

Indian River County Florida

*Indian River County Administration Complex
1801 27th Street, Building A
Vero Beach, Florida, 32960-3388
www.indianriver.gov*



Meeting Minutes - Draft

Thursday, August 22, 2024

1:00 PM

Utility Rate Study Workshop

Commission Chambers

Board of County Commissioners

Susan Adams, District 1, Chairman

Joseph Flescher, District 2, Vice Chairman

Joseph H. Earman, District 3

Deryl Loar, District 4

Laura Moss, District 5

John A. Titkanich, Jr., County Administrator

William K. DeBaal, County Attorney

Ryan L. Butler, Clerk of the Circuit Court and Comptroller

Shauna James, Deputy Clerk

1. CALL TO ORDER

Rollcall

Present: 5 - Chairman Susan Adams
Vice Chairman Joseph Flescher
Commissioner Joe Earman
Commissioner Laura Moss
Commissioner Deryl Loar

2.A. A MOMENT OF SILENT REFLECTION FOR FIRST RESPONDERS AND MEMBERS OF THE ARMED FORCES

2.B. INVOCATION

Commissioner Deryl Loar

3. PLEDGE OF ALLEGIANCE

John A. Titkanich, County Administrator

4. STAFF/CONSULTANT PRESENTATION

4.A. [24-0691](#) Presentation of the Utility Fee and Rate Modification Study for the Indian River County Department of Utility Services, IRCDUS Project ID: 00.23.544

Recommended Action: Staff recommends that the Board of County Commissioners (BCC): · Accept the results of the Indian River County Department of Utility Services - Utility Rate Study Report prepared by Stantec Consulting Services, Inc. · Conduct a public hearing to review and discuss the Schedule of Proposed New Rates and Fees by Type at the September 24, 2024, BCC Board Meeting. · Approve the resolution accepting the findings of the Indian River County Department of Utility Services - Utility Rates Study Report and adopting the Schedule of Proposed New Utility Rates and Fees by Type as the new Utility rates for 2025 and 2026

Attachments: [Staff Report](#)
[Schedule of Proposed New Utility Rates and Fees](#)
[Utility Rate Study Final Report](#)
[Impact Fee Study Final Report](#)
[Presentation Slides of the IRCDUS Comprehensive Rate Study](#)

Sean Lieske, Director of Utility Services, informed the Board that the workshop would be the first in a series. He introduced Bryan Beavers, Utilities Finance Manager; Andrew Burnham, Vice President of Stantec Consulting (Stantec); and Consultant Laura Arturo as participants in the Utility Rate Study Presentation.

During his presentation, Mr. Burnham used a PowerPoint to provide an overview of

the rate study and historical perspective on the rates. He mentioned that the Indian River County Department of Utility Services (IRCDUS) operated as an enterprise fund, with its primary source of income being service fees and usage charges from customers. Additional funding come from miscellaneous charges. Over the past 25 years, service fees and volume charges from IRCDUS had increased by 12%, while miscellaneous fees had remained unchanged. In comparison, the U.S. Water & Sewerage CPI rate increased by 210% during the same period. Due to the utility rates not changing at the same pace as inflationary price increases, IRCDUS rates could no longer sustain the financial funding requirements of IRCDUS.

Mr. Burnham discussed extensively the funding needs for IRCDUS operational expenses, capital improvements, and financial sustainability. He mentioned that the current rates were insufficient to cover these needs and that all reserves would be exhausted by FY 2027. It was Stantec's recommendation to implement a two-year plan for retail rate increases. He explained that the two-year plan would have an impact to the customer bill, with an increase of less than \$10 for the first year and approximately \$7 for the second year for a typical user. The purpose of the two-year plan was to develop a master plan to identify future capital needs. This plan aimed to assist in predicting when future expenses would be required and to provide more accurate cost estimates for those expenses. Additionally, it would offer updated information about the current system and prioritize investments for the next couple of years.

Mr. Burnham discussed the impact fee study results and stated that the sewer system would have a slight reduction based on the current cost and level of service. The sewer fee would decrease slightly from \$2,800 to a little over \$2,600 for a typical connection. The water fee would need to increase based on the current capacity cost from \$1,300 to \$2,006. He pointed out that Stantec had identified a phasing in plan to increase the water fee consistent with Florida legislation governing overall impact fees. Phasing in this fee would be an approach Stantec would recommend to the Board for consideration over four years with equal annual increases.

Mr. Burnham concluded his presentation with the following recommendations:

- 1) Reverse the trend of declining utility reserves.
- 2) Address the long-term impact of inflation.
- 3) Provide a comprehensive rate update for:
 - a) Service availability and volume charges
 - b) Bulk service rates
 - c) Miscellaneous fees
 - d) Deposits
 - e) Impact fees

- 4) Commit to more frequent, periodic future reviews of the rate structure.
- 5) Incorporate long-term utility master plan assumptions into future rate studies.

5. BOARD COMMENTS / QUESTIONS

The Board discussed the rate study and recommendations in relation to the potential growth of new subdivisions/developments and commercial buildings with Mr. Burnham and Mr. Lieske and how that would affect the recommendations. Mr. Burnham noted that one of the forecast's assumptions was based on historical growth. It was assumed there would be about 1,250 new equivalent residential units each year on the water side and, 1,350 new units on the sewer side, considering the gradual transition from septic to sewer over time. The forecast factored in a little over 2% growth rate on sewer and almost 2% on water, which would lead to revenue growth.

Further discussion was had regarding the grant funding for septic-to-sewer conversions. A significant amount of grant funding was available for this program, which would be factored into the process in more detail. It was important to note that grants did not cover the full cost, so the utility would need to cover additional expenses using other funding sources, as accounted for in the financial modeling.

6. PUBLIC COMMENTS

Sebastian resident Jannet Perry asked why her utility bill was being processed in Birmingham, Alabama, instead of in Indian River County or Florida. Brian Beavers, Utilities Finance Manager, explained that banks have consolidated into regional areas and use lockbox processing, where paper checks are processed at a central location. Mr. Beavers understood the preference for keeping the transactions in Florida.

Bob Gallagher, a resident of Oak Harbor, stated he had moved to Indian River County from South Florida eight years ago. He was surprised that his water bill in Indian River County was lower than in Miami-Dade County. However, after learning that the bill was monthly instead of quarterly, he discovered that the overall cost was higher. This made him question the efficiency of the water and waste utility operation in Indian River County.

Judy Orcutt, President of the Clean Water Coalition (CWC), expressed concern about the study's lack of a significant plan or transmission expansion process. She stated that the current rate increase was simply catching the County up. She appreciated the promise of an integrated master plan and a review of the rates. She worried that the need for rate increases might be even greater a year from now, particularly as the St. Johns River Water Management District had indicated that groundwater was being depleted. She also questioned whether there had been any discussion about "toilet to tap" as a potential water source. Ms. Orcutt highlighted the

importance of implementing water reuse in neighborhoods to conserve potable water. She emphasized that the water issue extended beyond converting septic systems to sewers, and she was uncertain if adequate preparations were being made to address the challenge of potable water scarcity.

Vero Beach resident Thomas Sullivan believed developers coming to the County should pay more than the residents for utility services and impact fees.

Indian River Shores Council Member Bob Auwaerter raised concerns about Vero Beach's utility charges, stating that they appear to generate a profit that goes back into the general fund to lower taxes. He mentioned that Vero Beach used a cost allocation method that, based on government accounting standards, seemed to overcharge utility customers in order to reduce real estate taxes. He questioned whether the cost allocation methodology was used and whether general fund expenses were attributed to the Utility Enterprise Fund. He also inquired whether this approach was fair to ratepayers outside of Vero Beach.

County Administrator John Titkanich explained to Mr. Auwaerter that the Office of Management and Budget (OMB) allocates costs to each fund to cover the services they receive. For instance, in the case of utilities, all funds contribute their fair share if there's a utility authority with Human Resource or Information Technology departments. The OMB evaluates these costs at the start of the budget cycle and provides the numbers to all departments to ensure everyone pays their fair share.

Director Lieske announced that a public hearing notice would be given at the September 10, 2024, BCC meeting to officially adopt the rates on September 24, 2024. He mentioned that the website was live, and people could visit to review the full rate study.

7. ADJOURNMENT

There being no further business the Chairman adjourned the meeting at 2:25 pm.