

**SPECIAL CALL CITY COUNCIL WORKSHOP MINUTES
WEDNESDAY, JUNE 17, 2015 1:00 P.M.
CITY HALL, COUNCIL CHAMBERS, VERO BEACH, FLORIDA**

PRESENT: Mayor Richard Winger, present; Vice Mayor Jay Kramer, present; Councilmember Pilar Turner, present; Councilmember Amelia Graves, present and Councilmember Randy Old, present **Also Present:** James O'Connor, City Manager; Wayne Coment, City Attorney and Tammy Vock, City Clerk

1. CALL TO ORDER

A) Pledge of Allegiance

Mayor Winger called the meeting to order and led the Council and audience in the Pledge of Allegiance to the flag.

B) Roll Call

The City Clerk performed the roll call.

2. PUBLIC COMMENT

None

3. ITEM FOR DISCUSSION:

A) FY 15-16 Budget Goals/Objectives and Long Range Plan

Mr. James O'Connor, City Manager, explained that today's meeting was called in order to address some of the concerns and to get direction from the City Council as to how they go into the budget for the coming year. He said staff is looking for two things to come out of today's meeting. They are looking for direction as to how they form the budget, such as should they plan on a stormwater utility being in the budget, are there restrictions on the property tax issue, for example, are they not going to have an increase at all or are they going to go to the rollback because they are experiences some increase in assessed values, and staff needs to know what other parameters Council wants as they go forward. He said the information provided to Council today was predicated on direction from Council, but Council was also looking for some type of a five (5) year projection or a long term plan. He said this will give Council some insight into what their expenditures would be for both capital and operations as projected by the various departments. He said even though the City's population has not changed the population visiting Vero Beach has changed dramatically, such as for the use of the City's beaches, Parks, events, etc.

Mr. Old asked how would you categorize this budget. He asked is it a generous, medium, or a small request.

Mr. O'Connor answered medium. He classified it as more of a medium budget in order to meet what staff envisions as to the changes that are taking place in Vero Beach.

Mayor Winger felt it would be better to start with expenses and then go to capital expenditures and deal with revenue last.

Ms. Cynthia Lawson, Finance Director, referred to the staffing chart (Attachment A). She said the items in color are where there is an increase in staffing. She explained that Human Resources (HR) shows an increase in staff from 1.5 to 4, but that is not an increase in staff. She said up until a few years ago the City had a self insurance fund and a good portion of staff in HR were paid from that fund. Now that the City went to fully insured health insurance they spent the last few years running down the residual balance in the self insurance fund. Currently there is only enough in the self insurance fund to cover the City's obligations for the remaining legacy claims. So, they are putting HR staff back into the General Fund. She said the Planning and Development Department reduced their staff by two (2) and the Police Department increased their staff by five (5). She explained that the two (2) Code Enforcement Officers were transferred from the Planning and Development Department to the Police Department, so the Police Department was actually only requesting an increase in staff of three (3). The primary assumptions are for a 3% salary increase across the board, an increase in health insurance by 15%, a 9% contribution of salary for existing employees for pension and 7% for new hires, as well as the City's continued payment of the unfunded liability portion of the Defined Benefit Plan. She said the schedule built into the budget for salary increases are for 3% every other year.

Mayor Winger said they have the issue of the unfunded Other Post Employment Benefits (OPEB).

Ms. Lawson said that is not included at this point because they estimated if the City funded it over 15 years that would be another \$70,000 of expense to the General Fund and funded over a period of 30 years there would be an additional \$300,000 of expense to the General Fund. She said the advantage is they would be putting in more than what they would actually need every year to pay the pay as you go costs and that residual balance as it grows begins to earn interest and over time will help the City pay costs.

Ms. Graves asked does the City have the option to change their time frame later or are they locked in.

Ms. Lawson said it was her understanding that they could change the time frame. She noted that she felt funding an OPEB Trust was a good idea.

Mayor Winger felt they should consider starting it this year. He asked what the governments around the City are doing.

Ms. Lawson said Indian River County has an OPEB Trust, which they started three or four years ago.

Mayor Winger asked has the City been losing or gaining ground in the OPEB.

Ms. Lawson said when OPEB first started as a pronouncement in 2008 this was the first time the City had to show the liability. She said it was at about \$35 or \$36 million dollars and it climbed to about \$56 million dollars and then went almost all the way back to the original level with the one administrative change the City made. Therefore, the City has been holding their ground.

Mayor Winger said that implies that it is going up over time.

Ms. Lawson said the solution is to fund a Trust, which is the Finance Commission's recommendation and she agreed. The question is do they start it this year, next year, and at what level.

Mayor Winger said that he was in favor of starting it at a minimal level.

Ms. Lawson said the Finance Commission's recommendation was for 27 years, which would be about \$328,000 dollars to the General Fund.

Ms. Lawson said as far as revenues go, the primary assumption is that there is no increase in the ad valorem tax rate, but she is showing a modest 2% annual rise in property values across five years. She reported that the Electric Utility budget that staff will be presenting on July 13th is based on a base case scenario and the revenues are shown as being down from what was budgeted last year and they kept the transfer at a solid 6%.

Ms. Lawson reported that for four more years there is a return of premium for the health insurance fund of about \$297,000 dollars. As far as capital goes, they budgeted the stormwater project separately. She said at this point they don't know what fee or assessment the City would levy, if any at all, because the consultant would not come back until the Fall. She noted that if Council wanted to budget for it staff would break it out separately and wait to see what revenue they plan to generate. She noted that they could always amend any stormwater budget they create.

Mayor Winger said staff is assuming that in five years the City would invest \$5.2 million dollars, but they might not be able to do it in five years. He felt that they were on that road and they should stay on it. He said they don't have any idea what the revenue was going to be.

Mr. O'Connor said when the rates are set then they would know what projects they could do.

Mayor Winger asked when do they have to match the grant funds for McAnsh Park.

Ms. Lawson said they have until the end of fiscal year 2015/2016 into the beginning of 2016/2017.

Mayor Winger said what they would want to achieve with the stormwater utility is to give them enough funds to take care of McAnsh Park and Old Town. He said that would be their first goal.

He said that he was fully confident that being part of the Lagoon Coalition that there will be other grants available.

Mr. O'Connor noted that most grants are matching. He said staff will present a budget that includes a stormwater utility and that would isolate the projects that would be serviced by the stormwater utility.

Ms. Lawson clarified that staff would bring to Council a budget with stormwater utility carved out separately to be used for capital projects only.

Ms. Lawson said regarding the general capital projects, the only real revenue source for this is what is left over from the one-cent sales tax after they pay their various debt services. She said the City Council adopts a 5-year capital plan every year. She then reported that the City started a five-year fleet replacement program through lease purchase proceeds. One thing that was not in last year's plan was for more vehicles for the Police Department beyond that first round that they purchased last year. She said they are looking to replace some vehicles that are as old as 2005/2006. She said another notable change is bringing the annual street resurfacing up from \$200,000 dollars a year to \$760,000 dollars a year. There is also a considerable amount of infrastructure improvements in Recreation.

Mayor Winger said there is a deficit of \$1.1 million dollars in capital projects.

Ms. Lawson said that she is estimating a 1% to 2% increase annually in the one-cent sales tax. The only other thing that could affect revenue is if they sell the Dodgertown property, which would reduce that debt service.

Mr. Kramer said asked is the 34th Avenue bridge replacement scheduled to be a one-time expense.

Ms. Lawson answered yes. She said it is substantially funded by grant revenues and there is about \$800,000 dollars in borrowing.

Mr. Kramer asked what is the lifecycle on a bridge like this.

Ms. Lawson answered 75 years and the proposed borrowing would be for about 30 years.

Mr. Kramer asked what is the lifecycle of the Police vehicles. He asked how many years are they leasing them.

Ms. Lawson said they are doing five-year leases and they are proposing keeping them for six or seven years.

Mr. Kramer questioned if it was financially more viable to lease the vehicles rather than purchasing them outright.

Ms. Lawson said it could be, but it is not that much of a bubble effect. She explained that what they were doing was getting them on a five-year cycle so the debt services rises to a certain amount and every time a debt service drops off they replace it with a similar one and they end up with level funding. In the past they purchased the vehicles in cash, kept them too long, and then a lot of them would fail at one time. She said they don't see this now, but in the future when they sell the vehicles after only having them for five years they would get a decent amount of money for them, which would give them some revenue to offset the debt service payments.

Mayor Winger asked could they put off replacing the traffic light for one year.

Ms. Graves said that she did not see anything regarding traffic calming on State Road 60.

Mr. Monte Falls, Public Works Director, said they don't have capital for traffic calming in the budget, but they do have some money in expenses this year to allow them to do the lane reduction permit that the Department of Transportation (DOT) suggested that they do and have in hand so that when DOT does their next paving resurfacing project on State Road 60 the City would have it and they could incorporate a lane reduction, if Council chooses at that time, to do it with the paving. The reason for doing it at the same time as the paving is because all of the incidental costs of striping and paving would be borne in the State project. Then, if Council wanted to do something more elaborate, such as bump-outs, that could be added as a capital item.

Ms. Graves asked what is the State's schedule.

Mr. Falls said the State has not given him a schedule yet. He explained that typically the State looks at a 15-year cycle for repaving roads. He would guess that it is seven (7) to 10 years out. He then reported that the traffic signal on 26th looks like it is deflected at the end. They are watching it and it hasn't gotten worse. He said they probably could push the project back a year, but it will have to be done.

Mr. Old asked does each road get repaved on the same cycle.

Mr. Falls said they do a pavement rating every three (3) years where a consultant gives them an objective score of the roads condition and they try to do the worst roads first.

Mr. Old referred to the traffic issues on A1A and 17th Street. He asked is that beyond this budget.

Mr. Falls answered yes. He explained that would be more of a regional type of project and the City would work with the Metropolitan Planning Organization (MPO) to try to get capacity enhancement funds.

Mayor Winger referred to the cumulative deficit stating that \$900,000 dollars of the \$2.6 million dollars is for fire range improvements.

Mr. O'Connor said that is correct. He said that the City has been using the range for many years and in order to be able to use the facility they need the funds to improve the range and to clean it up so it would be a real firing range for the Police Officers.

Mayor Winger asked are there other places they could go.

Mr. David Curry, Police Chief, explained that the range is located on 41st Street west of 43rd Avenue and they have been using the range for years. He said it is a shooting range, a classroom, an obstacle course, and a K-9 range. He said they have been very limited in using the range for several years because of the growth around the range. He said the County building is a concern and therefore they only shoot at the range after 3:45 p.m. once the County employees get off work. He said they have to qualify the Police Officers a few times a year and when it gets dark early they don't have much time for them to shoot. They recently received a quote of about \$38,000 dollars from a company in Tampa to de-lead the berm. He said what they would like to do is make the range where they could shoot there at any time. What that consists of is a baffling system, which would prevent rounds from leaving the range, which is unlikely. The capturing system would capture the lead rather than it going into the berm. He said if they had the range the way they would like to have it, they could open it up to other agencies. He said there are also grant opportunities if they teach firearm safety courses to the public. He said they definitely need the range back.

Mr. Old asked could they do this in stages so it would be easier to finance.

Chief Curry answered yes, which is what they are presenting. They are showing the cost of them doing this over three to four years.

Ms. Graves asked how many hours does each Officer need to qualify every year.

Chief Curry said it is a mandatory qualification of the Florida Department of Law Enforcement (FDLE) to qualify once a year, but they do it twice. He said they try to go above and beyond with their training because when the Officers have to react and respond they reflect on their training. He did not think once a year was enough.

Ms. Graves asked when there is an Officer involved in a shooting, are the training records pulled.

Chief Curry answered yes. He said everything is documented on the amount of time they were in training, what was done, the instructions, etc.

Ms. Graves said her point is that \$1 million dollars sounds like a lot of money for a fire arms range, but she could image that a lawsuit could be a lot higher if they didn't have the proper training.

Chief Curry said that is a lot of money, but they have not done anything to that range in many years.

Mrs. Turner agreed that the Officers need a place to do their training and they want to provide them with adequate routine training. She said the \$1 million dollar price tag is way out there for a City that only generates \$4 million dollars a year. She asked that they go back and look at it to find ways to handle this. She said they want to give the Police Officers the tools they need to perform their job.

Chief Curry said they could go back and look at it. He explained that they had limited time to prepare this and had to work quickly. He noted that they would do their best.

Ms. Graves liked the idea that the public could go there for training.

Mr. Kramer asked Chief Curry if he felt it could support itself if there is a significant investment.

Chief Curry did not know if it would be self-supporting.

Mr. Old asked does Indian River College have a range.

Chief Curry said yes, they have a very nice indoor range.

Mr. Old asked could they train there.

Chief Curry said if they could the City would have to pay for travel and meals. He noted that they run three to four academies a year, which runs during the day and evening. He felt that trying to schedule a time would be difficult and he wasn't sure if the college would even allow it.

Mayor Winger asked Ms. Lawson to explain the item titled Transfer From 311 General under the Five Year Capital Improvement Program.

Ms. Lawson said that is the funds left after the debt service payments from the one-cent sales tax. Currently the City has debt service for the interest only on one of the Dodgertown properties and two other pieces of debt service, which accumulates to about \$800,000 dollars a year.

Mrs. Turner questioned the increase of personnel in the Police Department.

Chief Curry said the population of the City doesn't seem that large, but they swell up every day throughout the year and it probably doubles during season. He said Riverside Park, the beaches, Ocean Drive, Downtown, the Courthouse, restaurants, the Airport, etc., are all in the City and when people come to Vero Beach, they come to the City. He said the Police Department not only has to serve the residents, but visitors as well. They had about 1,100 more calls for service than they had last year at this time. He said they would like to have two Officers on the beachside, two Officers in town from the railroad tracks east of the river, and two Officers from the railroad tracks west. He did not think that was unreasonable. That is what they can currently do if no one has time off. He said they have to consider sick time, annual time, military time, FMLA, etc. He reported that in 2014 they paid out 423 overtime hours to cover short shifts. He said they had 1,600 disturbances and 170 Baker Acts last year. He said if an Officer makes an arrest they are then short because the Officer has to book that person, do the paperwork, and

transport them. He said in order to appropriately man the City they clearly could use two more Officers. He reported that they currently have two Record Clerks, which one of them works the front desk. He explained that the person who works the front desk also has to do clerical work and both Clerks are very busy. He said they really need another person in the Record's Department. He reported that they have an employee who works the front desk that has record experience and they could move her back into that department and then hire someone for the front desk. He noted that he has been paying them overtime as well. He said that he would also like to have a part-time parking enforcement officer to help on the weekends and possibly during the week.

Mayor Winger asked is the part-time position included in the cost in the budget.

Ms. Lawson said the part-time position is not in the full time count, but it is included in the funding.

Mayor Winger did not have a problem with having the Police Officer positions or with the new vehicles. But, he did have a problem with the shooting range.

Mayor Winger asked is it possible to assume that they could sell the golf course and save some money.

Mr. O'Connor said they would be very lucky to get it sold between now and October 1st.

Ms. Lawson said they could make some reasonable assumptions, which they have done in the past. But, they also have to adopt a balanced budget. She said they need direction from Council on what they feel is most important to them.

Mr. O'Connor said the other option is that they leave it to his discretion and he could tell Council what he feels is important.

Mayor Winger said that he wanted to pave the roads the best they can and all the Recreation projects need to be done.

Mr. Old questioned how they were going to pay for them. He said in order to do what is wanted they are going to need a significant tax increase.

Mrs. Turner said that is exactly the point. She asked are they willing to stay with roll back, do they want a tax increase and if so, how much. She said Mr. O'Connor needs some parameters.

Mayor Winger agreed, but said that is a separate discussion from the capital budget because the money to fund those projects are coming from the one-cent sales tax.

Ms. Lawson said they could put ad valorem tax money there. She explained that they can't take capital funds and put it in the operating budget, but they can take tax money and put it in the capital expenditures.

Mr. Old felt they were at the point where they have to increase taxes or they are going to have to cut beyond what the citizens want. He did not see a lot that they could cut.

Mr. O'Connor said for the past three to four years the City Council set parameters and staff brought them a budget within those parameters.

Mr. Kramer said it seemed that the last several years they had a minimal budget and added back into it. This time it seems like they have the maximum budget and Council is being asked to cut it out.

Mr. O'Connor said last year he was asked to bring Council a budget 10% below, which he did. He said if Council wants staff to bring them a budget and there is flexibility in the revenue streams then that is what they will do. He asked Council to give staff direction as to what the parameters are.

Mayor Winger asked what have the taxes been over the last several years. He felt that they should go back to 2.29. He said they can't run the City for less. He said that he would go back to the 2006 tax rate as a starting point.

Mr. Old said that is not much of an increase and they would have to cut a lot out of this budget. He said raising taxes by 30% (as a maximum) would help not only the operating, but also the budget area.

Ms. Graves said that she would like not to raise taxes, but then they would be back at this point next year and the years after. The question is when do they address it.

Mr. Old said they have cut the budget deeper than they should have over the last couple of years. He said they anticipated selling the utility and made cuts for that. He said in their five-year plans there are things they have not done. He felt that they have to bite the bullet and do something. He said 30% might be high, but they need to set a high limit and then see what they can do to get it down. He did not want to set a number that is too low because it puts pressure on the following year. He noted that in looking at the 400 cities in Florida, the City of Vero Beach is number 336 in taxes, which is way at the bottom. He said they have a lot of room to move it up and they need to in order to keep Vero Beach the way it is. It is time to do it.

Mrs. Turner said they are seeing more pressure on Vero Beach with tourism being up by 30% and she believed a lot more is coming.

Mayor Winger asked Mrs. Turner what she would do on the revenue side.

Mrs. Turner said to propose a base budget based on the current rate and then evaluate each project.

Mr. Old said if they decide to stay with their current tax rate they are going to have to eliminate some things. He said they have to do something now.

Mr. O'Connor asked Council when they talk about Enterprise Funds in other cities that they look at other cities that have property taxes with their Enterprise Funds. He said Ft. Pierce is a good example. He said their taxes are higher than Vero Beach and they have Enterprise Funds.

Mr. Old said they are not wasting money and there isn't anywhere else to cut. He said the Police vehicles are not the only example. He said Leisure Square is a very good example.

Mayor Winger said they are down from 527 employees.

Mr. Old said they cut 150 positions.

Mrs. Turner said less than 10 years ago the City had 541 employees.

Ms. Graves felt that they went from one extreme to the other and now they have to build a balance. She said when looking at the number of events they had over the past year, employees were run ragged because they did not have enough staff. She said they cannot keep burning everyone out and hope that they would hold on long enough for someone else to fix it.

Mr. Old said the City has a fixed population and a fixed area so their revenue is really not going to change going forward. The only thing they can do is raise taxes in order to get their services back up to where they should be. The idea of saying no to raising taxes is in the past. They can't do that anymore. In order to get the services back to where they should be they are going to have to raise taxes.

Mrs. Turner cautioned that they consider what benefit the taxpayers would get from any tax increase.

Mr. Old agreed. He said they have to be rational on how they do this.

Mayor Winger commented that City taxes are only about 11% of the tax bill.

Mr. Old said that he would like to give staff direction for a maximum raise of 30%.

Ms. Lawson said that would be a mileage rate of 2.6437, which would close the gap in the operating fund unless they split it out.

Mr. O'Connor said they would bring that back to the Budget Hearings as a starting point.

Mr. Old asked if they did go up to 2.6 they would go from 336 out of 400 cities in Florida to 308 of 400 so they would still be in the bottom quarter of the cities in Florida.

Mr. O'Connor said they would work between the parameters of 30% and bring back to Council a proposed budget.

Mr. Kramer said for the record, he would like to keep the millage rate where it is. He would like to see a little discipline and see what the Department Heads come up with.

Ms. Lawson said what she was hearing from Council is that they would like to see some of these additional funds that they generate to go towards capital projects, but are leaving it up to the City Manager's discretion as to how much.

Mayor Winger asked are they putting off the GASB Trust for one year.

Mr. Old said that has to be in there.

Ms. Graves suggested that they look at a tiered effect where they would not put in as much in the beginning.

Ms. Graves asked could funding of the lifeguard tower at Humiston Beach come out of tourism dollars.

Mr. O'Connor answered yes, it is a capital project and they can do that.

Ms. Graves asked Ms. Lawson to give Council a presentation on GASP.

Ms. Lawson said that she would make a presentation to Council on how it works, what they get, etc.

Mr. Old felt staff should make some assumptions on the sale of the golf course.

Mr. O'Connor reported that they have had a major problem recruiting lifeguards. They took two permanent part-time lifeguards and elevated them to full-time lifeguards and it is reflected in the budget.

Mrs. Sue Dinneno said the people who live in Vero Beach and the people who visit Vero Beach expect excellence. She said Vero Beach deserves better than shabby maintenance, decaying facilities, and skimpy police coverage. She said they don't expect excellence for free. She asked that they raise her taxes.

Ms. Tara Mende, of the Vero Beach Lifeguard Association Board of Directors, said their population is growing and public safety is important. She said they need more police presence on the beach as well as more lifeguards. This year alone they have had 25 serious rescues and their lifeguards are looking at nearly one-million people on Vero's beaches. She said tourism is rapidly increasing.

Dr. Tim Acme, of the Vero Beach Lifeguard Association Board of Directors, said one option they have for replacing the tower is to repair it rather than replace it. He said they would like to have a "chair in the air," which is a portable chair, at Sexton Plaza and Conn Beach as it would increase the visibility of the lifeguards throughout the City. Currently they have two lifeguards at Humiston Beach and Jaycee Beach. During the weekends and during the busy times if they had those chairs they could station one lifeguard at each location and increase the coverage and visibility without increasing the cost for employment.

Mr. Dick Yemm, Chairman of the Recreation Commission, said the reductions over the past six or seven years really hurt the quality of staffing. He said in Recreation's budget they are proposing upgrading a part-time position to a full-time position, which he said was important. He said they really cannot cut the budget any more. He said they are not talking about a significant amount of money as far as increasing the taxes verses the trying to get the quality of life back into the City.

4. ADJOURNMENT

Today's meeting adjourned at 3:07 p.m.

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