

**SPECIAL CALL CITY COUNCIL MINUTES
TUESDAY, SEPTEMBER 4, 2012 5:10 P.M.
CITY HALL, COUNCIL CHAMBERS, VERO BEACH, FLORIDA**

1. CALL TO ORDER

A) Roll Call

Mayor Pilar Turner, present; Vice Mayor Craig Fletcher, present; Councilmember Jay Kramer, present; Councilmember Tracy Carroll, present and Councilmember Richard Winger, present
Also Present: James O'Connor, City Manager; Wayne Coment, City Attorney and Tammy Vock, City Clerk

2. PUBLIC HEARINGS

A) An Ordinance of the City of Vero Beach, Florida, Providing the Levy of Ad Valorem Taxes for the Fiscal Year 2012-2013 at a Millage Rate of 2.0336 which equates to \$2.0336 per \$1,000 of Assessed Property Value.

The City Clerk read the Ordinance by title only.

Ms. Cindy Lawson, Finance Director, briefly went through the Trim Law requirements for the tentative and final millage/budget trim hearings (please see attached).

Mayor Turner opened the public hearing at 5:13 p.m.

Mr. Joseph Guffanti stated that the time has come to raise their taxes. He said that it was disingenuous of them to ignore the issue and pretend that everything is okay.

Mr. Brian Heady commented that the millage rate determines how much taxes are going to be collected. He said that earlier at the prior meeting there was some fear of taxes going up and this was mentioned by former Mayor Caroline Ginn. One of the concerns that she had with the electric was that it has an impact on the millage rate because she did not want to see taxes go up. However, he said if you look at the difference in electric rates on what they would pay FPL and what they are paying now, there is some twenty million dollars more that electric customers pay in their electric bill every month, so even if you raised the millage rate, it would not be an increase for the taxpayers cost because they will have an offset on their electric bill and part of that savings would go towards the taxes. One of the things that he has always said is that the budget should include enough in the anticipated tax collections to cover the expenses and the budget that they have before them today does not do that. The budget before them does not show that there is enough money being collected to pay for what they are going to spend. He said that if they need to raise the millage rate then they should and stop robbing the reserves.

Mayor Turner closed the public hearing at 5:21 p.m., with no one wishing to be heard.

Mrs. Vock read Section I and Section II of the Ordinance.

Mr. Kramer commented that he remembered during the budget session they talked about the millage rate. He asked Mr. O'Connor if it was his recollection that they would not be dipping into reserves because they would have a small amount left over.

Mr. O'Connor said that was true, but there is one thing that has changed since then. He said that they needed to pay an advanced bond payment (Ms. Lawson will explain when the Budget Ordinance is being discussed).

Mr. Fletcher made a motion to adopt the millage rate as presented. Mrs. Carroll seconded the motion and it passed 5-0 with Mr. Winger voting yes, Mr. Kramer yes, Mrs. Carroll yes, Mr. Fletcher yes, and Mayor Turner yes.

B) An Ordinance of the City of Vero Beach, Florida, Adopting the Annual Budget of the City for the Fiscal Year Beginning October 1, 2012 and Ending September 30, 2013; appropriating funds for the Operating Expenses, Supplies, and Personnel, and otherwise appropriating funds for the Efficient and Effective Operation of the Government of the City of Vero Beach and its Departments; such appropriations being from Anticipated Revenue; Providing a means to amend the Annual Budget to carry forward the Funding of Purchase Orders, Work Orders, and Grants outstanding as of September 30, 2012; Providing a means to amend the Annual Budget to reflect Grants received after September 30, 2012; and Authorizing the Transfer of Funds appropriated so long as the total combined appropriations shall not be increased thereby; Providing an Effective Date.

The City Clerk read the Ordinance by title only.

Ms. Lawson went over the changes made to both the General Fund Non-Departmental and General Fund Construction budgets. She said that in July 2012, the City refinanced the Series 2007B-1 to the Series 2012B loan, lowering the interest rate from 3.9% to 1.06% and saving the City over \$200,000. As part of this refinancing, the City was required to pay the principal and interest due on October 1, 2012 in advance of the closing. As a result, this debt service payment will be included in FY 11-12 expenditures rather than FY 12-13. The Series 2012B expenditures for FY 12-13 will be interest only. In the General Fund, this means that the use of unappropriated surplus will increase by \$675,000 for FY 11-12, but this will be reversed and the fund balance replaced in FY 2012-2013 by the corresponding amount. Ms. Lawson commented that an additional full time position was eliminated in the Marina Enterprise Fund. As a result, the proposed budget represents a decrease of 26 positions Citywide, resulting in a decrease of \$1.4 million dollars in operating salaries across all funds. Also, the health insurance expenditures in all funds were updated to reflect the replacement of the City's self insurance

program with the Blue Cross/Blue Shield fully insured program approved by Council on August 16, 2012.

Mr. O'Connor stated that he did recommend that they go to the rollback rate and they have chosen to go with last year's rate, which is fine, but \$56,000 in a twenty million dollar budget is a pretty slim reserve moving forward.

Mayor Turner hoped that Mr. O'Connor would continue to search for other opportunities for cost efficiencies.

Mr. Kramer asked if they will be doing a budget amendment on a quarterly basis. He was told yes.

Mrs. Carroll asked Ms. Lawson how useful have the quarterly reports been.

Ms. Lawson said that it has been hugely successful for a couple of reasons. She said that staying ahead of things is helpful and it has been a good education process.

Mr. O'Connor added that the Finance Commission does a thorough review of the quarterly reports, which gives them transparency.

Mrs. Carroll suggested challenging their other Boards to be as active as the Finance Commission has become.

Mayor Turner opened the public hearing at 5:31 p.m.

Mr. Joseph Guffanti commented that they haven't mentioned that the pension plans are significantly underfunded and that money to fund them will come from the taxpayers. He said that when you balance the budget and put off debt is one of the reasons that this Country is in the trouble that it is in. He has learned that the Police Department issue is still yet to be resolved. He would have expected that that the City Manager would have resolved this issue and come to Council with a solution by now. The issue has gone on for many months. He does not want the Police force to be unstable. He said that a hostile environment has been created that has flowed over to the community. However, he said that this is the best Council that he has seen since he started following City politics. He suggested finding cuts somewhere else and leave the City employees in the Police Department alone.

Mr. Peter Gorry, Finance Commission Chairman, clarified that he has attended every single negotiation meeting between the City and PBA. A contract has tentatively been agreed to, but first must be approved by the membership of the Police. He said that a lot of progress has been made. He added that the Finance Commission at their next meeting on September 11th will be working on pensions and he is putting together prospective budgets for the next six (6) years.

Mayor Turner closed the public hearing at 5:42 p.m., with no one else wishing to be heard.

Mrs. Carroll asked how they have looked at pensions in this budget.

Mr. O'Connor stated that the pensions are controlled by union contracts. He said that the Police Officers are looking at doubling their contributions that they make to the pension plan. The membership of the Union first has to take a vote on it and then the contract will come before the Council for the final vote.

Mrs. Carroll asked about the decrease of 26 positions Citywide.

Mr. O'Connor stated that many of the employees left on their own free will. They did not arbitrarily cut the positions leaving employees without a job. He said that he has been asked to look at realigning the structure of the organization and he has been looking at middle management and several employees have gone from a supervisory job down to a craftsperson position, which is covered under the Bargaining Union.

Ms. Lawson added that when positions were vacated this year each department looked at the positions before they filled them to see if there was a way they could do without the positions. Also, when they talk about unfunded liabilities each year they make a contribution as the amortization of the funding of the underfunded liability. She said out of the total Citywide contribution of 4.1 million dollars a year, that 3.2 million dollars is the amortization and the payment over 14 years of that underfunded liability.

Mr. Winger thought that they had to do that over 14 years according to State law. He said that it is not like they are doing it voluntarily.

Mr. Kramer made a motion to approve the Ordinance. Mrs. Carroll seconded the motion and the Clerk polled the Council and the motion passed 5-0 with Mr. Winger voting yes, Mr. Kramer yes, Mrs. Carroll yes, Mr. Fletcher yes, and Mayor Turner yes.

3. ADJOURNMENT

Mayor Turner adjourned the meeting at 5:48 p.m.

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