

**CITY OF VERO BEACH, FLORIDA
SEPTEMBER 1, 2009 9:30 A.M.
REGULAR CITY COUNCIL MINUTES
CITY HALL, COUNCIL CHAMBERS, VERO BEACH, FLORIDA**

1. CALL TO ORDER

A. Roll Call

Mayor Sabin Abell, excused absence; Vice Mayor Tom White, present; Councilmember Debra Fromang, present; Councilmember Bill Fish, present and Councilmember Kevin Sawnick, present. **Also Present:** James Gabbard, City Manager; Charles Vitunac, City Attorney and Tammy Vock, City Clerk

B. Invocation

The invocation was given by Pastor Tristen Holer of First Covenant Church.

C. Pledge of Allegiance

The audience and the Council joined together in the Pledge of Allegiance to the flag.

2. PRELIMINARY MATTERS

A. Agenda Additions, Deletions, and Adoption

Mr. Fish requested to add on under New Business "Bonds on Electric Plant." He also asked that at their next City Council meeting (September 15, 2009) that they put on the agenda "Discussion of Royal Palm Pointe Fountain," as requested by the Chairman of the Recreation Commission.

The City Clerk requested permission to add to the agenda item 7-A) under City Manager's Matters, "City Manager to discuss the consolidation of utilities with the County."

Mr. Fish made a motion to adopt the agenda as amended. Mr. Sawnick seconded the motion and it passed unanimously.

B. Proclamations

None

C. Public Comment

Vice Mayor White informed the audience at today's meeting that the changing of the water and wastewater rates was on today's agenda for first reading and Council would be setting the date for the public hearing.

Mr. Joseph Guffanti commented that the electrical issue is not complex, but it is large and there are a lot of segments to it. He looked at the contract that the City has signed with OUC and much of it was redacted so the public is not aware of what Council signed. He doesn't know who actually read the contract and was told that the public could not get a copy of the actual contract until two years after it has been signed. He showed in his hand that he had a copy of a contract dating back to 1979 between the City and FMPA. One of the signatures on the contract was Tom Nason who was the Finance Director at the time. He mentioned that Tom Nason was also at the Town Hall meeting held on Tuesday night and was sitting where the Mayor usually sits. He commented that Tom Nason is still meddling in the affairs of the City of Vero Beach.

Dr. Stephen Faherty noted that voting on the electric rates appears to be after the elections and he hopes that the voters realize that. The City's water, sewer and irrigation rates will be increasing again up to 38% in 2009. These are clearly unreasonable differences when comparing to what the County charges, which are not projected to increase within the next five years. Hopefully, the City Council will allow County officials to make a presentation to them similar to the one that they made to the Utilities Commission. Such a decision on the City merging with the County on their water systems could reduce customer's rates, capital improvement costs and duplication. He felt that the City's water and irrigation was antiquated, deficit ridden, no reserves, etc., He said up to 38% of your water customers could disappear by 2017 if the franchise agreement between the City, Indian River Shores and the County is terminated. The only solutions that he sees are separate pieces of local legislation, which would give 61% of the outside electric City customers the opportunity to vote by a referendum on November 2010 to switch to County utilities and give City voters by the opportunity to vote in a referendum on November 2010 on two utility matters. The first would be to sell the electric utility after the first ten years of the OUC contract. The second would be to merge the City's water, sewer and irrigation services into the County. He also asked that the next time that there are public meetings that the City Council should ensure that they are recorded. He brought up a question that was asked at last Wednesday's Town Hall meeting concerning bonds and he has received an opinion from the City Attorney indicating that County customers or people outside the City are in fact liable for the revenue bonds that are issued.

Mr. Ken Daige commented that he has told Council at previous meetings that their finances were not in good order. He reminded Council that the unemployment rate in Indian River County is among the highest in the State and they should think about that while discussing items 5-A) and 5-D) on today's agenda. He said that the Council oversees the budget and they have the right to vote no. Their hands are not tied and the budget can be reduced. They are placing undue hardship on the taxpayers and ratepayers. The Council is there to serve the people and not burden the people.

Mr. Jerry Kovak stated that he has been a resident of the City for the past five years and he would not have bought property where City utilities was offered if he realized how costly it was going to be. The City's water and sewer rates will be increasing nearly 40% in October 2009 with additional increases in later years. The City Council needs to merge the City's water and sewer systems into the County's water and sewer systems to control costs, rates and avoid duplication and get some economy of scale. He understands that nearly 40% of the County in Indian River Shores are water and sewer customers and they could leave by 2017. He asked could City customers afford to carry the cost if 40% of their customers leave. He didn't think so. The utility crises that City customers are facing is due to past and current City Council mistakes, which are always due to someone else and show no signs of stopping. As a business man and voter he believes that he can make better utility decisions. He would like to have the opportunity to vote in the 2010 election to sell the electric utilities and merge the City's water and sewer services into the County's water and sewer services. As a City voter he wanted to make a motion to Council that they vote today on these two sensible opportunities.

Mr. Robert Walsh commented that the Council is elected to represent the voters and this Council does not allow the citizens to participate in discussion. He said that free speech does not mean limiting speech the way this Council does. They don't allow the public to express their will. It all adds up to liars, cheats and thieves. This Council has not done one thing right.

Mr. Brian Heady stated that he just heard the previous speaker say liars, cheats and thieves. He just heard a good question asked by Mr. Guffanti. He then asked the Council if any of them had read the OUC contract. He expressed that the copy he received had things in it that had been redacted.

Mr. Vitunac informed Mr. Heady that he could receive a copy of the contract (one that has not been redacted) at any time.

Mr. Heady explained that he asked for a copy of the contract and several pages had been redacted. He does want a copy of the contract that has not been redacted. He thought it would be interesting to see. He then commented that the City Council members have spent all their reserves and cannot be trusted. He agreed that the time has come to merge with the County on the water issue and to sell the Power Plant. He said that every time Council increases fees that they dip into people's retirement.

Ms. Michelle Sievers commented that she has never attended a City Council meeting until today. She works for the Treasure Coast Homeless Council and has a lot of concerns. She sees a lot of people who can't pay their utility bills. There are a lot of elderly people who cannot have their air on because they can't afford to pay for the electricity. She felt that the fuel cost that they are having to pay is ridiculous and that something has to be done. She plans on getting involved and fighting this.

Mr. Vince DeTurris stated that he lives in the South Beach area and represents approximately 4,000 people who have City water and sewer. He wanted to express his

opinion and the majority of the people who live in the South Beach area. The South Beach community has notified the County to request from the City to relinquish from the contract that expires in 2017. The reasons are based on the fact that they are facing some tremendous increases. He realizes that decisions were made in the past, but unfortunately Council is the management group that has to make the present decisions. He doesn't envy their task, but trusts that they have business sense to realize that they have a crisis on their hands. The utility is bankrupt and it is an aging system. He hopes that the proper decisions will be made and that they understand that 20% of their residents will be leaving the service area. He urged them to merge with the County.

Mr. John Marr, 318 Live Oak Road, told Council that he was sure the decision to enter into the power business many years ago was a good decision. He recommended that Council establish a citizen based panel and empower that panel to come back to them with a recommendation. He said that with regards to the water and sewer that it seems like many years ago it was necessary with what the population in the City of Vero Beach was at that time. However, that was not the case anymore. He suggested that the City sit down with the County and enter into negotiations for the County to provide the City with water.

Mr. Dan Oneil, 31st Avenue, stated that he was an employee laid off from Piper. He felt that the consultants should be fired who did the rate studies and that City Council should cut back on the salaries that they make.

D. Adoption of Consent Agenda

- 1. Regular City Council Minutes – August 18, 2009**
- 2. Special Call City Council Minutes – August 18, 2009**
- 3. Solid Waste Franchise Agreement – Thomas Loughlin Construction Cleanup, Inc.**
- 4. Renewal of Disaster Debris Removal Contract**

Mr. Fish made a motion to adopt the consent agenda. Mrs. Fromang seconded the motion and it passed unanimously.

3. PUBLIC HEARINGS

- A) A Resolution of the City of Vero Beach, Florida, establishing Rates and Fees for the Collection and Disposal of Solid Waste and Recyclable Material and Sale of Items used for Collection Purposes.**

Vice Mayor White read the Resolution by title only.

Mr. Monte Falls, Public Work's Director, explained that if this Resolution passes then there would be an approximate increase on the residential side of about three percent and on the commercial side an approximate seven percent increase, which he said is eighteen

percent lower than private carriers in Indian River County. He hated to have to ask for these increases, but they are trying to maintain the services that the City is accustomed to.

Mrs. Fromang noted that Mr. Falls really cut his budget this year. She said that some of the services that are not going to be provided anymore is what people are going to complain about. She agreed that nobody wants to raise rates.

Vice Mayor White opened the public hearing at 10:02 a.m.

Mr. Brian Heady wanted to know what the total debt from this particular fund is right now and whether there are any projected loans, how many dollars are sent to the General Fund and whether or not under the current rate structure will there or has there been any dip in the last year into reserves.

Mr. Falls answered Mr. Heady's questions. He said that the Solid Waste Fund does not carry any debt. There is revenue of about 2.7 million dollars a year. They make a transfer to the General Fund between five to six percent of about \$150,000. The Solid Waste division serves only the residents of the City of Vero Beach and they do not anticipate dipping into reserves.

Mrs. Fromang asked if there were routes outside the City limits would he collect the funds from those people using their services.

Mr. Falls said that they have franchise areas, but they do not go outside of the City limits. They are covered by the franchises that Indian River County has with the private haulers and they don't encroach on those.

Mrs. Fromang reiterated that her question was if it was necessary for them to provide services, he would collect the money and it would be a part of their territory. Mr. Falls said that was correct if the franchise area was to be expanded.

Mr. Falls went over again what the increase would be. He said on the residential side it is a little over three percent and on the commercial side it is a little less than seven percent.

Mr. Heady said that the bottom line is if the money was not sent to the General Fund then Solid Waste would have to pay for itself and eliminate the increase to the public.

Mr. Falls reported that some cities do offer solid waste collection for their residents and don't charge a fee at all. It is all based on their ad valorem tax bill. In our City they have not done that and any transfer to the General Fund is for the benefit of the residents of the City of Vero Beach only. He pointed out that in the County the franchise haulers in their contracts with the County have an annual fee increase formula built into their contract with the County. It is based 90% on the Consumer Price Index (CPI) and the cost of diesel fuel. There is no provision in the contract to lower the rate if the CPI goes down. It is an automatic increase that does not have to go before the governing board until they do a renegotiation of the agreements.

Mr. Ken Daige complimented the Solid Waste workers on how hard that they work and that they are very dedicated employees.

Mr. Joseph Guffanti commented that they are raising the rates for electric, water and sewer and now they want to raise the rates for garbage collection. He said that the City is in worse shape than he thought. They don't have the ability to handle normal public affairs and his tax dollars.

Vice Mayor White closed the public hearing at 10:10 a.m., with no one else wishing to be heard.

Mrs. Fromang made a motion to approve the Resolution. Vice Mayor White seconded the motion.

Mrs. Fromang expressed that they must be concerned with the health, safety and welfare of the citizens of this community, which means that they have to have solid waste picked up. She doesn't hear anyone complaining about their services, just complaints on their rates.

Vice Mayor White commented on what services that they are given for \$14.32 a month. He said that they receive trash pickup two times a week. Their debris and recyclable materials are picked up at least once a week. He felt that this was a lot of services for just \$14.32 a month. He also agreed that Solid Waste employees do a great job.

Mr. Falls added that the Solid Waste employees have the lowest sick leave of anybody in the City of Vero Beach.

Mr. Fish was amazed how long that they are able to keep some of the garbage trucks. He said some are kept for over eight years and that is a long time. It shows that the employees are maintaining these trucks.

Mr. Sawnick agreed that Solid Waste provides a good service and they have to provide the funds to maintain the infrastructure. He realizes that there are people that can afford it and the ones that cannot afford it. It is a tough decision. He said that it was not that big of an increase and the County is still higher.

The Clerk polled the Council on the motion and it passed 4-0 with Mr. Sawnick voting yes, Mr. Fish yes, Mrs. Fromang yes, and Vice Mayor White yes.

At 10:19 a.m., Council took a ten-minute break and reconvened at 10:30 a.m.

4. RESOLUTIONS FOR ADOPTION WITHOUT PUBLIC HEARING

A) A Resolution of the City of Vero Beach, Florida, expressing Support for the State of Florida's Amtrak/FEC Corridor Project Application;

acknowledging potential station locations; acknowledging the City's commitment to the project; and for other purposes.

Vice Mayor White read the Resolution by title only.

Mr. Tim McGarry, Planning and Development Director, explained that the Florida Department of Transportation (FDOT), is submitting an application, in partnership with Amtrak, to secure funding via the American Recovery and Reinvestment Act (ARRA) for the restoration of "intercity passenger service" on the FEC Corridor from Jacksonville to Miami. It would involve the construction of eight stations in which one of them would be located in the City of Vero Beach. He has been working with the Treasure Coast Regional Planning Council (TCRPC) and part of what they have been doing is getting some preliminary locations for the station in the City of Vero Beach. There are three locations that have been identified. The first site is located at the old Historic Railroad Station, the second site is between 23rd Street and 21st Street and the third site is at the old Diesel Plant. All the sites have a good central location in the City. The Resolution spells out that the services would be paid by FDOT and Amtrak. The only thing up in the air was the leasing of FEC property for some of the equipment. However, he doesn't think that is a big issue. He said that everyone seems to be very positive about this.

Vice Mayor White recalled that a few years ago Mayors from around the State went up to Tallahassee and urged the Governor to help in funding this project. He said that a lot of work was done back then and he would hate to see them have to reinvent the wheel. He also said that the same locations were outlined in the previous application with the exception of 21st Street and 23rd Street. He felt that it would probably go through this time.

Dr. Kim Delaney, from the Treasure Coast Regional Planning Council, thanked Council for considering this Resolution. She said that they have been working hard to make sure that the project fits and to get the needed funding. She said that timing is very tight and the project should be completed by 2012.

Mrs. Fromang asked if there has been any objections.

Dr. Delaney was not aware that there were any cities that had objected to the project. She said that it seems to be broadly supported.

Mr. Fish recalled that the MPO and the Go-line bus service are in favor of the project. He felt that they were offering a great location for a stop.

Dr. Delaney added that Amtrak is fully engaged in the project and support all of the locations that have been noted.

Vice Mayor White brought up the location of the old train station. He asked Mr. Gabbard how did the Historical Society feel about having the stop located at the train station.

Mr. Gabbard stated that they would love to have it there.

Mrs. Fromang noted the location of 21st Street and 23rd Street, which is where the buses stop now. She asked where will the bus stop be if this location is chosen.

Mr. Gabbard reported that the bus stop is going to be moved out West. However, there will be two new stops on 14th Avenue.

Mrs. Fromang asked Dr. Delaney how many potential sites are there.

Dr. Delaney answered that there are eight cities where potential sites could be located. She named the different cities that have been chosen.

Mr. Fish made a motion to approve the Resolution. Mr. Sawnick seconded the motion and it passed 4-0 with Mr. Sawnick voting yes, Mr. Fish yes, Mrs. Fromang yes, and Vice Mayor White yes.

5 FIRST READINGS BY TITLE FOR ORDINANCES AND RESOLUTIONS THAT REQUIRE A FUTURE PUBLIC HEARING

- A) An Ordinance of the City of Vero Beach, Florida, providing and establishing revisions to the Budget for the City of Vero Beach, Florida, for the period beginning October 1, 2008 and ending September 30, 2009, by increasing the General Fund by \$89,960; by increasing the One Cent Sales Tax Fund by \$5,073,914; by increasing the Electric Fund by \$9,801,440; by increasing the Water and Sewer Fund by \$4,653,803; by increasing the Airport Revenue Fund by \$867,824; by decreasing the Marina Fund by \$429,600; by increasing the Solid Waste Fund by \$5,500; by increasing the Confiscated Property Trust Fund by \$30,300; all from Revised Revenue and Expenditure Estimates; by increasing the General Construction Fund by \$9,683,214; by increasing the Electric R&R Fund by \$9,801,440; by increasing the Water & Sewer R&R Fund by \$4,509,803; by increasing the Airport Construction Fund by \$4,664,146; by increasing the Recreation Fund by \$187,450; by increasing the Cemetery Trust Fund by \$9,200; All From Revised Expenditure and Transfer Estimates.**

Vice Mayor White read the Ordinance by title only.

Mr. Steve Maillet, Finance Director, stated that this is the first of two readings on the budget amendment.

Mrs. Fromang recalled that at the budget hearings she asked for a total profit loss statement. She said that she still has not received it and requested it again. She asked that it not be separated into the different departments.

Mr. Fish made a motion to approve the Ordinance on first reading and set the public hearing for September 15, 2009. Mrs. Fromang seconded the motion and it passed 4-0 with Mr. Sawnick voting yes, Mr. Fish yes, Mrs. Fromang yes, and Vice Mayor White yes.

B) An Ordinance of the City of Vero Beach, Florida, requested by Kite Miracle Mile, LLC, to amend the Comprehensive Plan Future Land Use Map by changing the Land Use Designation from RH, Residential High (up to 15 Dwelling Units/Acre) to C, Commercial (Up to 15 Dwelling Units/Acre) for the property located generally between 20th Place and 20th Street and US 1 and 6th Avenue, including a portion of Tract A of replat of Park View Subdivision and a portion of Block 1, Oak Park Subdivision, containing 2.15 acres, more or less; and providing for an effective date.

C) An Ordinance of the City of Vero Beach, Florida, requested by Kite Miracle Mile, LLC, to amend the Official Zoning Map by changing the Zoning Designation from POI, Professional Office, and Institutional (+2.15 Acres) and C-1B, General Commercial Trades & Services (+0.41 Acre) to C-1, Highway Oriented Commercial, for the property located generally between 20th Place and 20th Street and US1 and 6th Avenue, including a portion of Tract A of replat of Park View Subdivision and a portion of Block 1, Oak Park Subdivision. Containing 2.56 acres, more or less; and providing for an effective date.

Vice Mayor White read both items 5-B) and 5-C) together by title only.

Mr. Tim McGarry reported that this will be a quasi-judicial hearing and recommended that Council move forward and advertise the Ordinances for a public hearing.

Mrs. Fromang made a motion to approve both Ordinances on first reading and set the public hearing for October 6, 2009. Mr. Fish seconded the motion and it passed 4-0 with Mr. Sawnick voting yes, Mr. Fish yes, Mrs. Fromang yes, and Vice Mayor White yes.

D) A Resolution of the City Council of the City of Vero Beach, Florida, changing Monthly Water and Wastewater Rates; changing Water and Wastewater Impact Fees; changing miscellaneous charges for customers inside and outside the City limits; providing for definitions; providing for an effective date.

Vice Mayor White read the Resolution by title only.

Mr. Rob Bolton, Water and Sewer Director, reported that this Resolution will be for the changes to the water and sewer rates. They started this process about sixteen weeks ago and discussed what their capital needs were going to be in the future to make sure that the infrastructure is reliable. There have been a lot of questions as to why they have such a capital expenditure over the next five years. He said that most of that capital is due to

meeting the regulatory requirements and to ensure that they replace water and sewer lines and that there are no disruptions of service. After staff met with the consultants they prepared what the financial needs will be and met with the Utility and Finance Commissions and discussed the needs of the future. After those meetings, the consultants met with Council and presented the rates to them. They presented two types of rates. One was an across the board increase and the other was to adjust the existing rate structure. Then they held two Town Hall meetings to answer questions that the public had regarding the increase. The Resolution that they have in front of them includes the base case scenario that was agreed upon by both the Finance and Utilities Commission. He said that the consultants were at today's meeting to answer any questions that Council might have.

Mr. Fish made it clear that the Plant was not obsolete.

Mr. Bolton told him that they meet all the regulatory requirements.

Mr. Fish continued by saying that they are responsible for 130 lift stations and everything is flowing to the Plant.

Mrs. Fromang wondered if they should have a rate study done every three to four years instead of waiting so long. She realizes that since the consultants are up to speed that it won't be so expensive the next time. She pointed out that when she first got on Council there was an increase in the water rates and that was five years ago.

Mr. Bolton agreed that it would be healthy to look at this about every three years.

Mrs. Fromang asked how long have the County water rates been higher than the City's rates.

Mr. Bolton said that they have always been higher than the City until now.

Mrs. Fromang asked how much more will the residents who have City utilities be paying than the County.

Mr. Henry Thomas, Principal of Public Resources Management Group, Inc., said that it would be about \$3.00 higher. He agreed that it was good to have their plan updated on a timely basis and the more often they do it the cheaper it is. He agreed that every three years was reasonable.

Mrs. Fromang recalled at the Town Hall meeting there was a question about the consultants impartiality and that maybe there was loyalty to staff in preparing this report.

Mr. Thomas explained that he does this for hundreds of different utility companies in the State of Florida and his professional reputation is on the line every time he does one of these. He gathers data and it is not their task to determine if operations are well managed. They have a fiduciary role. These are his independent objective views.

Vice Mayor White commented that they are going to discuss the consolidation with the County later on in the meeting. He still feels strong that he does not want their rates to be higher than the County rates. He asked Mr. Thomas if he lived in Vero Beach. Mr. Thomas answered no. He then asked Mr. Thomas if he receives one of their utility bills. Mr. Thomas answered no. He expressed how tough it is for a lot of people to have to pay these high utility bills. He said some of the bills are like having another mortgage. He suggested doing a couple small water increases. Then once they have gotten out of their contract with FMPA and don't have this fuel charge anymore then maybe add another small increase. He said they should have been raising the millage rate a little bit every year to help pay for this infrastructure. He reiterated that they need to do tiny increases over a period of time. Then they will reach a point where the Water and Sewer Department can operate and then work on their infrastructure. He recently read an article that because of the economy a lot of cities and counties are talking about consolidations. He said that this needs to be really researched because sometimes it ends up causing the rate payers more money by consolidating and you don't save that much money.

Mr. Bolton stated that they are talking thirty-eight million dollars to consolidate just the waste water treatment only and not the whole entire utilities. He said that this does not include the lift stations, gravity sewer lines, water distribution lines, water plant, personnel, and all the other things that goes along with the utility. They are only talking a minimum of thirty-eight million dollars for the water treatment. He said that the waste water bill will go up higher to do this type of consolidation. He expressed that they haven't even looked at water, sewer or any of the other things. He said that the County has not made it known whether or not they are even interested in consolidating water. He said that all these things need to be looked at. He expressed that they are not making any commitments to the County.

Vice Mayor White said that in listening to a lot of people who spoke at their meeting today they were in favor of consolidating. He said what they need to do is educate the public on what this is going to cost them. He then asked if they have ever been a backup for the County over some storm periods.

Mr. Bolton answered yes. He brought it up to the County that to have other sources of utilities in the community is sometimes a good thing. He recalled just last year during a tropical storm the whole County water system went down and the City had to provide them with water for a day. He said that it is good to have multiple suppliers.

Vice Mayor White commented that they were looking at raising the rates and looking at doing some infrastructure and adding the deep water injection well. He said that if they were to consolidate what would happen to all of these improvements.

Mr. Bolton said that all of those improvements could turn around and be used with any of the negotiations that they are talking to the County about. It would come down to what is the best benefit for their existing ratepayers. Also what is the best look into the future in

what you are going to do for quality in the reclaim water system. All these things will have to be looked at.

Vice Mayor White wanted the public to know that they are looking into this and addressing all the different avenues.

Mr. Thomas commented that after looking at the proposals that have been offered by the County they are asking the City to shut down their Plant that is paid for and join and pay them cash to join in on the Plant that they just built. The City will also have to pay to interconnect to that system. In his view it will be very difficult for this to be a lower rate for the City of Vero Beach. He said that the City is essentially built out and you have to keep up with infrastructure and the County is still growing. If they keep growing and adding capacity then the City's costs will rise to meet their growth. As he understands it the County is not projecting any rate increases in the near future. The issue, as he sees it, is that they have had a tremendous amount of collection of impact fees from growth that did not occur. He also felt that taking on the City of Vero Beach would put pressure on their rates. He said that when they go into negotiations they need to keep their eyes open and evaluate carefully. He also brought up that in January the electric rates will go down and not up. Originally they were planning to put off the water rate increase until January. However, with the loan for the Deep Injection Well they need to show that they can pay the money back (referring to the loan from SRF). With respect to the overall community cost, their solid waste rates are lower than most cities and they still will be among the lowest on water rates than most communities. These are public, health and safety issues and they have to have a way to pay for the Deep Injection Well. He doesn't know how long that they can continue to defray costs of things that need to be done at the Plant.

Mr. Sawnick added that he would like to hear from the people to find out how they feel about this.

Vice Mayor White commented that he has a home in the City and a business in the City. He pays two utility bills and it hurts. He said that his business is down. It is not like it is a normal time.

Mr. Sawnick made a motion to approve the Resolution on first reading and set the public hearing for September 15, 2009. Mrs. Fromang seconded the motion and it passed 4-0 with Mr. Sawnick voting yes, Mr. Fish yes, Mrs. Fromang yes, and Vice Mayor White yes.

6. CITY CLERK'S MATTERS

None

7. CITY MANAGER'S MATTERS

A) Consolidation of the utilities with the County

Mr. Gabbard reiterated that the discussion of the consolidation between the City and the County is for the wastewater only. He said that water would be another issue. He said that some staff members met with some County staff members and were shown the same presentation that was given to the Utilities Commission. He will get a copy of the Power Point presentation to Council for their review. A couple of questions were asked, but basically the meeting was very general and they didn't see too many numbers. He also met with all the County Commissioners on this subject except for Commissioner Solari. The Chairman of the County Commission wanted to be cautious with this. He is going to talk to the County Commission at their September 8th meeting. He said that the costs have not been discussed. They all agreed that Mr. Bolton and Mr. Olsen should get together and address the different issues. He said that this is a very complicated issue with a lot of dollars involved. He will contact Chairman Davis after his meeting on September 8th and see what the County Commission decided.

Mr. Bolton agreed with the comments made by the City Manager. He said that they would have to look and see if there will be any savings in combining the wastewater treatment into one. They will look at the data and come up with one presentation that they will make to the City Council and to the County Commission.

Mr. Gabbard said that he will have Mr. Bolton give a regular update on this matter at their future meetings.

Mr. Fish asked about the agreement that expires in 2017.

Mr. Bolton explained that back in 1987 the City was temporarily servicing some people on the barrier island that were really County utility customers. Then the City entered into a franchise agreement with the County to service this area (South Beach). This was similar to what they had done with the Town of Indian River Shores in 1986. A thirty-year franchise agreement was imposed and that franchise agreement will be up in 2017. There is a clause in the agreement that in 2012 that there must be a five year notification given on 1) if we want to continue to serve with the County and 2) whether they want to be continued to be served. This item has been brought up by Dr. Faherty to go before the County Utility Commission and he thinks that there will be some future action before the County Commission as to discussions on it. The County Commission has not voted on this issue. He said that City staff has met with the Town of Indian River Shores and discussed the issue with them and they feel that they have signed a contract with the City that carries into 2016 and it is a binding contract that they will follow through on. If the County decides that they want to serve the barrier island after 2017 then they will have to sit down and negotiate some type of a value of the system that they have put money into over the years. They will also have to figure out a way on how they are going to serve those customers.

Vice Mayor White recalled that a few years ago St. Lucie County wanted water from them. Mr. Bolton said that they still serve two homes in St. Lucie County, but that would not be for much longer.

8. CITY ATTORNEY'S MATTERS

None

9. CITY COUNCIL MATTERS

A. Old Business

B. New Business

1. Bonds on Electrical Plant – Added on to the agenda by Councilmember Bill Fish

Mr. Fish brought this matter up because of a question that was asked at the Wednesday Town Hall meeting. He asked the Finance Director to respond to the question.

Mr. Maillet passed out a handout (please see attached) showing the Electric Fund Debt Allocation. He said that the question was of the outstanding debt of the electric system what portion is attributable to the Power Plant and what portion is attributable to Transmission and Distribution. He briefly went through the handout. Another question would be how much of that is on the old units. Mr. Maillet said that none of it is.

Mrs. Fromang referred to the letter brought up earlier about the inside and outside customers concerning bonds. She asked Mr. Vitunac if he wrote that letter.

Mr. Vitunac said that he never said that the out of City customers are liable for that debt. What he said was since this is not a general obligation bond, an obligation of the City to pay, it is a revenue bond and secured by the revenues of the system. To the extent that a customer in the County gets a City electric bill every month, part of that bill is to pay off these bonds. But, if the customer was to move somewhere else he is not liable for any of their debt. There is an obligation of the City to keep its rates of the City sufficient to pay these bonds. It is not true that the County people are liable for the debt of the City.

10. INDIVIDUAL COUNCILMEMBERS' MATTERS

A. Mayor Sabin Abell's Matters

- 1. Correspondence**
- 2. Committee Reports**
- 3. Comments**

B. Vice Mayor Tom White's Matters

- 1. Correspondence**
- 2. Committee Reports**
- 3. Comments**

Vice Mayor White reported that he attended the Special Call meeting where they discussed the rate study and a ribbon cutting ceremony.

C. Councilmember Debra Fromang's Matters

- 1. Correspondence**
- 2. Committee Reports**

Mrs. Fromang reported that tomorrow morning she would be attending the Treasure Coast Council of Local Governments meeting. There is also a Special Call Economic Council meeting scheduled for Thursday, which she will not be able to attend.

- 3. Comments**

D. Councilmember Bill Fish's Matters

- 1. Correspondence**
- 2. Committee Reports**

Mr. Fish addressed the subject of which public meetings that the Council wish to attend. He said that he makes individual decisions on which meeting that he wants to attend. He doesn't know what kind of message that sends to their different Board and Commissions. He reiterated that each one of them wrestles with which meetings are they going to attend. He periodically will attend one of the different Board meetings to see how the Board is doing.

Vice Mayor White felt that sometimes by attending the City Board meetings they could influence the decisions that the Board needs to make.

Mrs. Fromang brought up the Town Hall meetings that were recently held where the people were angry that the rest of the City Council was not there. It was explained that the meeting was for staff to answer questions that the public had. She attended the meetings because she was able to.

Vice Mayor White said that they should not have called it a Town Hall meeting. It should have been called something different.

Mrs. Fromang commented that they needed to all start working together. They don't want to see their City and County divided. She was sorry that there is so much animosity right now.

- 3. Comments**

E. Councilmember Kevin Sawnick's Matters

- 1. Correspondence**
- 2. Committee Reports**

Mr. Sawnick reported that he attended the Special call meeting that was held and also the Town Hall meeting held on Wednesday.

Mr. Gabbard accepted the responsibility for not having the Council at these Town Hall meetings. The meetings were held for the public to ask questions of staff.

3. Comments

11. ADJOURNMENT

Today's meeting adjourned at 11:51 a.m.