

VERO BEACH UTILITIES COMMISSION MINUTES
MONDAY, APRIL 22, 2019 - 2:00 P.M.
CITY HALL, COUNCIL CHAMBERS, VERO BEACH, FLORIDA

PRESENT: Chairman/Indian River Shores Representative, Robert Auwaerter; Members: Jane Burton, Chuck Mechling, Bob McCabe, Lance Morgan, John Sanders, Mark Mucher, and Alternate Member #2, Judy Orcutt **Also Present:** Water and Sewer Director, Rob Bolton and Deputy City Clerk, Sherri Philo

Unexcused Absence: George Baczynski

1. CALL TO ORDER

Today's meeting was called to order at 2:00 p.m.

2. PRELIMINARY MATTERS

A) Election of Officers

1. Chairman

Mr. Mucher nominated Mrs. Jane Burton for Chairman of the Utilities Commission. Mr. McCabe seconded the nomination.

Mr. Mechling nominated Mr. Robert Auwaerter for Chairman of the Utilities Commission.

The nomination of Mrs. Jane Burton for Chairman of the Utilities Commission passed 6-1 with Mr. Sanders voting yes, Mr. McCabe yes, Mr. Mucher yes, Mr. Mechling no, Mrs. Burton yes, Mr. Morgan yes, and Mr. Auwaerter yes.

2. Vice Chairman

Mr. Mucher nominated Mr. John Sanders for Vice Chairman of the Utilities Commission.

Mr. Sanders declined the nomination.

Mr. Mechling nominated Mr. Robert Auwaerter for Vice Chairman of the Utilities Commission. There were no other nominations. Mr. Robert Auwaerter was unanimously appointed Vice Chairman of the Utilities Commission.

B) Approval of Minutes

1. August 30, 2017 – Joint Utilities/Finance Commission Minutes

Mr. Auwaerter made a motion to approve the minutes of the August 30, 2017 Joint Utilities/Finance Commission meeting. Mr. Mechling seconded the motion and it passed unanimously.

2. July 6, 2017 – Utilities Commission Minutes

Mr. Mechling made a motion to approve the minutes of the July 6, 2017 Utilities Commission meeting. Mr. McCabe seconded the motion and it passed unanimously.

3. December 13, 2016 – Joint Utilities/Finance Commission Minutes

Mr. Mechling made a motion to approve the minutes of the December 13, 2016 Joint Utilities/Finance Commission meeting. Mr. Auwaerter seconded the motion and it passed unanimously.

4. November 8, 2016 – Utilities Commission Minutes

Mr. Mechling made a motion to approve the minutes of the November 8, 2016 Utilities Commission meeting. Mr. Auwaerter seconded the motion and it passed unanimously.

3. PUBLIC COMMENT

None

4. NEW BUSINESS

1. Mr. Rob Bolton, Water and Sewer Director, to give an update on future and ongoing projects

Mr. Rob Bolton, Water and Sewer Director, gave an update on the ongoing Septic Tank Effluent Pump (STEP) System. He reported that they have installed all the lines in the City's incorporated boundaries and have completed about 335 to 340 installations as of today. They did receive some grant funds through the Saint John's Water Management District (SJWMD) that helped offset some of the cost of the force mains that were installed.

Mr. McCabe asked what is the goal in terms of the total number of homes over the next several years.

Mr. Bolton said there are 1,500 homes in the City limits. He reported that as part of the discussions on having a new Wastewater Treatment Plant somewhere they might go outside the City limits. He said that he is currently reading new legislation that they are trying to pass in Tallahassee that could impact both the City and the County. He said this legislation is to have a septic to sewer program tied to basic management plans and load

reductions into the Indian River Lagoon. He said this might be the perfect opportunity for the City and the County to work together to identify those basic management areas.

Mr. McCabe said so essentially it will be four (4) or five (5) times this number.

Mr. Bolton said there are 1,500 homes in the City limits and probably another 1,500 homes in the City's service area outside the City limits.

Mr. Mechling asked how are they getting the message out to people on the incentive programs for the STEP System.

Mr. Bolton said letters were sent to the homes of the Bethel Creek area, the Live Oak area, and to both the South Beach and Riomar basins. He said they have not done anything on the mainland yet.

Mr. Mechling said in the beginning letters were sent out. He suggested putting the information in the utility bills in order to regenerate some interest.

Mr. Bolton said that he would think about it and report back to the Commission at their next meeting.

Mr. Mucher asked if there has been any discussions in the County about them doing their own STEP System separate from the City.

Mr. Bolton said the County did a vacuum system in the Rockridge area that they liked so they might continue to use this system. He said the reason the City did the STEP System was because it was a very low upfront cost to get the lines out to everyone. With a conventional gravity sewer system or with a vacuum system there is a large upfront capital investment.

Mr. Mucher wondered if it has been successful for the City residents why the same wouldn't apply to the County for the County residents.

Mr. Bolton said that he hasn't really talked with the County about it.

Mrs. Burton asked when this program comes to the mainland, will it include the unincorporated areas.

Mr. Bolton said currently it would be just for City residents. The next step would be to go to the unincorporated areas within the City's service territory and then have discussions with the County about serving some of the areas in their territory.

Mr. Bolton gave an update on the replacement of the Wastewater Treatment Plant. He reported that originally they were looking at what they could do at the existing Plant to get better nutrient removal and hired a consultant to do a study. During this process, the sale of the Electric Utilities took place and they began to have discussions to get

everything off the water so they hired another consultant who is finalizing what it would cost to build a new facility. He reported that the Commission will have two (2) reports come back before them. One (1) report will be on the cost to construct a new Plant as well as if they were not going to move the Plant what they would start investing back into the Plant over the next 15 years. That number is not the same number as what they could get by with in order to maintain the facility during the time they were constructing a new facility. The second report is if they keep the Plant where it is, what the cost to maintain the Plant, to remove nutrients, etc., would be. He reported that it appears in the new legislation that they are trying to make it a goal that any Plants located in the Indian River Lagoon area would meet advanced wastewater treatment plant standards in the future. This is something they need to seriously look at as they move forward with discussions on constructing a new wastewater treatment facility.

Mr. Auwaerter said the concern with keeping the Plant on the Lagoon is that sea levels are rising. He said that South Florida is doing a lot of work on this because they are getting saltwater intrusion. It would seem to him that it would be problematic to throw money into a Plant along the Lagoon. He said they might need to think about consolidating with the County. The secret to saving money with utilities is economy of scale. He felt they needed to look at the numbers because the last numbers he saw was about \$35 million to build a new Plant.

Mr. Bolton said it would be \$35 million to \$50 million depending on what they want to build.

Mr. Auwaerter questioned if it would be cheaper for the ratepayers and for the City to consolidate with the County and get the economy of scale and not build a new Plant.

Mr. Bolton said the County doesn't have the capacity to take the City's capacity so they would be constructing something somewhere. Whether they are constructing it on City property or on County property, they are still constructing something.

Mr. Mucher said it was mentioned that the City has consultants going in two (2) directions; one (1) looking at improving the old Plant and the other is looking at building a new Plant. He asked wouldn't it be more efficient if the City Council made a decision that they are going to abandon the old Plant.

Mr. Bolton said he thinks the proper way to do it financially is to look at what the cost would be and then make the decision. He felt they would find that financially it would probably move in the direction of building a new Plant because there are a lot of ongoing costs associated with keeping the existing Plant. For example, to maintain the existing Plant over the next 15 years it could cost about \$24 million plus the cost to add something to remove nutrients and a new Plant would be about \$50 million.

Mr. Mucher said that made it sound like a no brainer so he doesn't know why they were spending time and money in looking at keeping the existing Plant.

Mr. Bolton said this is what he is seeing in the preliminary numbers. He noted that they didn't know those numbers before they did the study.

Mr. Mucher said that he is not saying they don't need consultants. He just thinks they need to have clear direction.

Mr. Bolton said there is a bid opening coming up shortly they want to make sure that the numbers they present are true to that type of treatment facility. Once that opening occurs, the Commission will have the numbers before them.

Mr. Auwaerter asked will this include the impact on ratepayers on a typical bill at both residential and commercial level.

Mr. Bolton said right now they will do the construction cost and then they will look at what it would be financially, as well as look at the possibility for grants. He felt from a financial standpoint, they would need to look at what they are receiving in rates now that will pay for a new facility and then look into grant funding.

Mrs. Orcutt asked is it possible to reach advanced wastewater treatment at the existing facility with renovation.

Mr. Bolton answered yes.

Mrs. Orcutt referred to Mr. Auwaerter's comment regarding the rising sea level. She asked what is the elevation difference between the existing Plant and where they would build a new Plant.

Mr. Bolton said the ground is 12 feet higher where they would be building the Plant. He said the new Plant would be half buried underground and half above ground.

Mr. Auwaerter said that he attended a climate resilience conference in Miami last month and their keynote speaker was the Secretary to the Department of Environmental Protection and a lot of these issues were discussed about saltwater intrusion in wells, stormwater systems, etc., which is why he brought this up.

Mr. Mucher asked if they have noticed or been able to measure any sea level rise.

Mr. Bolton said United States Geological Survey (USGS) have stations here and they have data going back probably 50 years. He said the King Tides they have had over the last three (3) years have been higher than he has ever seen in the 20 years he has been working for the City.

Mr. Bolton said another legislative concern is that there appears to be a requirement to have a septic to sewer plan for a basin management plan. He explained that a basin management plan is the stormwater drainage area where they would identify each

stormwater drainage area and look at what the pollutants are and then have a plan in place to clean it up.

Mr. Bolton reported on a reuse study. He explained that the County changed their rates and currently the City has one (1) reuse rate for everything. He said the County does not have any pressurized customers and the City has both non-pressure customers and pressure customers. He reported that the Mayor requested that Mr. Auwaerter be involved in looking at this, as well as Mr. Joe Griffin from the Town of Indian River Shores (IRS); the General Manager for John's Island; and the County Utilities Director, Mr. Vincent Burke to sit on a committee with City staff to go through a reuse study to look at their costs.

Mr. Auwaerter felt it would be useful at their next meeting to have Mr. Bolton go over his capital expenditure program. He asked if there is a plan to replace pipes. The reason he is bringing this up is because in the GAI Optimization Study dated November 15, 2011, page 2-3, Section 2-1-3, *Water Transmission/Distribution System*, it states, "*the City's existing system consists of approximately 290 miles of pipe ranging from two (2) to 30-inches in diameter. Older portions of the water mains are mainly asbestos concrete and cast iron pipe. Newer water mains are mainly polyvinyl chloride (PVC), high density polyethylene (HDPE), and ductile iron pipe.*" He is curious how much of the asbestos concrete and cast iron pipes exists and where they are located. He said that he spoke with an engineer and was told that if the asbestos concrete pipes are not disturbed there is not a problem, but if it does get disturbed there is a problem. He said that he would like to see where the pipes are located and if there are any plans to replace them.

Mr. Bolton said he would bring back before the Commission the locations of the asbestos concrete pipes.

Mr. Auwaerter asked what kind of testing is done.

Mr. Bolton said there is not any testing needed. He said they identify these pipes because of the possibility of them breaking during construction activities.

Mr. Auwaerter asked what about the potential for asbestos to get into the water supply.

Mr. Bolton said asbestos is a problem if you breathe it. It does not break down into the water. He explained that there are friable (airborne) and non-friable types of asbestos and in this case it is non-friable asbestos.

Mr. Auwaerter made a motion to request that Mr. Bolton gives the Commission a presentation on the capital expenditure program going forward over the next five (5) years, in particular, to discuss what, if anything, there is in terms of replacement for water pipes in the system focused on the Water Plant.

Mr. Bolton reported that they are doing a construction project on 43rd Avenue where they will spend about \$1.3 million on the water pipes. Other than that any other pipes in the City they replace as needed, which they do budget for.

Mr. Auwaerter said that answers his question.

The motion died for lack of a second.

5. OLD BUSINESS

Mr. Mechling said that he would like the Commission to meet on a regular basis.

Mrs. Burton agreed. She said that she would get with Mr. Bolton to see when the two (2) reports will be done. If something comes up sooner they will schedule a meeting sooner.

Mr. Mucher said this Commission historically concentrated on electric and now they are getting very heavily into water and sewer. He said there are other utilities, specifically Solid Waste, and he didn't know if the Chairman wanted to concentrate on other areas of the utilities.

Mrs. Burton asked Mr. Mucher to give her a chance to do some research. She said that she would be contacting all prospective players that have anything to do with utilities.

Mrs. Orcutt said that she would like to see the ARC Inlet Modeling Study when it is complete, which is a study on the septic tanks and their impact on the Lagoon.

Mr. Bolton reported that the initial part of the study is complete. They are now in the calibration mode.

Mr. Mechling said that he was reading in the newspaper about the reuse issue of the City and IRS. It is his understanding that a Committee is being formed to look at this.

Mr. Bolton said that is correct.

Mr. Mechling said there is an issue between the City and IRS as to whether the reuse line is a rate issue because of pressurized and non-pressurized.

Mr. Bolton said there are two (2) rate classifications and in the City's contract with IRS, it states that the City will charge in accordance with a rate classification, which is both non-pressurized and pressurized. In the past when the County and the City was looking at getting IRS as their customer, the City brought up the fact that they have both pressurized and non-pressurized. The County said when they got pressurized customers they would charge a pressurized rate and then decided not to go get any pressurized customers. Then because the County's rate structure was higher and the golf courses were not using the water because they had an alternative water supply the County changed their rate to a non-pressurized interruptible service, which means there is no

guarantee of water and they would send the water into their pond if they want to so the County lowered their rate to .21 cents. He thinks that people just see their rate was lowered and don't know there are different rate classifications, which the City now is going through the process of doing the rate study.

Mr. Auwaerter said from the IRS's prospective, there is a difference of opinion.

Mr. Bolton said there is a difference of opinion, which is why they are trying to work through this.

Mr. Monte Falls, Acting City Manager, said they received some correspondence from Attorney Buck Vocelle, who is representing IRS on this issue so until staff can present this information to the City Council and get their direction, discussion is a little premature at this point.

6. CHAIRMAN'S MATTERS

None

7. MEMBER'S MATTERS

None

8. ADJOURNMENT

Today's meeting adjourned at 3:24 p.m.

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