

**VERO BEACH UTILITIES COMMISSION MINUTES**  
**THURSDAY, JULY 6, 2017 - 10:00 A.M.**  
**CITY HALL, COUNCIL CHAMBERS, VERO BEACH, FLORIDA**

**PRESENT:** Vice Chairman/Indian River Shores Representative, Robert Auwaerter; Members: Chuck Mechling, Herb Whittall, John Smith, Jane Burton, Mark Mucher, and Alternate Member #2, Judy Orcutt **Also Present:** City Manager, James O'Connor; Public Works Director, Monte Falls, Finance Director, Cindy Lawson, and Deputy City Clerk, Sherri Philo

**Excused Absences:** J. Rock Tonkel and George Baczynski

**1. CALL TO ORDER**

Today's meeting was called to order at 10:00 a.m. and the Deputy City Clerk performed the roll call.

**2. ELECTION OF OFFICERS**

**A) Chairman**

**Mr. Mechling nominated Mr. Bob Auwaerter for Chairman of the Utilities Commission.**

**Mr. Whittall nominated Mr. Chuck Mechling for Chairman of the Utilities Commission. He felt that the Chairman of the Commission should be a resident of the City.**

**Mr. Mechling declined the nomination. He felt that Mr. Auwaerter had more experience.**

At this time, the Commission members were notified that there was an issue with broadcasting. The Commission members agreed to hold their comments until the broadcasting issue was repaired.

At 10:03 a.m., the broadcasting issue was repaired and the meeting continued.

**Mr. Mechling felt that Mr. Auwaerter had the experience to Chair this Commission. He respectfully declined the nomination.**

**Mr. Smith nominated Mr. Herbert Whittall for Chairman of the Utilities Commission.**

**The Deputy City Clerk called the vote on the nomination of Mr. Bob Auwaerter for Chairman of the Utilities Commission and the nomination passed 4-3 with Mrs. Orcutt voting no, Mrs. Burton yes, Mr. Smith no, Mr. Whittall no, Mr. Mucher yes, Mr. Mechling yes, and Mr. Auwaerter yes.**

**B) Vice Chairman**

**Mr. Auwaerter nominated Mr. J. Rock Tonkel for Vice Chairman of the Utilities Commission.**

**Mr. Smith nominated Mr. Herbert Whittall for Vice Chairman of the Utilities Commission.**

**The Deputy City Clerk called the vote on the nomination for Mr. J. Rock Tonkel for Vice Chairman of the Utilities Commission and the nomination passed 4-3 with Mrs. Orcutt voting no, Mrs. Burton yes, Mr. Smith no, Mr. Whittall no, Mr. Mucher yes, Mr. Mechling yes, and Mr. Auwaerter yes.**

**3) APPROVAL OF MINUTES**

**A) January 10, 2017**

**Mr. Mechling made a motion to approve the minutes of the January 10, 2017 Utilities Commission meeting. Mr. Smith seconded the motion and it passed unanimously.**

At this time, Ms. Kira Honse, Assistant City Attorney, noted that she placed on the dais before each member the Guide to the Sunshine Amendment and Code of Ethics for Public Officers and Employees that is produced by the Florida Commission on Ethics (on file in the City Clerk's office). She explained to the members that they are considered Public Officers and are governed by the Code of Ethics. She asked the Commission members to look over the information and if they have any questions to contact the City Attorney's office.

**4) PUBLIC COMMENT**

None

**5) DISCUSSION OF THE BUDGET**

**6) DISCUSSION OF STORMWATER**

Mr. Auwaerter suggested that the Commission first go through the General Budget and then move on to the Five Year Capital Program.

Ms. Cindy Lawson, Finance Director, gave a brief overview of the Electric Utility proposed budget listed in staff's memorandum to the City Council dated June 30, 2017 (attached to the original minutes). She noted that she used the estimate retails sales out of the 4% loss to come up with purchase power quantities and a rolling 12-month average per megawatt hour to price out what she thought it would cost the City in the coming year. She explained that she used the rolling 12-month actuals because at this point they don't have any specific information from the Florida Municipal Power Agency (FMPA) with regard to their budget.

Mr. Whittall said they were discussing a budget from October to October.

Ms. Lawson said it is from October 1<sup>st</sup> through September 30<sup>th</sup>.

Mr. Whittall asked when are they talking about the sale of the Electric Utility.

Ms. Lawson answered the end of September 2018.

Mr. James O'Connor, City Manager, said they had a meeting yesterday and the closing on the sale would be at the earliest September or October 2018. He said they are shooting for somewhere within the fourth quarter of 2018.

Mr. Auwaerter said that is regarding a potential close of the sale if one goes through.

Mr. O'Connor said that is correct. He noted that until closing, nothing will take place. In other words they will have agreements in place with FMPA and with Orlando Utilities Corporation (OUC). But, the transfer of customers and the configuration of the electric system, Florida Power and Light (FPL) is stating somewhere in the neighborhood of seven (7) to nine (9) months.

Ms. Lawson continued with the overview of the proposed budget. She reported that there were two (2) fulltime positions removed due to the closure of the Power Plant and two (2) positions going to Transmission and Distribution. The transfer from the Electric Utility to the General Fund is flat at the \$5.4 million, which is what it was last year and is about 6.1% of the revenue. The one (1) thing to note is that this budget has a slightly larger, \$2.7 million transfer to the Capital Improvement Project (CIP) Fund in 2017/2018 than what they would normally have in order to cover the cost to move the substation from the Power Plant. She said this would cause them to dip into the balance by \$1.8 million, but staff does not feel that would bring the unrestricted cash below the target level of 90 days. As of March 31, 2017, they were at 98 days and \$18 million equals about eight (8) days. She said the Water and Sewer Utility shows a surplus and Five-Year Capital Plan that is on track with what they have been proposing for the past five (5) years. With regard to the Solid Waste Fund, they don't anticipate any changes in rates in that the revenue source has been extremely stable and continues to generate enough cash to get back on the replacement plan for their vehicles.

Mr. Peter Gorry said the issue is that there is a 5.7%, \$2 million increase in anticipated commercial revenues, which he felt was not consistent with former trend lines. Another question he has is with regards to moving the substation out of the Power Plant, which is a capital expense. In previous years when you put in capital that has useful life of 10 or 15 years you would consider going for debt to pay that off. He asked if that was considered as an alternative. He said currently there is \$1.6 million of a potential loan that the City did not take.

Mr. Auwaerter said they will address these questions when they get to that point in the budget review.

Mr. Auwaerter referred to page 71, *Electric Fund Operating Budget*. He said under Operating Expenses the NonDepartmental amount shown is \$4,622,530 and he is trying to reconcile that number with the amount listed on page 73, *Budget by Department*, which the NonDepartmental shown is \$23,465,780. He asked what is the distinguishment between those numbers.

Ms. Lawson said on page 71 what is shown as operating expenses for NonDepartmental are things that are either personnel related or operating related. The NonDepartmental amount shown on page 73 includes the debt service, the transfer to the General Fund, and the transfer to the Capital Fund.

Mr. Auwaerter complimented staff on the budget documentation provided stating that it was well done and very transparent.

Mr. Smith questioned the balance available for capital additions. It was stated that they would have to reduce it by \$1.8 million. He asked what is that balance.

Ms. Lawson said the \$1.8 million is kind of a backfill number so they would have a balanced budget. She explained that if they look at the Cash Carryover located on the bottom of page 72, if that number is positive it means they are using up that much of the available fund balance. If that number is negative it means they are adding to their available fund balance.

Mr. Smith asked what is the available fund balance.

Ms. Lawson said as of March 31, 2017, the unrestricted cash and investments was about \$19 million and the total cash balance was \$29 million, which is 98 days of unrestricted cash on hand. If they look at operating expenses it takes about \$199,000 per day so that \$1.8 million comes out to be about 9.3 days of reduction. Therefore, they would be going from 98 days to somewhere in the neighborhood of 90 days.

Mr. Mucher said if they look at last year's budget and this projected budget, the numbers are exactly the same. In other words, in the past year they haven't done a revised projection. He asked is that because they haven't done a budget amendment. He would think that over a year's time some projection might have changed because of some unexpected activity.

Ms. Lawson said it is because they haven't done a budget amendment and typically they do the budget amendment at year end.

Mr. Mucher said from the Commission's standpoint they would look at this year's budget versus last year's projection, which is the same so they are unable to evaluate anything that has changed within the last year.

Ms. Lawson said one (1) of the things they have done over the last few years and they are due to do it again is the quarterly rate sufficiency where they can see the parts of the budget that are unmodified, as well as the parts that changed. She noted that the only thing that really changes throughout the year is their estimate on where they are going to come in on rate revenue and where they are going to come in on purchase power costs. The rest of the budget really doesn't change that much from the personnel standpoint.

Mr. Auwaerter referred to page 72, *Electric Fund Revenue*. He said they are projecting under *Commercial Sales* a 5.7% increase and under *Industrial Sales* they are projecting a 4.6% decrease. He asked Ms. Lawson to discuss this.

Ms. Lawson felt it would be helpful not to look at last year's budget, but to look at the 2015/2016 actuals. She said that she recently updated her rate sufficiency model and when she put in the sales, the projected kilowatt hour sales, and the current rates she came up with a few million dollars more on the commercial side, which tracks pretty well with what they experienced in 2015/2016 as an actual, which was \$39.9 million.

Mr. Auwaerter asked does that mean when they do the budget amendment they will be a few million dollars higher.

Ms. Lawson answered basically, yes.

Mr. Auwaerter asked what are they assuming in the budget 2017/2018 in terms of customer rate charges.

Ms. Lawson said currently they are assuming no change in rates, which is fine with the numbers of FMFA as they sit right now. She noted that it would depend on the final numbers of FMFA and their continued quarterly monitoring, which they hope will hold.

Ms. Lawson noted that there were some personnel related issues that impacted the budget Citywide. She reported that the budget includes a proposed salary increase of 2% for all employees across the board. They did experience a 15% increase in health insurance rates, although they will notice when they get to the individual departments that in some cases the health insurance total cost didn't go up 15% because some of the changes that were made in their policy has driven employees away from the higher cost plans to the lower cost plans.

Mr. Whittall felt that they would be discussing this item for a while and suggested that they go to Item 6) Discussion of Stormwater so that Mr. Falls can go back to work. The Commission members agreed.

Ms. Lawson explained that there is no separate stormwater utility. Currently all the stormwater projects are in Fund 304, which is funded by the one-cent sales tax and competes for funding with projects, such as street paving, replacement of vehicles, Recreation infrastructure projects, and other Public Work projects. Given that they are competing for a pool of about \$1.4 million a year, the budget they put together for this year includes a list of unfunded projects. In other words, the projects they had to cut to balance this budget. She noted that a substantial number of these projects were stormwater maintenance and improvements that were more improvements and not necessarily maintenance of existing infrastructure. She then handed out to the Commission members a copy of the *Five-Year Capital Improvement Program Unfunded Projects – Fund 304: General Government Capital and Construction* (attached to the original minutes).

Mr. Monte Falls, Public Works Director, explained that stormwater is done through the Street Division of the Public Works Department. He reported that there are 80 miles of pipe in the ground, 40 miles of ditches and over 6,000 drainage structures. They estimate the value to be about \$25 million. If they assume a 50 year life, they need somewhere in the range of \$500,000 each year in Repair and Replacement (R&R). He then gave a brief overview of pages 67 and 68, *Fund 304: General Government Capital and Construction* of the budget and the list of unfunded projects with the Commission members.

Mr. Whittall asked how critical are the projects that are currently unfunded.

Mr. Falls said it depends on if flooding is on your street or not. He explained that if someone has property that is in peril of being flooded, they would move those projects up to get them repaired and on the funded list.

Mr. Smith asked Mr. Falls if he anticipated any new regulations. He asked what is happening that is going to be affecting the City in the next five (5) to ten years.

Mr. Falls said the new regulations that are currently being discussed are the total maximum daily loads of nitrogen and phosphorous that can be discharged to the receiving waters.

Mr. Mucher said flooding, maintenance, and lagoon water quality were kind of mixed together in the documentation. He asked is it possible to separate them out at some point along with the costs.

Mr. Falls said they did put that together back when they presented a stormwater utility. He said they had water quality and water quantity type of improvements. The number the consultant used was \$500,000 a year and \$2.3 million was the number the consultant used over a five-year cycle to do the water quality improvements.

Ms. Lawson thought the \$500,000 was for maintenance of the current infrastructure that moves the water, not necessarily treating it. She said that is kind of close to what they managed to squeeze out of the budgets each year. She said about \$350,000 to \$400,000 each year that they have to have to maintain the current system, but with no improvements to water quality issues. She emphasized that at this point the City's only dedicated revenue source for capital improvements is the one-cent sales tax. They receive about \$2.2 million a year and they have \$800,000 in debt service that they pay, which leaves \$1.4 million. Of that \$1.4 million they have between \$500,000 and \$700,000 a year in rolling lease purchase payments on City vehicles. This leaves \$700,000 for street paving, stormwater projects, recreation infrastructure, and any other Public Work projects. That is the problem they are facing and the reason they have done away with projects that are essentially improvements or water quality and stuck with just the projects necessary to make sure existing infrastructure and roads collapse.

Mr. Falls said when they previously discussed a stormwater utility that was capital improvement driven, not operating cost driven.

Mrs. Orcutt said it was her understanding that the Department of Environmental Protection (DEP) has given draft allocation that the City has been aware of for five (5) years because they have known their water quality has been impaired for a five (5) year period of time. They haven't been given their mandatory allocations, which are expected in 2018. She asked is that correct.

Mr. Falls said yes, as he understands it. He noted that is why the City has been doing this program for the past five (5) years in trying to get ahead because they know it is coming.

Mrs. Orcutt said all cities and counties are all working on projects to try to clean up this impaired water. It is her understanding that at this point in time the City has about half of the nitrogen reductions they anticipate having to make and about one-third of the phosphorous reductions that they are going to have to achieve over the next five (5) year period, starting in 2018. She said the only water quality project they have on the books for the coming year is the oyster bed project. She asked how much nitrogen and phosphorous is that expected to reduce.

Mr. Falls said that he did not have those numbers with him.

Mrs. Orcutt said the application was made for all of these projects to the Indian River Lagoon Council (IRLC) and the City was not funded because the IRLC prioritized all the projects and part of what was missing were some of the details on the planning. She referred to the muck aeration project listed in the unfunded projects. She said one (1) of the reasons that wasn't funded was because there is a top notch scientific study being done this year on muck that was funded, which in her opinion they should delay any aeration project until they see if it actually works or not.

Mr. Peter Gorry noted that stormwater only affects City residents. He said there is a Five-Year Capital program for the General Fund of \$12.4 million. He said there is an \$8.3 million shortfall in streets, roads, and stormwater. One (1) perspective is to understand how the City is going to fund that as they move forward.

At this time, the Commission went back to Item 5) - Discussion of the Budget.

Mr. Auwaerter referred to page 76, *Electric Fund – Expenditures of Object*. He asked how were the numbers derived at for Stanton I and Stanton II.

Ms. Lawson explained that she used a 12-month rolling average price per megawatt hour multiplied by her retail forecast with the losses added back for wholesale purchases.

At this time, the Commission moved on to the Fiscal Year Capital Program of the budget.

Mr. Auwaerter asked what do they do with the Fiscal Year Capital Program given that they have a potential sale on the table. He asked are there certain obligations involved to continue to do the capital programs because in some ways it could be viewed as throwing money away if a sale comes to fruition.

Mr. O'Connor said back when the City had the first sale agreement the City started doing minimal work and now they are at the catch up stage. He said when FPL receives the City's utility it will be an operational utility that will meet their standards. He said hopefully the sale will take place, but the fact of the matter is they have customers that they have to be concerned about.

Mr. Auwaerter referred to page 57, *City of Vero Beach Capital Expenditure Request Fiscal Year 17-18 – Asset Inventory and Tagging*. He asked is this an item that they could forego for a year and possibly save the \$800,000 if they do sell to FPL.

Ms. Lawson said they started the asset inventory about nine (9) months ago.

Mr. Auwaerter asked staff if they were looking for a motion from the Commission.

Mr. O'Connor said if there is a motion that they have reviewed and that they either accept or reject the budget as it applies to the utilities in question that would be something staff could take to the City Council.

**Mr. Auwaerter made a motion to approve the operating budget as proposed by the City Administration for the coming fiscal year for the Electric and Water and Sewer Funds.**

Mr. Mucher questioned Solid Waste.

**Mr. Auwaerter added Solid Waste to the motion.**

Mrs. Orcutt felt that the City's budget needed to include more water quality funding so she was unsure where she would vote against the budget. She said if it is a matter of reviewing the budget and discussing it that is fine, but she was not sure if she wanted to vote with the fact that the City is not funding water quality improvement projects efficiently.

Ms. Lawson explained that would be a separate motion because that is actually in Fund 304 General Government Construction. She said that has nothing to do with the Utility budget.

Mr. Smith said the capital improvement is a little difficult as Mrs. Orcutt suggested because the Commission has reviewed it and discussed it, but he was reluctant to say that he approves it.

Ms. Lawson explained that they are different budgets. She said the Commission could approve, for instance, the Electric Five Year Capital, the Water and Sewer Five Year Capital, and the Solid Waste Five Year Capital, but could have a different opinion with the Fund 304 Capital, which is where the stormwater is concentrated.

Mr. Auwaerter said the current motion on the floor is for the Operating Budget of the Electric Fund, the Water and Sewer Fund, and the Solid Waste Fund.

**Mr. Smith seconded the motion and it passed unanimously.**

**Mr. Auwaerter made a motion to approve the Capital Expenditure budget for the same Funds (Electric, Water and Sewer, and Solid Waste) for the coming fiscal year.**

Ms. Lawson questioned for the entire five (5) years or just the coming fiscal year. She asked are they okay with the Five Year Capital Improvement Projects or just the coming fiscal year.

Mr. Auwaerter said his suggestion is just for the coming year because they do have the uncertainty with regards to the potential full sale of the Electric Utility. Therefore, he made the motion for the coming fiscal year.

Mrs. Orcutt clarified that they were not discussing Fund 304.

Mr. Auwaerter said that is correct.

**Mrs. Burton seconded the motion.**

Mr. Smith said that he still has difficulty in that they reviewed it, analyzed it, and had no particular suggestions. But, approving it is a little stronger.

Mr. Auwaerter said they would be recommending approval.

Mr. Smith said that he would accept the wording “recommended.”

**Mr. Auwaerter changed the wording in the motion to “recommend” (that they *recommend* approval).**

**The motion passed unanimously.**

**Mrs. Orcutt made a motion that she feels that Fund 304 is insufficiently funded and that the Council should look at ways to provide more water quality funding. Mr. Whittall seconded the motion.**

Mr. Mechling asked would that encompass the entire concept on how the current stormwater pipes, etc., are being handled.

Mrs. Orcutt explained that she was not talking about repair and maintenance, but water quality. She said sometimes when making repairs they can include water quality improvements, but that would be accountable separately.

Mr. Mechling agreed with the concept of water quality, but felt that there was an overall situation of underfunding for infrastructure needs. He said that he did not want to see this kicked down the road in that it is an overall issue that needs a solution.

Mr. Mucher said the City Council often moves things around during the budget. He said the Commission could recommend that if the City Council finds some surplus that they care to make use of that perhaps they could look at water quality as a place to put those excess funds.

Mr. Auwaerter said that he is in favor of more water quality, but because the motion is vague in that they don’t have specific projects or specific amounts he is reluctant to vote in favor of it. He said if Mrs. Orcutt is willing to amend her motion that the City Council study increasing the priority on water quality projects then he will be willing to vote in favor of it.

Mr. Mucher said that he has a general problem when they are talking about stormwater because it only affects residents of the City of Vero Beach in the pocket and three (3) of the seven (7) of the Commission members live in the City of Vero Beach so the other members don’t have a stake in the game.

Mr. Whittall said this is a Utility Commission for the City.

Ms. Lawson said there is not a stormwater utility.

Mr. Whittall said no, but there are stormwater projects that need to be done.

Mr. Auwaerter thought Mr. Mucher’s point was that it is being funded out of the General Fund, which residents outside the City do not directly contribute to.

Ms. Lawson said at this point in the budget priorities it is another piece of City infrastructure that competes with other needs, such as the streets, deteriorating recreation buildings, etc. At this point, it is not a separate utility and it has to compete in the mix with everything else.

Mr. Mucher felt the minutes would reflect that they are all concerned about this issue. He would go so far as to say that if some funding became available or it is decided that the surplus that is in this budget became available that they would like to see water quality projects considered as a use for those funds.

Ms. Lawson said there is a proposed \$240,000 transfer from the General Fund to Fund 304 just to support the level of projects that they currently have in there.

Mr. Whittall said there are about 30 projects that are unfunded that have to do with water quality. He felt that the Commission wants to say that they think the City Council should make those funds available. He said if they look at what FMPA sent them, there are only three (3) cities out of 21 that have a mileage rate less than the City of Vero Beach.

Mr. Smith said what the Commission wants to do is to send some type of message to the City Council that they keep this on the forefront.

Mrs. Orcutt felt that they needed a dedicated funding source for water quality. She said it makes sense for it to be a line item. If they don't have a dedicated source for water quality that is kind of sacrosanct then there is no way they could fully plan long term projects and know that those projects are going to be funded. She said it takes a long time for long term projects because they have to do preliminary studies, pilot studies, etc., which takes time and then a couple years out then they can apply for the grant funding. Therefore, they need to have dedicated funds for water quality. She was not sure how that was best implemented in a motion to encourage the City Council to find a dedicated source for water quality projects.

Mr. Smith said they could add to the motion that they recommend that the City pursue finding a funding source.

Mrs. Orcutt said the City Council previously turned down having a stormwater utility, which having a stormwater utility made perfectly sense to her. But, if they are not going to have a stormwater utility they need to have a dedicated funding source.

Mr. Mucher thought when the City Council turned it down they also expressed a desire to spend some money in that area. However, at the same time they set the mileage rate so staff had to come up with a budget that tried to do both. He said that he has seen the City Council go into Budget Hearings and move things around.

Mrs. Orcutt said the Commission just "liked" the budget that was presented (motion was made to approve).

Mr. Mucher said they did not look at the entire budget; they just looked at the three (3) Enterprise Funds.

Ms. Lawson said the General Fund, per City Council direction, holds the same mileage rate, covers the personnel cost increases that she discussed earlier in today's meeting and in addition, they had enough funding to propose a transfer of about \$240,000 from the General Fund into the Construction Fund for street paving.

**The Deputy City Clerk read back the motion under consideration, which is that Fund 304 is insufficiently funded and the City Council should look at ways to provide more water quality funding.**

Mr. Auwaerter asked Mrs. Orcutt, does that characterize what she is trying to say.

**Mrs. Orcutt amended the motion to state "a dedicated funding source for water quality improvement."**

Mr. Mucher asked Ms. Lawson when she said there is a transfer from the General Fund to Fund 304, is that kind of a dedicated transfer.

Ms. Lawson explained that is a line item that they were able to make this year because of the way various other expenses fell. In other words, rather than show a surplus they are suggesting that they put in some funds for street paving.

Mr. Smith said it is a dedicated fund, not transfer of surplus. He said it is a dedicated fund that is considered each year.

Ms. Lawson said that is correct. She explained that this was a transfer that was made possible mostly by an increase in property values, but it is definitely not a dedicated revenue source.

Mr. Smith asked can they amend the motion to state "dedicated fund."

**Mrs. Orcutt amended the motion to recommend to the City Council that they look for a dedicated funding source for water quality improvement projects. Mr. Whittall seconded the amended motion.**

Mr. Mechling asked does that, in concept, include the dollars for infrastructure improvements. For instance, when they talk about the unfunded projects under stormwater, those certainly would have an end result of improving water quality.

Mrs. Orcutt said there are infrastructure improvements that would improve water quality, but it can't just be something like a culvert replacement. If it doesn't address water quality improvements and it doesn't reduce nitrogen and phosphorous, it is only an infrastructure improvement. But, there are capital improvements that could be done, such as putting a baffle box in because they would get some nitrogen and phosphorous reduction.

Mrs. Burton felt that when they state "water quality studies," that is a very broad statement. She felt that they needed to be more specific.

Mrs. Orcutt said it is water quality improvements.

Mrs. Burton asked what exactly are they trying to improve.

Mrs. Orcutt said the nitrogen and phosphorous sediments.

Mrs. Burton felt that should be specified in their recommendation. Not just a broad statement of water quality.

Mr. Mucher asked is there a mechanism other than a Stormwater District or a Stormwater Enterprise Fund that would do that because he would have to vote against this if there isn't a way to do it.

Mr. O'Connor said one (1) thing they did when they funded the Other Post Employment Benefits (OPEB) was they raised property taxes to establish it. He said that property tax is allocated to the OPEB, which is a dedicated source.

Ms. Lawson said there are not that many significant home rule revenue sources and certainly not ones for stormwater. Therefore, other than having a stormwater utility, ad valorem tax is the only thing that is under the City Council's control. Or they could reestablish the priorities for the limited amount of one-cent sales tax money. In other words, this is staff's attempt at what they think is important enough to fund and what they think belongs in the unfunded list. She said the City Council can certainly look at the funding list and the unfunded list and disagree and cut one (1) thing and add another. She said the bottom line is there are not that many revenue sources that are under the control of City Council.

Mr. O'Connor said to answer the question; OPEB was established through raising property taxes to address that issue.

Mr. Auwaerter said they were putting that in an irrevocable trust, which is different.

Ms. Lawson said in using this example, the City Council could state they were going to raise taxes and were going to do it because every year they are going to make a certain dollar amount transfer into a stormwater utility. She said they could still establish a separate stormwater fund and have that dedicated annual transfer go to a separate fund where it could be tracked only against water quality projects.

Mr. Whittall said all they were doing was asking the City Council to look at this. They are not saying they have to fund it or that they have to do anything. They are just asking Council to look at it.

Mrs. Orcutt said as an example, the County allocated 20% of all their sales tax towards water quality improvement projects.

Mr. Mechling said that is what he is trying to understand. To him, fixing a culvert that has collapsed has an end result to water quality as well. Therefore, to him the base infrastructure that Mr. Falls discussed that has aged and has a quality issue that comes to the forefront in hard storms, if those things are being projected and funded to be repaired in the end it all goes towards water quality. That is why he was trying to understand if the motion encompasses the ability to spend funds on infrastructure stormwater needs.

Ms. Lawson said currently they have dedicated 19% of the sales tax to stormwater.

Mrs. Orcutt said but not water quality.

Ms. Lawson said not to water quality, but to stormwater projects in general.

Mr. O'Connor said for example, they budgeted \$35,000 for side lot culverts. The motion on the floor would not address that because that is strictly for drainage passing through and the carrying of water. Therefore, it would not be that encompassing. But, if they were doing another project, such as the Lateral E Project, that motion would cover it.

Mr. Mechling said that is his concern. That they were not going far enough with the motion to be able to address all the stormwater infrastructure needs that staff discussed.

Mr. Mucher said when they discussed a stormwater district, which he voted against, it encompassed water quality improvements, pipe maintenance, etc.

Mr. Auwaerter called the question.

Mr. Mucher asked that the motion be read back to them.

**The Deputy City Clerk reported that the motion on the floor is that Fund 304 is insufficiently funded and the Council should look at ways for a dedicated fund for more water quality funding.**

**On a roll call vote the motion failed 3-4 with Mrs. Orcutt voting yes, Mrs. Burton no, Mr. Smith yes, Mr. Whittall yes, Mr. Mucher no, Mr. Mechling no and Mr. Auwaerter no.**

Mr. Mucher said that he voted no because it was a dedicated fund.

Mr. Auwaerter said that he voted no because it involves the General Fund of the City of Vero Beach and because he is not a resident of the City he is not going to direct Council how to make decisions on purely the General Fund expenditure.

Mr. Mechling said that he voted no because he felt they needed to expand this to handle the infrastructure needs of the stormwater situation.

Mrs. Orcutt asked as in a stormwater utility.

Mr. Mechling said that he is not sure on the mechanism, but he feels that it has to be an overall fix.

Mrs. Burton said that she voted no because she did not think it was specific enough as to exactly what water quality improvements.

Mr. Mucher felt they had a general consensus that they would like the City Council to look at ways to find additional funds for stormwater and water quality improvements.

The Commission members agreed.

Mr. Auwaerter suggested that if the members want to move in that direction that they put another motion on the floor.

Mr. Smith said this Commission previously recommended a stormwater utility and the City Council voted it down. In a way the Commission is saying that the City Council look at it again and see if they can find resources to do this. Not a utility, but to look and see what else is out there and that they keep it on the forefront.

**Mr. Mechling made a motion that the Commission would like the City Council to continue to review the process in funding for addressing the stormwater infrastructure needs and water quality improvements. Mr. Whittall seconded the motion.**

Mr. Mucher said that he would vote for that. But, it does go back to Mr. Auwaerter's point about outsiders telling them how to spend their money.

Mr. Auwaerter said it was not that he didn't think it was a good idea.

Mr. Whittall didn't see where that has anything to do with it. He said that Mr. Auwaerter is sitting on a City Utility Commission and represents the City Utility Commission.

Mr. Auwaerter said that he represents the ratepayers.

Mr. Mucher said they represent all customers of the City Utilities System.

Mr. Whittall said it is part of the City Utility System. He said it is part of the General Fund, but it is still a City Utility.

Mr. Auwaerter said not the way it is accounted for.

Ms. Lawson said it is a general government Public Works function so it is not a utility. The utility would apply if it was supported by ratepayer fees, but it is not. It is supported by general government resources and is part of the Public Works Department.

**The Deputy City Clerk read back the motion, which was that they would like the Council to continue to review the process in funding for addressing the stormwater infrastructure needs and water quality improvements.**

**On a roll call vote, the motion passed 6-1 with Mrs. Orcutt voting yes, Mrs. Burton yes, Mr. Smith yes, Mr. Whittall yes, Mr. Mucher yes, Mr. Mechling yes, and Mr. Auwaerter no.**

## **7) ADJOURNMENT**

Today's meeting adjourned at 12:42 p.m.

/sp

