

**SPECIAL CALL CITY COUNCIL MINUTES  
TUESDAY, SEPTEMBER 20, 2016 5:15 P.M.  
CITY HALL, COUNCIL CHAMBERS, VERO BEACH, FLORIDA**

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

**1. CALL TO ORDER**

**A) Roll Call**

The City Clerk performed the roll call and Mayor Kramer opened the meeting at 5:15 p.m.

Ms. Cindy Lawson, Finance Director, announced that this was the second and final public hearing on the millage rate and budget Ordinance. She said the final budget is funded at a millage rate of 2.5194 which is 10.05% greater than the roll-back rate of 2.284. She said the millage rate must be adopted before the budget Ordinance is adopted. If Council wants to discuss the budget before finalizing and adopting the millage, Council can open and discuss the millage Ordinance, table it, open the budget Ordinance, discuss and table it, then re-open and adopt the millage Ordinance first and then the budget Ordinance. Before adopting the millage levy Ordinance, they must publicly announce the name of the taxing authority, the rolled-back rate, the percent of increase over the rolled-back rate and the final adopted millage rates. Then the Clerk will need to read millage Ordinance Sections I and Sections II into the record after the motion and before the vote. She said Council must take comments and the general public is allowed to speak and ask questions before the governing body adopts any measures.

Council agreed to suspend the discussion of the millage Ordinance until after they have discussed the budget Ordinance.

**2. PUBLIC HEARINGS**

**A) An Ordinance of the City of Vero Beach, Florida, Providing the Levy of Ad Valorem Taxes for the Fiscal Year 2016-2017 at a Millage Rate of 2.5194 which equates to \$2.5194 per \$1,000 of Assessed Property Value.**

The City Clerk read the Ordinance by title only.

Council postponed discussing this Ordinance until after they discussed the budget Ordinance.

**B) An Ordinance of the City of Vero Beach, Florida, Adopting the Annual Budget of the City for the Fiscal Year beginning October 1, 2016 and Ending September 30, 2017; 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, 2016; Providing a means to amend the Annual Budget to reflect Grants received after September 30, 2016; 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.

Mayor Kramer opened the public hearing at 5:19 p.m.

Mrs. Laura Moss, Chairwoman of the Utilities Commission, commended Council on addressing the Other Post Employee Benefits (OPEB) liabilities and also the starting salaries of the Vero Beach Police Officers. She said although she is not in favor of raising taxes, she was happy to see that these two (2) important items were being addressed. She recalled that back in May there was discussion of the electric utility infrastructure and there was a proposal to spend \$20 million over 20 years. She read excerpts from the May 10<sup>th</sup> Utility Commission meeting that stated all Capital Improvement Projects are funded through rates. She had some questions how this was being built into the rates when they seem to be decreasing their utility rates.

Mr. Jim O'Connor, City Manager, explained that revenues exceed those of expenditures.

Ms. Lawson commented that for the current fiscal year, if they look at the third quarter rate sufficiency, it includes an increase transfer to the capital projects. She said the projects suggested by their consultant are included in the five year plan. She said the ones that are on-going R&R are funded through rates and there is a proposal in the five year capital plan that they do some borrowing for the substation upgrades, etc. She said for some of the bigger projects it is a combination of cash and rates.

Mrs. Moss asked Ms. Lawson if she was confident that they can lower the rates and still meet the requirements they need in terms of reliability. Ms. Lawson answered yes.

Mrs. Moss showed an article that was published in a local newspaper concerning the change in the exit cost to get out of the Florida Municipal Power Agency (FMPA) All Requirements Project. She thought it was interesting within the context of the Indian River Shores discussion a few weeks ago that \$17 million seemed like it was set in concrete and here they have \$13 million that was there and now it is gone. Her point is that it is incredible how fluid the numbers can be.

Mr. O'Connor explained that one (1) of the things that really changed the exit number in the All Requirements Project is that the Taylor Swaps were included in the \$40 million. The City never believed that they were a part of the Taylor Swap cost and have been fighting it for some time. Just recently FMPA did finally concede that the City was not part of the Taylor Swaps. The costs

of the Taylor Swaps have now been pushed on to other cities that are also a part of the All Requirements Project. He said by the City winning their argument that they were not a part of the Taylor Swaps, the cost to exit was brought down.

Mr. Ken Daige asked Ms. Lawson if the tax increase was just to fund the OPEB benefits.

Ms. Lawson explained when they held the budget workshops they had a budget balanced at last year's tax rate that did not include the OPEB and once they included the OPEB, they needed an additional \$340,000 in the General Fund so a tax increase was needed to be able to cover this cost.

Mr. Daige referred to page 112 of the budget book concerning the Electric Fund. He asked with the outdoor lighting if that was being increased or decreased.

Ms. Lawson said they are not changing the rates. It is just their estimate on what the rates will be in the coming year. She said right now the only thing they are looking at for outdoor lighting in regards to rates is that there is certain lighting that is not even included in their rate structure. She said that will be looked at.

Mr. O'Connor added that the City will be doing some LED lighting throughout the City.

Mr. Howle recalled that some time ago Mr. O'Connor said that the initial cost for LED lighting is more than traditional lighting, but over time it will save the City money. Mr. O'Connor said that was correct.

Mayor Kramer closed the public hearing at 5:26 p.m., with no one else wishing to be heard.

Mrs. Turner commented that she wanted to address the Police Department and the adjustments that they made to the Police Department at their last budget hearing.

Ms. Lawson stated that based on the motion and vote at the first public hearing it was to take the Police Officers making \$38,000 (16 Officers in total) and add \$2,000 per year to their salary bringing them up to \$40,000 a year. The amount taken was about \$30,000 out of Professional Services to cover this cost.

Mrs. Turner proposed to the City Council that they set aside \$78,000 for the Police Department allowing Mr. O'Connor and Chief Currey to distribute it among the Police Officers to get the most balanced system possible. She realizes that this is not the place to enter into Union negotiations. She said that she opposes the step increases. She feels that increases should be based on merit. She pushed forward to have yearly performance appraisals done in the City, which never had been done before outside of the Police Department. She said they need to look at this sum of money to bring up the starting salary and to secure the longevity of the officers that they have. She said police forces are under siege all over the country. The City of Vero Beach has one of the most educated police forces in the state of Florida and they have

one of the highest clearance case rates. She said it is important to their citizens that they continue to have this level of a Police Department. She asked Council to approve her request.

Mr. Howle agreed with Mrs. Turner. He asked Ms. Lawson how the money would be distributed.

Ms. Lawson explained what was done at the first public hearing was that Council increased the starting salary for Police Officers from \$36,900 to \$38,500. Then they took the rest of the money left and applied it across the board and it came to about 1.3%. At that public hearing, Mrs. Turner addressed the compression in the middle for Police Officers making \$38,000. Those Police Officers would still be making \$38,000 just like the Police Officers just being hired. Staff was directed to add \$2,000 to the salaries of all the 16 Police Officers who fell into this category to bring their salary up to \$40,000.

Mr. Howle said assuming that they are around \$16,000 shy of where they would like to be, any reserve fund that they have today cannot be used for any recurring costs. Mr. O'Connor told him that is correct. He said these additional funds will be coming from a non-departmental line item.

Mr. O'Connor stated that as he understands it the \$75,000 is the latest cost estimate of the proposal that was submitted by the Rank & File Police Officers. He said they can take the additional funds out of the line item that he just mentioned. He said one of the things that they did do is the Police Officers that are making \$38,000 will now be making \$40,000. He presumed what they were doing now was trying to match the latest request from the Rank & File.

Mrs. Turner commented that what this will do is raise the starting salary to \$38,500, which is where they need to be in order to be competitive. She said that they are still lower than what the starting salary should be, but at least this is a good step forward. It will provide a 3% increase to other Police Officers and about a 2½% increase to Police Officers at the senior level. She said it is time that they took care of their Police Officers.

Mayor Kramer asked Ms. Lawson what would be the increase to the budget that they are looking at.

Ms. Lawson said for the Rank & File proposal it is about \$16,000.

**Mrs. Turner made a motion to reduce the line item in Professional Services non-departmental by \$16,000 and increase the Police operating salaries. Mr. Howle seconded the motion.**

Mayor Kramer asked if there was anyone in the audience who wanted to speak on this item. There was no one wishing to be heard.

Mr. O'Connor stated for Council's information that he may be doing some adjustments to the Police Chief and some Department Head's salaries.

At this time Council returned to discussion of item 2-A), which is the millage rate of 2.5194.

There was no one in the audience wishing to speak at this time.

Mrs. Turner commented that she has strongly opposed tax increases throughout her term on City Council. However, after dealing with Council after Council that refused to face the continuing growing OPEB liabilities, raising taxes is the only way for them to secure the promises they made to their employees and the financial stability of this City. She does believe sometime in the future the GASB rules and the way this liability is computed will change and evolve. But now they are looking at a \$36 million liability that continues to grow. She realizes this is a significant amount of money to take out, but feels by doing it now they will be in a much stronger position in the future. She said for the first time ever she will be voting in favor of a tax increase.

Mr. Howle expressed that they all like to be fiscally conservative and keep their taxes low, but other Councils' have made promises to employees in the past and they must honor those promises made. He said thank goodness it is not a huge tax increase.

**Mrs. Turner made a motion to approve the Ordinance providing the levy of ad valorem taxes for the fiscal year 2016-2017 at a millage rate of 2.5194 which equates to \$2.5194 per \$1,000 of assessed property value. Mr. Howle seconded the motion.**

Mayor Kramer commented that an OPEB trust is just a different way to pay for liabilities. He said by having an OPEB trust they will be paying for it twice for a while until the trust becomes fully funded. He said it will be approximately 27 years before it is fully funded.

The Clerk read millage Ordinance Section I and Section II into the record.

The motion passed 4-1 with Mr. Howle voting yes, Mr. Winger yes, Mrs. Turner yes, Mr. Old yes, and Mayor Kramer no.

At this time, Council returned to the adoption of the budget Ordinance for the fiscal year beginning October 1, 2016 and ending September 30, 2017.

**Mrs. Turner made a motion to adopt the budget as amended to reduce the Professional Services line item by \$16,000 and increase the Police operating salaries and payroll taxes by the same amount. Mr. Howle seconded the motion and it passed 5-0 with Mr. Howle voting yes, Mr. Winger yes, Mrs. Turner yes, Mr. Old yes, and Mayor Kramer yes.**

### **3. PUBLIC COMMENT**

This item was heard earlier.

**4. ADJOURNMENT**

Tonight's meeting adjourned at 5:40 p.m.

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