was okay. He said if you are in the business of running gravity sewer you almost have to do it mandatory because 85% of the cost is upfront to the Utility so they have to receive that back in some assessment of some sort. The way the Florida Statute is written, is it only requires the City to notify the property owner that it is available and they have 365 days to connect.

6. CHAIRMAN'S MATTERS

None

7. MEMBER'S MATTERS

A) Continuation of Discussion Regarding Septic Tanks, the ArcNLET Model and the STEP System – Requested by Mrs. Judy Orcutt

Mrs. Orcutt said she is suggesting that the Commission requests that the City Council direct staff to find ways to speed up the connection rate to sewers on the barrier island. She felt that the Commission discussed this completely at last month's meeting and she has a motion that she would like to put forward, which was included in their backup information (attached to the original minutes).

Mrs. Orcutt made a motion that the Utilities Commission requests that the Vero Beach City Council consider directing the Utility staff to provide a comprehensive list of actionable ideas and/or policy directives that will accelerate the rate of connection to the STEP System. Special attention should be directed towards the elimination of septic systems on the barrier island due to the proximity to the Lagoon and the ocean. Mr. McCord seconded the motion.

Mr. Mucher asked if City customers or anyone in general who resides outside the City limits were interested in getting the STEP System would that need to go through a whole new permitting process.

Mr. Bolton said it would be easier to permit all the lines like they did within the City. He explained that if they had a plan in place to permit and install all the lines it would make the process a lot faster for anyone outside the City limits. He noted that the lines run to every home within the City limits so the person just connects.

The motion passed unanimously.

B) Presentation of “Explore Where the Rain Goes” - Requested by Mrs. Judy Orcutt

Mrs. Orcutt reported that she asked Ms. Chambers of the City’s Engineering Department to give a presentation on “Explore Where the Rain Goes.”

Mrs. Danessa Chambers, Assistant City Engineer, gave a presentation on the City’s Stormwater Story Map, “Explore Where the Rain Goes,” which is located on the City’s website under GIS Maps.

Mt. McCord said that he wanted to make a few comments and he is going to be making a motion at their next meeting. He said that when he agreed to be on this Commission he asked himself what could he bring to this Commission. He said that he is a lawyer and has extensive utility experience. He first wanted to thank Mr. Bolton for the good job that he does with the resources that he has. He said that he thought about the Commission and what their responsibilities are and the more he thought about it he started making notes and reading over all of these reports. He said having gone through the Florida Power and Light (FPL), the City of Vero Beach, and Indian River Shores (IRS) debacle, which cost a lot of money and fortunately it worked out, he realized that even though things are hard they can be accomplished if they all work together. He said that he looked at the Florida Department of Economic Development numbers on population and there are 157,000 people who live in Indian River County and only 17,000 that live in the City of Vero Beach according to their numbers, which he thought were a little higher now, so the City is 11% of the population. As far as water utilities are concerned in the United States, there is a water shortage on a National basis. Wall Street is starting to show up in the water business because they are going to start to see a water future contract coming down the road, which they are starting to see in California already. He said there is nothing that Wall Street likes more than uncertainty and this plays right into their hands. He said they are going to get into the water business, which means they are also going to get into the weather business because that affects water. He said it kind of sounds eerily familiar to the gas hedge that the Florida Municipal Power Agency (FMPA) put on. He said the City of Vero Beach or whoever runs this facility is going to be in that business. He said we got a real curveball this weekend and he is sure they all saw it. He reported that a city in Florida of a very similar size to the City of Vero Beach got hacked, which was Oldsmar, Florida. Now the FBI and the CIA are involved and all of a sudden if you are going to run a water utility in the United States your costs just went up dramatically. He said they have no idea what those costs will be. He said this could happen in Vero Beach just as it did in Oldsmar. On top of that they have things like Flint, Michigan, which exposes cities like Vero Beach unless you could count sovereign immunity, which he doesn’t think works very well. He said we have a responsibility and Mr. Bolton is doing exactly what he was asked to do, figure out what it is going to cost, get the Plant, let’s go down that road and properly figure this deal out. On top of that, we now have an Administration that is very environmentally cautious, which is good and he supports that. But, as we change the rules, which they are going to change, our costs go up and there is going to be more dynamics, rules, legislation, etc., which all add to our costs. He said we are heading down one (1) path right now without knowing what the costs are going to be. He said that is not Mr. Bolton’s fault or

anyone's fault on the Commission, but we are heading down that path. As we go down that path at some point the numbers are going to appear and there are going to be two (2) reactions. He said that one (1) reaction is going to be "oh my God," I had no idea it was going to be this expensive. His message is as it was in the FPL debacle, the City said there is no way, we can't get out of this contract, there are no other options, we have no other options. He said you have no other options unless you pursue the other options, which fortunately they did, but it was a debacle to go through that. He said that he is going to make a motion at their next meeting that they go down another option so at least when this is all said and done they can say at least they looked at our other options. Those other options are to merge with the County, to go with a regional water authority, etc. He said they might not have an option. It might be thrown at us where the State or Federal Government says they are going to force the City to do it anyway because there are environmental rules, etc. and you can't abide by all the rules so they are going to force the City to do it anyway. What he is saying is that at this point, here we are in 2021, and they are not going to have the numbers on what this Plant is going to cost let alone what the rules that affect this Plant are going to be. He said it is going to be a continuous project, especially with the issue that occurred in Oldsmar. All he is asking is that they consider going down that path and recommending to the City Council consideration regarding the Plant and to at least consider consolidating with someone else so that they are more efficient and does not put such a huge financial burden on a City of 17,000 people. That is going to be his motion and he hoped the Commission shared in some of his thoughts. He said to go down blindsided one (1) avenue with all the things happening in the world right now, he thinks would be a mistake and it would be shortsighted. He said that is his position. He thanked the Commission for the courtesy of listening to him. He said that he didn't want to make the motion today in that he wanted them to think about some of these thoughts. He felt that based on what is going on in Oldsmar, there are some things out there that are pretty serious that are going to affect costs and how water utilities are run in the United States and he wanted the Commission members to be aware of that.

Mr. Mucher asked Mr. McCord if he would put his motion in their agenda package so they will have a chance to look at it.

Mr. McCord answered yes.

Mr. Bolton reported that Indian River County was hacked last month and it shut them down for two (2) weeks. He said that the City is currently going through an evaluation to see what their vulnerabilities are.

Mrs. Orcutt excused herself from today's meeting at 10:46 a.m.

Mr. McCord said his point is that if you are doing the whole deal with a City of 17,000 people versus a County of 200,000 people versus a State of 10-million people, you are going to have some significant efficiencies if it is a larger operation. He said it is not a reflection on Mr. Bolton. He is doing a great job, but it is reality. He said it is no different than FPL. It is a much more efficient operation and that is why they can charge less even though it is a private entity. He said if they are a really responsible Commission, they have to be able to say, Mr. Bolton go down that way and they have to have an answer to it, but

they also have to have a Plan B. That to him is his responsibility as a Commission member. What is their Plan B if all of a sudden this thing comes in at \$100 million. They are going to say that they wished they had at least looked at a Plan B. He said that he wants to do his job by saying lets at least look at the options.

Mrs. Burton said prior Commissions have gone down that path and have done studies and looked at other options. At the time, the instance that Mr. McCord is talking about now was not so forefront in the consideration so he is probably correct that maybe they need to simultaneously look at this question again. She noted that the Commission did look in the past at other alternatives and based on the information that was available at that time the decision was made. Now some other issues have come in the forefront and she agrees that maybe they do need to think about a Plan B while they are working on Plan A. She thanked Mr. McCord for bringing this to their attention and they will look forward to his motion at their next meeting.

Mr. Mucher asked Mr. McCord if what he is stating is that this is kind of like the electric business in that a lot of people argued that a City of 16,000 people had no business being in the electric business. He asked Mr. McCord, if he was stating that they could do this same parallel with the water business.

Mr. McCord answered yes. He thinks that because they now have the environmental issues and the new Administration, there are going to be new regulations and regulations cost money. He said they are going to have infrastructure projects in the United States over the next four (4) years. This Administration is committed to it for better or for worse. That increases the cost of construction and when you increase the cost of construction and we are talking about potentially a \$50 million Plant, he can assure them it is not going to cost \$50 million. It will be a lot more than that. This is what we went through with FPL. They were saying it cannot be done, but we got it done and the rates went down. All he is saying is that they should at least go down that path.

Mrs. Burton said this item will be put on their next agenda.

Mrs. Burton said that she has been on this Commission on and off for the last 15-years or so and as a Utility Operator, which she is Certified by the State of Florida, the City of Vero Beach has done some cutting edge stuff to meet MCL levels to where they are operating at a rate ahead of what the targets are. They are well into compliance and they need to remember that when they start talking about merging with someone else or doing some other things. She said one (1) of the things they need to look at very closely is that the utilities that she is receiving are not constantly cited and having to come up to standards and the City of Vero Beach is ahead of that. She said they are doing this and it needs to be remembered.

Mr. Bolton said it is a question of, what is your preference. He said when the City looked at the possibility of regionalization with the Waste Water Plant, one (1) of the key things the City Council discussed was that they would be investing a lot of money for old technology where in the case of building a new Plant they would be investing in new technology with better treatment. It is a matter of preference and control of your destiny.

Mrs. Burton said they need to keep that in mind because at some point somebody may want to merge with the City. She said that she wrote to the City Council when this issue was first being discussed stating that they are going cutting edge technology versus a bandaid.

8. ADJOURNMENT

Today's meeting adjourned at 11:02 a.m.

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