

VERO BEACH UTILITIES COMMISSION MINUTES
TUESDAY, AUGUST 27, 2019 - 9:00 A.M.
CITY HALL, COUNCIL CHAMBERS, VERO BEACH, FLORIDA

PRESENT: Chairman, Jane Burton; Vice Chairman and Indian River Shore's Representative, Bob Auwaerter; Members: Chuck Mechling, Bob McCabe, Mark Mucher (arrived at 9:01 a.m.) and Alternate Member #1, Judy Orcutt **Also Present:** Water and Sewer Director, Rob Bolton and Deputy City Clerk, Sherri Philo

Unexcused absences: Lance Morgan and John Sanders

1. CALL TO ORDER

Today's meeting was called to order at 9:00 a.m. and the Deputy City Clerk performed the roll call.

2. APPROVAL OF MINUTES

A) June 19, 2019

Mr. Mechling made a motion to approve the minutes of the June 19, 2019 Utilities Commission meeting. Mr. Auwaerter seconded the motion and it passed unanimously.

3. PUBLIC COMMENT

Dr. Steven Faherty said that he would be speaking on the issue of the March, 2019, State report (the Florida Department of Environmental Protection Sanitary Survey – attached to the original minutes). He said that he doesn't know how frequently this is done, but the real concerns he has in reading the report were the statements: 1) *that virtually all wells in service have leaks*, 2) *the water source for the system is in pitiful condition*, and 3) *some wells have biogrowth/sludge at the packing glands*. He felt there should be a periodic City report on exactly the same points the State was checking on and the report should be provided to the Utilities Commission. He felt the State should be requested to come back after a certain period of time to do a re-inspection to see what has been done. He asked how the Utilities Commission receives reports, studies, etc., from the City and the State, which should be sent to them in a timely manner so they have the materials necessary for their oversight responsibilities under their mission statement. He said there was also testing done for lead and copper with a test sample of 30 representative homes, which covers Indian River Shores (IRS), the County, and the City. He reported that of the 30 samples, only one (1) was from the County and there was no representative samples from IRS. He said the sample from the County was 60% higher than the highest City reading. He said it is still within the limits, but in speaking with some medical doctors, there is concern that the accumulation of that excess amount by people, particular children, can have a bad effect. The Florida Department of Environmental Protection (FDEP) report states on page 11 that the pipes are pvc, ductal, iron, steel, and

asbestos cement. He asked does the City know what types of pipes are in the 290 miles of piping. He asked can they provide that information to the Commission for the purpose of capital and management plans. He said recently there were yellow water concerns at John's Island, as well as a concern about the pipe that broke. It was a galvanized steel pipe that was installed by the City around 1968-1969. He said that is about the same time period that pipes were put in by the City on a reimbursable basis in the South Beach area where there have also been concerns about colored water. Regarding the report on the Water and Sewer Plant, there are two (2) options presented. One (1) is to dismantle the current site and rebuild it at the Airport. He asked is the timeline presented and the costs include the required Federal Aviation Administration (FAA) approvals to build at the Airport. The second option is to upgrade the existing Plant. His question and concern is why wasn't the option of reopening discussions with the County on merging the City water/sewer system into the County water system done. Mr. Bolton mentioned at the last Utilities Commission meeting that the County has no capacity to absorb the City's water/sewer customers. He said in July communications that he had with the County indicated that it is possible. He said they do have the physical capacity. The withdraw allocation numbers are pending, however if the City merged into the County they could take with it the water allocation with the City, which would solve that problem. He said they need to have communication between the County Commission and the City Council, not staff. He said merging with the County would free up valuable land for Airport use, which is a profitable City Enterprise Fund. If merged, there would need to be a pump station near the Water and Sewer Plant near the 17th Street and Indian River Boulevard intersection. He said with regard to moving the Water and Sewer Plant, there is a memorandum from Mr. Rob Bolton to Mr. James O'Connor, previous City Manager, stating the cost of about \$36 million and six (6) years to achieve this based on the Consultant's Study. At the last Utilities Commission meeting, Mr. Bolton said the price was \$50 million. He questioned what the 43% increase was based on. He asked is there a possibility of a forthcoming rate increase. He said that he has been trying to get information since 2008 on the number of customers in IRS, the County, and the City for water, sewer, and reuse water, which he has not been able to get. He said the Water and Sewer Fund contributes about \$2 million directly and indirectly into the City's budget. He asked why should 38% of outside customers, IRS at 18% and the County at 20%, be contributing \$800,000 a year each year. He felt that any coordination or recommendation with regard to what to do with the Water and Sewer Plant needed to be coordinated first before it is presented to the City Council. First, it needs to go before the Airport Commission because they need FAA clearance, then to the Finance Commission regarding how to pay for dismantling the old Plant, building a new Plant, or merging with the County, and with the Recreation Commission, which is responsible for the centennial corners.

4. NEW BUSINESS

A) Florida Department of Environmental Protection Sanitary Survey of City Water System and City's Response

Mrs. Burton asked Mr. Bolton to address Dr. Faherty's comments.

Mr. Auwaerter said as a point of order, this is his item on the agenda and he should have the opportunity to present it and hear what Mr. Bolton has to say.

Mrs. Burton thought Mr. Bolton would address Dr. Faherty's comments, which this item has to do with the first part of Dr. Faherty's question. She said that Mr. Auwaerter could go ahead and address it and then Mr. Bolton would have a chance to speak.

Mr. Auwaerter said that he is interested in what Mr. Bolton has to say.

Mr. Rob Bolton, Water and Sewer Director, briefly addressed some of Dr. Faherty's concerns. He said the FDEP Sanitary Survey is a typical housekeeping site review that is performed every three (3) years and it actually was performed in 2016 and FDEP never sent it to the City until three (3) months before the 2019 review with a note apologizing that they forgot to send it and asked for the City's response. He said the City did respond and then the FDEP came out and did the 2019 review. He said there are normal things in the review, as far as leaks in the wells. He said the last time they dove the storage tanks to do the inspection and this time they drained the tanks so they could have a clear inspection and the results came back the same. He said that he consulted with the engineering consultants that were under the employment of KROM, which KROM actually built the tanks, and they did not have any concerns with the report. However, they did say there was the possibility of some liner issues because of the age of the tank and some of the weeping they saw behind the paint. He said they are in the process of scheduling them to come in, drain the tanks, and do a re-inspection of the one (1) tank. He said that KROM can give the City a price to replace the tank and for repairing the tank and then the City will decide which avenue to take. He said there isn't anything in the report that says there are any problems with the water quality or anything else with the system. He said it is just a housekeeping review they do every three (3) years. As to the copper issue, during a period of time lead was used in the internal plumbing of homes so when the City originally set up their testing they had to go in and determine all the homes that fit in that window, do a representative sample of those areas and only those homes are the ones the City is allowed to still test today. They cannot go out and pick a different home. He said some of the homes dropped off and they cannot be replaced. What FDEP is looking for is if there is a change. He said as far as the County, staff will always consider speaking with them about looking at possibly joining in with them.

Mr. Auwaerter said his reaction when he seen the FDEP report was that it was rather concerning. He referred to the bottom of page one (1) stating that he was concerned about the statement, *"The water source for the system is in pitiful condition. Aside for a few wells with submersible pumps, virtually all the wells that were running during this inspection had leaks. In addition, 13 of the wells are out of service; some of them for many years."* He said those statements disturbed him and also that this never came before the Utilities Commission and as far as he knows the City Council. He then went over the analysis that he did on the Transfers to the City of Vero Beach General Fund – "Profits" and General Fund Admin Chargebacks from the Water & Sewer Funds with the Commission members (attached to the original minutes). If they look from fiscal year

starting October 1, 2009, the City pulled \$16.3 million out of the Fund in either a profit transfer or a General Fund administrative chargeback. He said in 2017/2018, the General Fund administrative chargeback was \$732,651 and this fiscal year it got jacked up 39% to \$1,045,000. He asked what has changed over two (2) years. He said they didn't have the Electric Utility Fund to take money from and he could not imagine there was any additional work being done by people who were in the General Fund that required such a big jump of over \$300,000. He said that Mr. Bolton said the State survey wasn't sent to them, but he would think that someone from the Water and Sewer Department would have asked what the results were instead of just forgetting about it. He felt as they go into the next agenda item in terms of potentially moving the Plant, he thinks that Dr. Faherty is correct in that they need to look hard at having a consolidated system and get the City out of the water business.

Mrs. Orcutt wanted to clarify that the FDEP inspection only looked at above ground stuff and not at any of the piping.

Mr. Bolton said that is correct.

Mrs. Orcutt thought that Mr. Auwaerter's comments were valid and they should all take them to heart. She said that she recently attended a Clean Water Round Table with Senator Debbie Mayfield and FDEP and there was a lot of conversation about perhaps starting to require utilities to have an asset management plan prior to being eligible for any grants. She felt that this was something the Commission should consider; that they need to move towards having an asset management plan including the pipes in the ground.

Mrs. Burton said when she saw this item on the agenda she called the FDEP Inspector and his concerns are the ones that are in this report and he went on to say that the City is meeting all the monitoring requirements, water quality requirements, safe drinking water regulations, discharge requirements, and that the potable water that is being distributed meets all the standards. She said they do need to pay attention to some of the repair work and see that it is done in a timely manner.

Mr. Bolton said that he is here as a Manager to make sure that they meet all the State requirements and that they run sufficiently and are not wasteful. Whenever you get a permit and put something in the ground and establish the operation of it, whenever they come into the sanitary sewers, they don't review the construction permit, the engineering documents, and the reasons why you have certain things. All they do is look at it as if they are supposed to have three (3) pumps and you are missing one (1) they are going to ask why you are missing one and then make a comment that you need to have that third pump. In this case, it was the transfer pump. From an engineering standpoint when they originally designed the transfer station in the early 1990's, they had massive amounts of irrigation water so there were withdrawals in 1987 that were higher than what they have today and will be higher than what they will have 20 years from now. However, that transfer station was built with projections that were even higher. Therefore, each pump in that transfer station was designed around pumping 10 million gallons a day. The

FDEP requirements is that they have the amount of pumps plus one (1) spare so they were looking at a 15 million gallon day max day demand of what the permits were for that plan. So they designed around 20 million gallons plus one (1) more. He said they have not gone over 9.5 million gallons in the last 20 years so one (1) pump meets the requirements and they have one (1) pump as a spare so they are meeting their redundancy, but when the FDEP does their inspection all they look at is why they are missing the other pump. He said they did order the pump at a cost of \$128,000.

Mr. Auwaerter asked what is the appropriate timeframe response on the FDEP recommendations. He said in Mr. Bolton's response to the 2018 tank inspection report he stated that none of the recommended work had been done.

Mr. Bolton said they sent back to the FDEP what they plan on doing and the FDEP will respond back in writing. He reported that they have not received FDEP's response yet.

B) Wastewater Treatment Plant (WWTP) Study / Kimley-Horn and Associates, Inc. and Reiss Engineering, Inc.

*Please note that discussion took place throughout the presentation.

Mr. Bolton introduced Mr. Mark Burgess, P.E. of Reiss Engineering, Inc. and Mr. Matt Tebow, P.E. of Kimley-Horn and Associates, Inc. to the Commission members. He then gave a Power Point presentation on the *Federal Regulations, State Regulations, the History of Vero Beach WWTP's, What are our Concerns and Reasons for Action, What is the Terminology, What are we Doing County-Wide, Work Orders that we are here to Discuss Today, and What was the Purpose of the Reports* (attached to the original minutes).

Mr. Matt Tebow, of Kimley Horn and Associates, Inc., continued with the Power Point presentation and went over the *Wastewater Treatment Relocation Study, the Agenda, Background on Existing Wastewater Treatment Facility, Wastewater Treatment Relocation Study – Background, Wastewater Treatment Relocation Study – Objective, Wastewater Treatment Relocation Study – Site Map, Facility Rehabilitation Alternative – Objective, Facility Rehabilitation Alternative – Assessment Criteria, Facility Rehabilitation Alternative – Assessment (Example), Facility Rehabilitation Alternative – Recommendations, Other Plant R&R Needs, Facility Rehabilitation Alternative – Summary, and Facility Rehabilitation Alternative – Summary* with the Commission members.

Mr. Bolton said one (1) slide that was left out of the presentation was that they don't need to spend \$24 million in the next 15 years on the Plant unless they stay where they are. He explained that they estimated about \$1.6 million of work that would need to be done over the next 15 years if they decided to stay.

Mr. Tebow said they identified that there were a few critical infrastructures so if the facility was going to be relocated there are repairs that cannot wait and need to be made.

Mr. Mark Burgess, PE from Reiss Engineering, Inc., continued with the Power Point presentation and went over *the Nutrient Reduction Study Executive Summary, Study Objectives, Phase I Study – Alternatives Screening, Five Year Average Process Operating Efficiency, MLE Process, Denitrification Filters (X2), MBR Process, Denitrification Filters (X4), Alternatives for TN, Alternatives for 9.0 mg/L, Alternatives for TN 3.0 mg/L, Alternatives for 3.0 mg/L, Plant TN Reduction at 4.5 MGD, and the Plant TN Reduction at 3.5 MGD* with the Commission members.

Mrs. Orcutt asked with the difference between the 3.5 million gallons per day and the 4.5 million gallons, what would be their processing if they had a 100% connection to the STEP System.

Mr. Bolton said right now if they had 100% of where they have lines they would only be adding about 300,000 so it would be 3.8.

Mrs. Orcutt said currently the nitrogen is at 20 milligrams per liter. She asked what about phosphorous.

Mr. Burgess referred back to the slide, *Five Year Average Process Operating Efficiency*, and reported that influent milligrams per liter was five (5) and effluent milligrams per liter was two (2).

Mr. Bolton said phosphorous is not something that is normally of concern in a coastal regional area. He said it has hit the newspaper lately because what is happening at Blue Cypress Lake, but that is fresh water. He said when you get to more of a saltwater environment the phosphorous is not that big of a concern; it is nitrogen.

Mrs. Orcutt said they do pond effluent in fresh water. She said they pond effluent on the golf courses.

Mr. Bolton explained they are their ponds. They are an effluent pond. It is not a fresh water source.

Mrs. Orcutt said it enters the groundwater. She said when it is sprayed on grass, the grass needs zero phosphorous. She thinks phosphorous is a concern they should think about and under advanced wastewater treatment, it also has to be lowered. She said the phosphorous level is a concern because the grass, plants, and soil needs no phosphorous.

Mr. Tebow said the ecosystem has already adapted to high levels of phosphorous, but the ecosystem are not adapted to high levels of nitrogen.

Mr. Auwaerter referred to the slide, *Study Objectives*, where it states, “*20 year cost = Present worth of capital and O&M costs using discount rate of 3%.*” He said in looking at page 94 of the Wastewater Treatment Facility Study (on file in the City Clerk’s office) it states at the bottom in part, “*The construction and O&M costs are compared using a*

20-year life, an investment interest rate of 2.5 percent ...” so it appears to be different. He said the only reason he brought this up is because when dealing with costs calibrated over a long period of time, if they are different and someone puts a table together comparing all the alternatives, they are comparing apples to oranges.

Mr. Bolton said they would go back and put the numbers in a spreadsheet so they are all on the same page and he would email it to the Commission members.

Mr. Tebow continued with the Power Point presentation and went over the *Facility Relocation Alternative*, *Facility Relocation Alternative – Objective*, *Facility Relocation Alternative – Design Criteria Considerations*, *Facility Relocation Alternative – Treatment Technology*, *Facility Relocation Alternative – Development*, *Facility Relocation Alternative – Common to all Alternatives*, *Facility Relocation Alternative – Alternative No. 1 (CAS)*, *Facility Relocation Alternative – Alternative No. 2 (MBR)*, *Facility Relocation Alternative – Alternative No. 3 (SBR)*, *Facility Relocation Alternative – Evaluation*, *Facility Relocation Alternative – Scoring Results*, and *Facility Relocation Alternate – Recommendation*.

Mrs. Orcutt said that she did not see any discussion about sea level rise. She asked is the Plant at an elevation where it can handle the anticipated sea level rise.

Mr. Bolton said the ground elevation is roughly 19 and a half feet and the finished floor elevations at the existing Plant range from six (6) to seven (7) feet, so it is roughly 13 to 14 feet higher than it is where they are currently located.

Mr. Auwaerter asked regarding the capital cost, is that the money that is going to be expended for capital during the five (5) year period.

Mr. Tebow answered yes.

Mr. Auwaerter asked was there any discussion about how the capital costs would be funded.

Mr. Bolton said that he would be strongly looking at SRF Funding.

Mr. Auwaerter asked what would be the impact on rates if they moved the facility onto the Airport property.

Mr. Bolton said probably about nine \$9 to \$10 a month.

Mr. Auwaerter said if they were asked to vote on an alternative today, he doesn't know how he would make a decision. He said recognizing that Mr. Bolton cannot give the Commission a precise number, he does have figures from the consultants, which should be laid out on a spreadsheet with the components of how they got there so that people in the community and the City Council can look at it. He said they are going to have some numbers that they are going to be pretty certain of and other numbers where they are

going to have the range of uncertainty. He felt it was important to make a decision about what that range of uncertainty is because it is a big financial commitment and once they start going down that path it is going to be very hard to come back.

Mr. Bolton continued with the Power Point presentation and went over *the Reasons for a New Facility at the Airport, and What is the next step* with the Commission members.

Mr. Mechling asked what are the operating costs compared to where they are today.

Mr. Bolton said roughly about \$1 million. He said a new Plant would probably be higher in that they will have higher electrical costs. He said they might have some savings in certain areas, such as lowering their operations with employees. He explained that currently they are manually driven where they have three (3) shifts, 24 hours a day, seven (7) days a week.

Mr. Mechling said if staff is looking for a recommendation it would seem to him that there is a public opinion to move the Plant off the current site, which would be what he would recommend. He knows earlier in today's meeting there was some discussion about having the City merging with the County, which would also move the Plant off the current site.

Mr. Auwaerter thought this was a good start particularly on the engineering side, but felt they had more work to do. Things that he thinks need to be done are to fix the interest rates so that both analysis have the same rates, adjust the maintained current location scenario to include upgrades to reduce charges, which he felt they would all want to do and they might have two (2) or three (3) scenarios on different ways to approach that and what the present values might be so they have comparisons against all the alternatives ...

Mr. Bolton asked if he wants to look at the selected alternative in the phasing part and how that would look over time and bring that back to present value.

Mr. Auwaerter said that is the alternative to stay where they are, but he would think the community would not want the Plant to stay on the Lagoon with the same type of discharges; that they want to move it to a better level. He suggested that when they redo all the financial analysis that they look at it as they would not be receiving funds from the State. He asked for a layout of the base case. He said they should have all those numbers and then have another Utilities Commission meeting where they could see the potential of customer rate impacts under each scenario, and as an alternative they might not have the numbers yet, but something to think about is a potential acquisition by the County of the City system. He said this is a real good start, but other than wanting the Plant moved off the Lagoon, the way to go about doing it is uncertain.

Mr. Mucher said it seemed to him that the political decision has already been made to move the Plant off the river. He was a little lost why they were spending a lot of money to explore the possibility of keeping the Plant where it is.

Mr. Bolton thought part of all of this was to gather data for a model for a future plan. He said the politics changes every year and while it is the political will now next year or two (2) or three (3) years from now they might turn around and ask why they didn't look at what the cost would be to keep the Plant where it is. He said this way they have a document showing that it was looked at, what the costs were, and the decision that was made.

Mr. Mucher said the current City Council is the most cost conscious and the most fiscally and conservative that they have seen in a long time. If the City Council is more liberal next time that would mean more environmental and less cost conscious, but that would still point to moving the Plant from the river.

Mrs. Burton asked Mr. Bolton if he could provide the requested information to the Commission for their September meeting.

Mr. Bolton said the next scheduled meeting is in two (2) weeks, so he would like to put this on their October agenda.

Mr. Auwaerter made a motion to cancel the September 10, 2019 Utilities Commission meeting and the items they discussed regarding the potential move of the Water and Sewer Plant be on the agenda for the regularly scheduled October meeting. Mr. McCabe seconded the motion.

Mr. Mucher asked if there was any agenda items for their September meeting. He asked wouldn't that be a good time to discuss the cooperation with the County.

Mrs. Burton felt they should wait until the October meeting to take up any further discussion along those lines so they can give staff enough time to get the requested information together.

The motion passed unanimously.

5. OLD BUSINESS

None

6. CHAIRMAN'S MATTERS

None

7. MEMBER'S MATTERS

A) Sunshine Law Presentation – Mr. John Turner, City Attorney

Mr. John Turner, City Attorney, gave a brief overview of the Sunshine Law.

B) Discuss Possible Items/Topics for Future Utilities Commission Meetings

Mrs. Orcutt said that she submitted two (2) topics to the City Clerk's office (attached to the original minutes). The first suggestion was regarding an asset management plan as discussed today. The other topic is the ArcNLET modeling study. She said that when the well monitoring is complete she would like a presentation given to the Utilities Commission.

Mr. Bolton said they finished the well monitoring and there were some funds left over from the project so they were going to calibrate the model based on ammonia. He said if the information is available, he would put this item on their agenda for their November meeting.

Mrs. Orcutt said with regards to the asset management plan, they are looking at the assets for the Plants, but she questioned the piping. She asked is there a plan to do some studies on the condition of the piping.

Mr. Bolton said they have the history of the installation of the piping and what has been replaced over time. He said they have done a sanitary evaluation on the wastewater to see what they have for infiltration and inflow, which was done years ago. He said it has been years since they have updated that and it probably needs to fall into their Capital budget in the future to do a study on the gravity sewer system. They have replaced almost all of the old galvanized lines except for a few out layers, which they are in the process of replacing now.

Mrs. Orcutt felt they had changing conditions with the sea level rise where they have more corrosion on the lines. She felt that the infiltrate with the sea level rise is becoming a bigger problem.

Mr. Bolton said what they will see in infiltration with sea level rise is a rise in salt. He said they do an analysis at each lift station to see where they might have infiltration. He said that he could bring before the Commission at their November meeting some maps and overlays starting with the water system so they can see how it was constructed, what has been replaced, and what still needs to be replaced. The Commission members agreed that they would like to see that information.

Mr. Mucher said in the past the Commission worked 90% on the electric utilities, which is now gone and now it appears they are doing 100% Water and Sewer, but they also have Solid Waste and to a lesser extent stormwater utilities. He felt at some point they needed to start looking at them.

Mrs. Burton said they have done very little stormwater discussions.

Mr. Mucher said the City Council has decided not to establish a stormwater utility, but they can discuss stormwater issues.

Mr. Bolton said that he has been working with the Public Work's Department on a pollution map. He said that he could bring what information they have before the Commission at their December meeting.

Mr. Mechling asked if they need to have a separate item on their agenda to discuss interaction with the County.

Mr. Bolton said City staff could speak with the County staff between now and the October Utilities Commission meeting. He said the only true capacity the County has is out west so depending on what their infrastructure is it becomes a huge piping project.

Mr. Mucher thought the first time the County approached the City was for sewer only, but other people told him that it was for water and sewer.

Mr. Bolton said it was first sewer and then went to water and sewer.

Mrs. Burton noted that the Environmental Learning Center does monthly studies not only in the ocean, but in the Indian River Lagoon as well to verify that certain perimeters are being met. She also noted that each permitted capacities of each permit; the County has estimated how much capacity they have to hold for development in the County.

8. ADJOURNMENT

Today's meeting adjourned at 12:16 p.m.

/sp