

VERO BEACH UTILITIES COMMISSION MINUTES
WEDNESDAY, JUNE 19, 2019 - 2:00 P.M.
CITY HALL, COUNCIL CHAMBERS, VERO BEACH, FLORIDA

PRESENT: Chairman, Jane Burton; Members: Chuck Mechling, Bob McCabe, John Sanders, Mark Mucher and Alternate Member #1, Judy Orcutt **Also Present:** Water and Sewer Director, Rob Bolton and Deputy City Clerk, Sherri Philo

Excused Absence: Lance Morgan

Unexcused Absence: Bob Auwaerter

1. CALL TO ORDER

Today's meeting was called to order at 2:00 p.m. and the Deputy City Clerk performed the roll call.

2. APPROVAL OF MINUTES

A) April 22, 2019

Mr. Mechling made a motion to approve the minutes of the April 22, 2019 Utilities Commission meeting. Mr. McCabe seconded the motion and it passed unanimously.

3. PUBLIC COMMENT

None

4. NEW BUSINESS

Mrs. Burton explained that new business today is to discuss the Reclaimed Water Rate Study that is being presented for the Commission's consideration and they will limit all discussion to that particular topic.

A) Reclaimed Water Rate Study / Raftelis Financial Consultants, Inc. (Raftelis) – Mr. Rob Bolton, Water and Sewer Director

Mr. Rob Bolton, Water and Sewer Director, welcomed Mr. Mike Rocca and Mr. Robin Chacko of the Firm of Raftelis Financial Consultants, Inc. He reported that their Firm has acquired the Firm Public Resources Management Group, Inc. (PRMG), who was the ratemaking group that did the City's Water and Sewer rates in 2009.

Mr. Rocca gave a Power Point presentation highlighting the Reclaimed Water Rate Study (both items are attached to the original minutes).

Mr. Mechling said so this is a concept as the future rolls on what the City would be looking for to be fiscal responsible.

Mrs. Burton explained that this afternoon's exercise is to look at the rates the City is charging for reuse water going forward and doing classifications to identify how they want to go in the future. This has nothing to do with anything from the past or current legal activity. This is strictly to discuss going forward with a rate structure in a way to equitably recover the cost of reclaimed water. She explained that they are trying to make this equitable to the non-reclaimed water users that are wastewater customers, as well as the customers that get the reuse water.

Mr. Bolton thought what Mr. Mechling was asking was what is the purpose of the Rate Study and where do they go from here. He explained that currently the City operates at one (1) rate for all. He said the purpose behind the Rate Study was to evaluate all the different customer classifications and then establish the fair rate to charge based on the level of service.

Mr. Bolton noted that this Firm worked on the recent rate study that the County conducted, which is one (1) of the reasons the City hired them. He explained that the City wanted to make sure whatever they used in their ratemaking followed the same concepts of what the County did.

Mr. Bolton said the Commission's purpose today is to review this and to make a recommendation to the City Council.

Mr. Mechling said from this study and what the reality is today, are they to assume that there is a deficit on what the charge currently is.

Mr. Bolton answered yes. He thought it was about \$240,000 a year that they were under collecting.

Mr. Mechling asked how is that \$240,000 being handled.

Mr. Bolton said it is being borne by the wastewater customers.

Mr. Bolton explained that today the Commission is to look at the policies and make a recommendation based on the policies to the City Council.

Mr. McCabe said if they are going to continue to be in the wastewater distribution business they need to be recovering all the costs. He said this Study was well done, it was very comprehensive, and provides a lot of data going forward. He felt this was a progressive step in allocating the costs to provide this service more equitably among all the different customer base. He felt this was a major step forward.

Mrs. Orcutt said knowing nutrient content of reuse water is high and is going to need to be cleaned up to meet the nutrient requirement in reductions to restore the Indian River Lagoon, she is curious about how often they can change these rates.

Mr. Rocca said that is up to the City Council. They only developed the rates based on ratemaking principles, which includes the cost basis, service basis, and the policies the City sets.

Mr. McCabe said the logical thing to do would be that every time they do the annual budget that they look at the cost to provide this service and see if it has gone substantially that they bring it back before the Commission to look at the rates again.

Mrs. Burton said it also should be noted that at some future time if the costs gets prohibitive for what they can sell the reuse water for, they could revert back to using the Deep Injection Well and at that point it would be a nominal cost to all the reuse users.

Mr. Mucher said they didn't look at potable water. He asked Mr. Bolton if he felt they need to.

Mr. Bolton said he recently talked with Mrs. Burton about future Commission meetings and at their August meeting they would like to discuss the Wastewater Treatment Plant cost. His intention is to bring this before the Commission to make some policy recommendations to the City Council. Then they can move forward with trying to get grant funding. Then whatever remaining costs there are they would need to do a rate study to determine what the rates would be and if they are going to do that on the wastewater side then they should do the water at the same time.

Mr. Mechling made a motion to move this forward.

Mrs. Burton asked in moving this forward as a recommendation that they put forward as items one (1), two (2) and three (3) in the summary recommendations (page 10 and 11 of the Rate Study), is that the motion. Mr. Mechling answered yes. Mr. Mucher seconded the motion and it passed unanimously.

5. OLD BUSINESS

A) Suggested Meeting Dates

Mrs. Burton said the Utilities Commission is to meet on the second Tuesday at 9:00 a.m. each month. She is proposing that they start meeting monthly beginning in August on the second Tuesday of each month at 9:00 a.m. through December (suggested meeting schedule attached to the original minutes).

Mr. Mechling made a motion to adopt the proposed meeting schedule. Mr. McCabe seconded the motion.

Mr. Mucher said their meeting today was at 2:00 p.m. He asked how did they get back to meeting at 9:00 a.m.

Mrs. Burton explained that because of her travel schedule she could not meet last Tuesday at 9:00 a.m. She said that historically these meetings have been held the second Tuesday at 9:00 a.m.

The motion passed unanimously.

Mr. Bolton said they might want to discuss as a group what items they would want on future agendas.

6. CHAIRMAN'S MATTERS

None

7. MEMBER'S MATTERS

Mr. McCabe asked do the Commissions/Boards get a briefing on the Sunshine Law.

Mrs. Burton asked Mr. Falls if they could schedule someone from the City Attorney's office to give them a presentation.

Mr. Monte Falls, City Manager, said the new City Attorney is scheduled to start July 1, 2019 and they will put that on his list of things to do.

Mr. Mucher said there is a full presentation online.

Mr. Falls said that he will let the new City Attorney decide what he thinks is best.

Mrs. Burton said that she would like someone to give them a presentation.

Mrs. Orcutt asked are they throwing out ideas on what they want on agendas for future meetings.

Mr. Bolton said the members could come back to their next meeting with their wish list and the Commission can go through them.

Mrs. Orcutt said that she would send her ideas to the City Clerk's office.

8. ADJOURNMENT

Today's meeting adjourned at 3:05 p.m.

/sp