

CITY COUNCIL BUDGET WORKSHOP – FY 2013-2014
SPECIAL CALL MINUTES
CITY HALL COUNCIL CHAMBERS
CITY OF VERO BEACH PROPOSED BUDGET

MONDAY, JULY 8, 2013

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

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

Mr. Terry Torres, 1555 Club Drive, said that he lives and works in the City. He was present today as the President of Main Street Vero Beach. He said that they have a Downtown that is growing and being nurtured by both the private sector and public sector. Main Street programs are run through partnerships, which helps them get things done that they couldn't get done on their own. He asked that the City continue to fund Main Street because without their partnership Downtown will die. He asked that Council place their funding back in the budget for Main Street Vero Beach.

Mr. Daniel Fourmont, Treasurer Main Street, gave Council a copy of Main Street's budget for the past four years. He said that they do a lot of entertainment that is costly and their revenue is limited. He said without funding from the City they could not continue.

Mrs. Carroll asked what ramifications would there be to the organization and to their events if Council removed their funding.

Mr. Torres said that it was potentially fatal. They have to maintain a full time Executive Director and if they lost funding they could not maintain the organization because they would be struggling to pay the Executive Director. If Main Street ceases they could say goodbye to Downtown Friday and the Hibiscus Festival.

Mrs. Carroll thanked them for the time that they give to this community.

Mr. O'Connor noted that Main Street was not totally dependent on the City. He said that they do raise funds by private donations.

Mr. Glen Brovont, Finance Commission member, 702 Lantana, said that the population in the City has declined. He said that in his opinion there is not a solution without approaching the elephant, which is the Police Department. He said that the Police Department is 39% of the entire budget. This year all departments took a four percent decrease in pay. He said that the Police Department would be losing 14 employees who were at a low cost. He said that this is not sustainable and it cannot keep going on. He

said that the Police Department does a good job, but 90% of their budget is their payroll. Less than 10% of their budget is for gas, cars, bullets, etc. He said that either they get control of the cost or they find a new Police Chief. He felt that this budget they are going through was sort of a charade. They are all operating on fumes. Every time they dismiss an employee it costs the City a bundle. If they look at the footnote they would find that the exit for employees was about 44 million dollars. The unfunded pension fund is another 47 million dollars. He felt that if they analyze the pension, they were not short funded by 44 million dollars. It was probably 65 to 70 million dollars. He said that the problem is the Police Department.

Mr. O'Connor said that the June 28, 2013 memorandum showed an outline on how they put this budget together. One assumption they had was the sale of the electric utility. They tried their best to put these numbers together. He said that appendix B was an overview if they did not propose the sale of the utilities. They were not able to reach the 10.9% reduction in the budget, but they do have some numbers if Council wants to proceed down that path. He noted that the cuts would require a policy decision and reversal of policies.

Ms. Cindy Lawson, Finance Director, explained how they developed the budget. She noted that it was on the assumption that the sale of the utilities would happen. The middle column in Attachment B shows the revenues and expenses. The expenses would change if the sale did not occur the first part of the year. She explained that the only decision that has to be made this week is setting the millage rate.

Mr. O'Connor said that this is a balanced budget and when adopted it would reflect what the Council expects the City to operate under.

Mr. Winger wants to be certain that there is no uncertainty in the budget. He said that from the recent meeting with FMPA, OUC, FPL and the City, there was little or no chance that the utility would sell in this fiscal year. He said that there were hundreds of numbers in the budget that he does not agree with. He would vote for anything that improves the efficiency of the government regardless of a sale of the utilities. He said that this budget proposal ignores restructure. He said that Council was not given the assumptions on anything in this budget. He felt that this budget was fatally flawed.

Mrs. Carroll asked has there been any communications with FPL as far as their time line.

Mr. O'Connor said that he spoke with FPL this morning. He said that the City Council needs to set up a policy on what it is their expectation on a sale taking place. They can take this budget and use it as a footprint moving forward. The message sent to him is that property taxes is not something to count on being increased. They did put assumptions in the budget based on what Council wanted them to achieve. There has been no indication that they could count on additional revenues to carry them forward.

Mr. Winger said that with an unlikely sale this year, he was not willing to cut back on lifeguards. He would not vote to get rid of things on the basis that they might sell the utilities.

Mrs. Turner thanked Ms. Lawson, Mr. O'Connor and staff for making an effort in getting to the 10.9% reduction. She said that this is the time to steady their operation. They need to make the cuts on things they can outsource and do some cross training now. She said let's make the cuts now so when the economy improves they can reward staff.

Mrs. Carroll thanked Mr. O'Connor and Ms. Lawson for putting this budget together. Council did give them marching orders and they have been under public scrutiny. She said that she would continue to look at each of these items in terms of who she represents, which is the business and family community.

At this time, Council discussed Non-Departmental of the budget.

Mayor Fletcher questioned the Fourth of July (page 55).

Ms. Lawson said that they were proposing that staff would work harder to find sponsorship for the event and they might have to cut back on activities.

Mrs. Carroll questioned how true the projections were when they are not utilizing numbers. She didn't see the actual to date of this budget.

Ms. Lawson briefly said that the numbers were difficult to compare. She noted that they did a good job of putting budgetary controls in place. She noted that the reason for the large number in State unemployment and sick/annual leave was because of layoffs.

Mayor Fletcher questioned the funding for Main Street.

Mr. Winger made a motion to retain funding for Main Street (\$25,000). Mr. Kramer seconded the motion and it passed unanimously.

Mrs. Carroll questioned dune restoration. She said that the County has no desire to share for dune restoration.

Ms. Lawson thought that it might be time to put funding aside for dune restoration.

Mrs. Carroll agreed.

Ms. Lawson said that she would bring back a proposal to Council.

Mr. Winger referred to Christmas decorations.

Mrs. Carroll said that the City rents the decorations. She questioned purchasing the decorations.

Mr. O'Connor said there were two issues in doing that. One is storage and maintaining them. He said that the cost and time involved exceeds what they pay in rental. Another issue is that with renting them they can choose modernization of lighting, etc. He would never recommend that they own their own Christmas decorations.

Mrs. Carroll questioned if having a line item in the budget for Christmas decorations would be against the church (Christmas decorations).

Mr. Winger suggested that they change the wording to "holiday" decorations.

Mr. Kramer suggested letting Main Street put up their own decorations.

Mr. O'Connor said that they have proposed that with the Oceanside Business Association and they don't want any part of Christmas decorations.

Mr. Winger made a motion to retain this budget item. Mr. Kramer seconded the motion.

Mrs. Turner didn't think that Holiday decorations were something that the City should be involved in.

Mayor Fletcher called the question on the motion. Mayor Fletcher voted yes, Mr. Winger voted yes, Mr. Kramer voted no and Mrs. Turner voted no.

Mrs. Carroll did not vote on the motion because she was not prepared. She wanted to see some numbers on how other communities handle Holiday decorations.

Mayor Fletcher said that a silent vote is in the affirmative. The motion passed 3-2.

Mayor Fletcher referred to page five of the budget.

Ms. Lawson briefly went over page five with the Council.

Mr. Winger said that this page was fundamental to this week's exercise and it was based on the sale of the utility this year.

Mayor Fletcher noted that this page reflected the instructions Council gave the City Manager.

Mr. Winger did not agree that the utilities would sell this year. He made a motion that Council not accept this page (page five). Mr. Kramer seconded the motion.

Mr. O'Connor said from an administration standpoint, they could go back and adopt these numbers and if the sale does take place they can revisit it.

Mrs. Turner said whether or not the sale takes place, they have to address the budget as if the sale happens.

Mr. Kramer said that he voted to go with this because he wanted to see where cuts were going to be. He said that he would like to see taxes go down. If the City reduces services then they should see reduced taxes.

Mrs. Turner said if the sale does not occur then they should take the savings and use them to reduce electric rates.

Mayor Fletcher asked Mr. Winger if Council rejects this, what direction does he want to take.

Mr. Winger said that they go back and tweak the 2012-2013 budget.

Mrs. Carroll would rather go through this exercise.

Mrs. Turner felt that it was important for them to see this so they understand the impact if the sale goes through.

Mr. Winger restated the motion that they not accept page five and go back to the 2012 – 2013 budget.

The motion failed 3-2 with Mrs. Carroll, Mrs. Turner, and Mayor Fletcher voting no.

Mr. Winger made a motion to accept Attachment B if changes made are accurate. The motion was seconded and it passed unanimously.

GENERAL FUND

City Council

Mr. Winger said that the Councilmembers were part time employees and he felt that they should take insurance benefits and the Schools and Meetings line item out of their budget. He said that would save \$25,000 a year.

Mrs. Turner handed out a copy of the benchmarking results for City Council's from different cities (on file in the City Clerk's office). She said that their budget was 33 percent lower, their salaries were on target, and four out of seven of the benchmarked cities provide insurance, as well as the School Board and Indian River County Commission.

Mr. Kramer said that if they want efficiency they should get rid of health insurance.

Mr. Winger made a motion to pull insurance and schools and meetings from the City Council's budget.

Mrs. Turner noted that compensation for the City Council was a Charter Review Committee issue.

Mrs. Carroll asked does the City provide hospital insurance to part time employees.

Mr. O'Connor answered no. He noted that if the Insurance Act passes then they would have to offer it to employees with 30 hours or greater.

Mrs. Carroll questioned how Council fits in with that Act.

Mrs. Lynne George, Human Resources Director, explained that Elected Officials would not fall under that Act. They are not considered employees.

Mrs. Carroll said that she puts in 30 hours a week for City business, meetings, etc. She said that historically insurance was offered to Councilmembers because their salary was so low.

Mrs. Tammy Vock, City Clerk, said that insurance has been offered to Councilmembers since she has been employed here, which is almost 30 years. She said that the Charter Review Commission did discuss that.

Mrs. Carroll asked what is the average number of Councilmembers over the past few years that chose to have insurance.

Mrs. Vock said normally there are two or three Councilmembers.

Mrs. Vock said that Council might want to think about new Councilmembers attending the Elected Officials conference when they are first elected to office.

Mrs. Carroll recommended that they cut their Schools and Meetings budget to \$1,500.

Mayor Fletcher suggested that they cut the budget to \$2,500. Council agreed.

City Clerk

Mrs. Vock said that the only way she could come up with the budget reduction is to lay off one staff member.

Mrs. Carroll proposed that they combine the City Clerk's office and the City Manager's office.

Mr. Winger said that if one employee fills in at the City Manager's office and one employee is on vacation they would only have one employee in the City Clerk's office. He did not think that was workable.

Mrs. Carroll asked Mr. Coment if there was a law against the City Clerk and City Manager being in the same area with separate staffing.

Mr. Coment answered not that he is aware of.

City Manager

Mr. Kramer asked is the City Manager's salary in his contract.

Mr. O'Connor answered yes.

Mr. Kramer said that with staff reductions the City Manager would have less to manage.

Mr. O'Connor noted that he was also taking over as the Utilities Director. He said that there is a provision in his contract that they can renegotiate at the end of three years.

Mr. Kramer said that they would discuss this next year.

City Hall

Mrs. Carroll asked what happened with the janitorial service.

Ms. Lawson reported that it is cheaper than before.

City Attorney

Mr. Coment said the only place he could cut his budget would be not to replace Mrs. Carol Gerow when she retires in January.

Human Resources

Mrs. Turner noted that under their major goals and challenges they have updating the City's Personnel Rules.

Mrs. George said that she plans to do that next year.

Finance Administration

Council took a 10-minute break at 11:25 a.m.

Ms. Lawson suggested closing off the drive thru lane and pay the customer's bill inside. She said that cross training is what will be done in the Finance Department.

Information Technology

Ms. Lawson said that they would be eliminating one person in October and then two more employees after the sale of the utilities.

Council instructed Ms. Lawson to come up with a chart of where all the money flows into and where it goes. Meaning what departments take in payments of certain operations and how they can consolidate the places so customers would not have to go to several different places.

Purchasing

Mr. Winger asked if all of these people are going to move into City Hall,

Ms. Lawson said that yes the remaining employees of the Purchasing Department will move into City Hall.

Ms. Lawson talked about the City mailman. To lower cost and eliminating staffing that position was eliminated at this point. She thought that this position impacts all the departments.

It was the consensus of Council to keep the mailman.

Council took a break at 12:20 and the meeting reconvened at 1:30 p.m.

Warehouse

Mrs. Turner asked that the mailman's position be reduced to a part time position.

Council agreed with leaving the position for the mailman as a full time position.

Public Works Engineering & Survey

Mr. Monte Falls, Public Works Director, said that their budget was put together with the 10.9% reduction and they are down 10 positions from last year.

Mrs. Turner asked Mr. Falls if the City is staffed in their grounds maintenance department for peak season or for the norm.

Mr. Falls explained that he stopped hiring part time employees to help in the summer with the mowing of the grass. The City schedules their project work in the slow growing season and then in the summer they concentrate on keeping the grounds mowed.

Public Works Streets, Stormwater & Traffic

Mr. Falls commented that the City has lost ten people in this department in a five year period.

Mrs. Turner thought that this department was way over staffed. She said in looking at the benchmarking she still feels they are overloaded in this department for the small area of streets that this City has. She felt that the count of employees should be closer to 14 employees instead of 17 employees.

Public Works GIS

Mr. Falls stated that he has eliminated one position in this department.

Public Works Grounds Maintenance

Mr. Falls stated that the reduction in this department is for four employees. He said three employees are in grounds maintenance and one employee is a park attendant.

Mr. Falls explained that they have contracted out for the areas that don't have irrigation to be mowed by a private firm.

Mr. Winger mentioned some of their Parks that look bad.

Mr. Falls agreed with Mr. Winger. He said that it has been frustrating. Since he has undertaken this contract his manager is spending half of her time trying to get the work done. He said that they are going to go through July and if it doesn't meet the specs then they are going to recommend going with the higher bid, which would be around \$15,000 more than what they are paying this contractor.

Mr. Winger said that in reality this contract is not working.

Mrs. Carroll mentioned that there has been a lot of rain this month.

Public Works Administration

Mr. Falls said that one reduction in clerical staff has been reduced in this department.

Mrs. Turner suggesting combining the two clerical staff that they have and only having one employee.

Mr. Falls thought that it would be too much for one person to handle all of the work.

Mr. Winger asked if there were any plans to get all of his employees in one building, wherever that building is.

Mr. Falls explained that their maintenance department has very little interaction with the public. The professional services are offered out of City Hall because there is a lot of need from staff and planning. There is space to move employees out to the compound, but it would be inconvenient to the public.

Public Works Fleet Management

Mrs. Carroll asked if there were any plans for Riverhouse.

Mr. O'Connor said that there are no plans in the budget to do any renovations at Rivershouse.

Public Works Facilities Management

There is no staff reductions in this department.

Non Departmental

This item was heard after Public Comments on today's agenda.

Today's meeting adjourned at 2:46 p.m.

General Fund Revenues

TUESDAY, JULY 9, 2013

GENERAL FUND (CONTINUED)

Police

Mr. Glen Bovant was at today's meeting not speaking as a Finance Commission member, but as a taxpayer. What he was referring to this morning is public record. The City's cost of operation has been reduced with the exception of the police department. He said that the cost of the police department has escalated over the last ten years costing the City approximately \$90,000 per police officer. He said that he was not in agreement of giving the dispatch department up to the Sherriff's Department.

Mr. Damian Gilliams thanked everyone for their hard work that they are doing for this community. He was concerned about the article that appeared in the paper today that Vero Beach does not want to look like Fellsmere or Sebastian. He said that if there is an issue with Sebastian, where he is a resident maybe that can be fixed. He urged Council to be careful about not offending the other municipalities in this County. He said they all are right on track.

Ms. Lawson brought up the customer service lobby and the drive thru window and gave some statistics (please see attached). She suggested leaving the lobby open and the drive thru open until the utilities are sold to FPL.

Mrs. Carroll was surprised by these numbers on how many people are walking into the lobby and how many people are using the drive thru window.

Mrs. Turner was opposed to continuing this. She said that they need to cut costs now and make this reduction.

Mr. Kramer commented that since the customers coming in (walk-ins) have increased then they need to train the customers that the lobby is going away.

Ms. Lawson said that she is working on having some things in place where customers can electronically pay their bills.

Mrs. Carroll commented that if they vote to continue this then they need to have some steps in writing which would help their customers on how to use ETP.

Mayor Fletcher agreed that this could be reinstated in the budget, but he wants to have a date as to when it is going to be shut down.

Ms. Lawson suggested targeting closing the window once they sale the utilities to FPL.

Mr. Comment told Council that there was not a problem with not collecting cash from their utility customers.

Mr. Winger commented that if they don't close the window now that it would not affect the general fund too much.

Mr. Turner felt that they still needed to look at eliminating these additional employees.

Mr. Kramer suggested leaving this alone and then revisiting it again in six months.

Mayor Fletcher made a motion to give Ms. Lawson six months to come up with a plan to phase this in (removing driving in window and cashier's window) and to move on with doing this. Mr. Kramer seconded the motion and it passed 4-1 with Mrs. Turner voting no.

At this time the Police Department budget was discussed.

Mr. Kramer brought up the dispatchers being eliminated from the budget. He said that it shows that the 14 people that Chief Curry proposes to get rid of are on the bottom of the pay scale so they are cutting lower salaried employees rather than cutting from the top.

Mr. O'Connor noted that the dispatchers are not compensated at the same rate as police officers.

Chief Curry said that they are looking at reducing their civilian employees and not cutting police officers.

Mr. Kramer reiterated that they are cutting from the bottom (lower salaried employees) and not from the top employees who are paid more.

Mrs. Turner complimented the City and noted how proud that Vero Beach is of their police force. She said that the police department provides an essential service to the City. They also have one of the most highly educated police department's in the State. However, they have three times the amount of management needed in the police department according to the benchmarking process.

Chief Curry explained that they are reducing some of the upper management in the police department through attrition.

Mrs. Turner brought up the dispatchers and felt that they should be put back in the budget. She spoke to the Police Chief of Sebastian about how they operate with their dispatchers and how it worked when the Sheriff's Department was handling their calls.

Mayor Fletcher made a motion to save the call service. Mr. Winger seconded the motion and it passed unanimously.

Mrs. Turner made a motion to put in back in the budget the addition of \$4,700 for the Dare Program. Mr. Winger seconded the motion and it passed unanimously.

Mayor Fletcher made a motion to put back in the budget \$1,700 for the Crime Prevention Program. Mr. Winger seconded the motion and it passed unanimously.

The next item discussed was the Animal Control officer whose salary is \$37,600 and with benefits about \$50,000.

Mrs. Turner noted that they are the only City in the County that has their own Animal Control Officer.

Mr. Kramer asked if the County pays their Animal Control Officers' out of their General Fund. He was told that they do.

Mr. Winger made a motion to retain the Animal Control Officer. Mr. Kramer seconded the motion and the motion failed 3-2 with Mrs. Carroll, Mrs. Turner and Mayor Fletcher voting no.

Mr. Winger mentioned that in the Police Department they are top heavy, but he heard what Chief Curry has said and through attrition this will change.

Mrs. Turner commented that this structure is something that Chief Curry inherited. Last year they tried to make efforts to reduce this and took a lot of backlash.

Chief Curry brought up the Crime scene position. This position was not in the budget so it will not be put back in the budget.

Planning

Mr. Rock Tonkel spoke about an observation that he made from today and yesterday's budget hearings. He said that they are looking at changes that are evolutionary. He is hoping that works and possibility that it will. What he heard yesterday was that the whole premise of the discussion was not to have to raise the millage rate. He asked if employees salaries and their grades are reviewed. He was told by the City Manager that they were and that he could talk to the Human Resource Director to get information on this.

Mr. Tonkel was wondering if it was realistic to keep the millage rate down. He said that Council should be open to the possibility of some kind of increase of the millage rate for the City.

Mr. Tim McGarry, Planning and Development Director, stated that his budget includes eliminating one staff position. He will be combining two management positions into one, but his department will try to continue to improve their efficiencies. He said that when he was first employed by the City that there were 10 employees in the Department and now they are down to six employees. He said that because of the economy that their work load has picked up. He said they are also looking at being able to accept credit cards.

Mr. Kramer asked if now developers were going to have to wait longer to get their plans approved.

Mr. McGarry said that they would try to see that does not happen.

Mr. Winger did not feel that the Planning Department was doing a good job with code enforcement. He hears that certain things cannot be done because of legalities. He also felt that some of their fines were to low and should be higher to get people's attention.

Mr. McGarry explained that when enforcing the code that they have to follow due process. They are not afraid to go to court, but don't want to get into a legal position where they have harassed their rights. He said that his Code Enforcement Officers work hard. They are opening between 15 and 20 new cases a day. He said a lot of things they have to do inspect is by complaint.

General Fund Construction

The Council talked about the Whitaker Trust fund and how much was in the fund and how much interest was paid this year. The City hoped to wait until getting a new telephone system until after the utilities is sold.

Mrs. Turner brought up the storm water outfalls and said that she was still perplexed to the effectiveness of the work that they are doing.

Mr. Falls explained that the type of out falls treated previously were the larger ones. The best available technology that exists today is the type two baffle boxes and he will be providing this information to the City Manager.

Council went through the General Fund Construction line item by line item.

At 11:46 a.m. Council took a lunch break and reconvened the meeting at 1:00 p.m.

Water & Sewer Fund

Mr. Rob Bolton, Water and Sewer Director, went through the revenues for the Water and Sewer Department, located on page 89 in the budget book.

Mrs. Turner asked what the headcount is for the Water and Sewer Department.

Mr. Bolton said that they have 58 employees now, but in the next four years they will drop to 54 and then down to 50 employees.

Mrs. Turner asked for the status of the mapping project.

Mr. Bolton said that he would check with GIS to see where they are at on this project.

Mrs. Turner requested that Mr. Bolton get back to Council with a completion date of that project.

Mr. Bolton commented that in the future they will be looking at automated meter reading and moving the meter readers to his department once the utilities is sold instead of keeping it in the Customer Service.

Mrs. Carroll asked where the revenue is for the trucks having to pay to use their water tank (\$100 fee for each company). Mr. Bolton explained where the line item is in the budget.

Mrs. Turner did not want to spend money on an optimization study and have staff come forth with some ideas on what they are going to do with the Waste Water Treatment Plant in the future. She was told that this was not a study, but it was a recommendation from the optimization study to spend money on the Wastewater Treatment Plant Automation (page 60 in the 5 year capital plan).

Mr. Bolton will bring back a revised chart on what needs to be spent for the Wastewater Treatment Plant Automation since they are looking at taking the Wastewater Treatment Plant off of the river.

WEDNESDAY, JULY 10, 2013

Airport Fund

Mr. Winger went back to yesterday's budget hearing and wanted to make sure that he understood it correctly that the City was not laying off any of the Code Enforcement Officers and the person being laid off in the Planning Department is someone from the management level.

Mr. O'Connor answered yes.

Mr. Herb Whittall urged Council to look at everything when making cuts to the budget. He said that by cutting staff in the maintenance department it meant that Vero Isles has to maintain some of the mowing now. And now that that the Council has cut the animal control officer what are they to do with some of different animals that show up in his neighborhood. He recalled that the County cut their budget and the machine they use that takes the material out of the relief canal is not operated on weekends and this weekend there was an overflow. He said so sometimes budget cuts are not too good. He didn't think that the utilities would be sold by the end of next year.

Mr. Eric Menger, Airport Director, stated that he was asked to cut his budget by 10.9% and his goal was to continue to maintain the well equip staff he has to make the Airport the best in the State. He said that it is important to maintain this very valuable asset in the City. He said that a lot of Airport expenses are out of his control and are fixed. He has been able to propose a 4% overall cut in the operating expenses and still feels that they are in good shape.

Mayor Fletcher asked what caused the 40% reduction in the interest in investment (page 120 budget book).

Ms. Lawson said that it was because the market was down in 2011-2012.

Mrs. Turner asked what caused the increase in rentals.

Mr. Menger explained that they are seeing more in that line item because it was not projected correctly last year in the budget.

Electric Fund

Ms. Lawson explained that this budget was put together with selling the Power Plant in mind.

Mr. Tom Richards added that this budget was put together assuming that the sale of the utilities was going to happen in April 2014. He has been very conservative in any spending at the Power Plant and won't be spending any large amounts of money.

Mr. O'Connor explained that if the sale did not happen they still want to look at divesting the Power Plant.

Mrs. Turner wanted to make sure that by not doing a lot of maintenance at the Power Plant that they will not be jeopardizing their OUC contract.

Mr. Richards explained that they will be looking at retiring Unit 5 and Unit 2 and he has let OUC know that. They said that it was not a major issue.

Mr. O'Connor said that Mr. Richards does very well in keeping OUC informed on what is going on.

Mayor Fletcher questioned what will happen with the radio antennas on the towers.

Mr. O'Connor explained that the vendors who have antennas on the tower have been notified about the sale, but a termination notice will not be sent to them until the closing date is known.

Mr. Richards said that if they have to demolish the Plant and FPL does not take it over it will cost money to do that.

Mrs. Carroll noted that the Power Plant was asking for six computer replacements. She said that with the employees being laid off that there may be computers available to transfer over to the Power Plant.

Ms. Lawson said that they will look at that.

At 10:13 a.m. Council took a ten-minute break and reconvened at 10:23 a.m.

Risk Management Fund

Mrs. Lynne George explained that they are looking to go fully insured this year and are waiting for the Florida League of Cities to come back to them on this.

Mayor Fletcher asked how many outstanding claims does the City have.

Mrs. George said about six claims.

Mrs. Lynne noted that Blue Cross/Blue Shield is looking at increasing their insurance by a 17% increase to the premium. The City is waiting for a quote back from the Florida League of Cities on what they will charge. They are also looking at moving away from the three tier plan and just having two tiers. This will have to be negotiated with the Union.

Mrs. Alice Johnson commented that she did an analysis last year and came up with that the average employee it is costing the City \$9,710 per employee, which is very high.

Mr. O'Connor explained that it could be an employee plus their dependants.

Ms. Lawson said that her paperwork shows that the average per person budgeted is \$8,300, which is the City's contribution.

Mrs. Johnson expressed that the City gets way more than what the private sector gets.

Mr. Steve Myers, Business Agent for Teamsters, commented that a lot of private sectors do not provide insurance. The City needs to continue making an example to the community. He asked that they don't continue to shift the burden on the employee.

Mrs. Turner concluded that the City is still waiting to receive a quote from the Florida League of Cities and staff will come back to the City Council with some provisions or revisions to their insurance plan.

Mrs. George expressed that it is the City's goal to spend as less as they can on their health insurance and get the best plan possible.

Today's meeting adjourned at 10:45 a.m.

THURSDAY, JULY 11, 2013

Marina Fund

Mr. Josh Harris, a member of the Vero Beach Lifeguard Association, passed out some information for Council (please see attached). He thanked Council for all of their hard work. He then brought up the value that lifeguards add to the City of Vero Beach. Their number one priority is safety, but they also answer a lot of questions to the public. The lifeguards are proactive in letting people know that they may be entering a dangerous situation (water rough, blocking our view, etc.). He explained the paper that he passed out to them. He feels that it is a dangerous move for the City to reduce hours for lifeguards.

Mrs. Sue Dinnenno, sits on the Recreation Commission, recalled that the City did increase rates to some of their recreation programs at the end of 2012 so have not had full year to see how that is working. She mentioned that there was a huge public attendance at their Recreation Commission meetings from people who wanted to to save the Tennis Shop Coordinator and lifeguards jobs. Some of the members of the tennis club have said that they would rather have their fees increased then to lose the Tennis Shop Coordinator. The Recreation Commission has formed four different sub-committees to address funding and savings for the Recreation Department. She asked Council to give this group some time to see what they can come up with over the next six months before they take something away from them (remove items out of the budget).

Mr. Don Lawless, President of Vero Beach National Little League, commented that there maybe 600 kids that may not be able to play baseball if the line item for \$25,000 to cover electricity at their ball fields is taken out of the budget. It is a value to the children in this

community and hurts him to see what is happening to their youth. He asked Council to do the best that they could.

Mr. Tim Grabenbauer, Marina Director, stated that the budget that he was working on this year was with the cut of 10.9% which would have to come out of personnel. He has eliminated the Assistant Marina Director's position, which is vacant right now.

Mrs. Carroll asked how long as that position been vacant?

Mr. Grabenbauer said two weeks.

Mrs. Carroll asked if there have been any difficulties arisen because of the vacancy

Mr. Grabenbauer said not too much. He has checked with other Marina's around the State and their staffing level is pretty much the same as his is. He will look at reducing the hours that the Marina is open when these cuts are made.

Mrs. Carroll asked when does Grand Harbour provide gas service. She would not want to cut the hours for their local customers, especially in the summer time, if they need to purchase gas. Mr. Grabenbauer explained that the hours they are looking at cutting there is not much business.

Mr. Winger brought up the pump out facility Mr. Grabenbauer explained that is done on Tuesday and Thursday by one of his part-time employees.

Ms. Lawson commented that the Marine Commission has reviewed this budget and their recommendation was to go ahead and implement this with the caveat that if is not working then they should take another look at. They are also looking at some more revenue avenues at the Marina.

Mrs. Carroll asked if the City is charging rent to boat trailers parked around the Marina.

Mr. Grabenbauer answered yes. He said that they will also will be renting out the apartment that the Assistant Marina Director was living in for additional revenue.

Mrs. Turner referred to the debt service at the Marina and asked how long is this note out to.

Mr. Grabenbauer explained that it is a 20 year note.

Mrs. Carroll asked if there was complete occupancy for the vertical storage. Mr. Grabenbauer answered yes, but there are some wet slips available.

Mrs. Carroll suggested talking to companies about renting bikes and kyaks from the Marina and having some type of tour organization give kayaking tours.

Mr. Grabenbauer agreed that was a great idea.

Mr. O'Connor recalled that Mr. Grabenbauer has taken tenants out on fishing trips and they also have the annual thanksgiving have lunch at the Marina.

Mr. Kramer asked Ms. Lawson to look and see why the debt service variable interest rate went up.

Mr. Kramer asked why they needed a Marina Division and a Moorings Division.

Mr. Grabenbauer explained that because of the land leases that they have with the State of Florida and they have to show expenditures that made to support the submerged land lease.

Recreation

Mr. Rob Slezak, Recreation Director, stated that that with the 10.9% reduction it effects a number of people when all of them make decisions. He went through a list of what their reductions will include.

Mr. O'Connor stated that they have solved the problem of laying of the position at the tennis courts. He said that this position will be kept in the budget, but there will be an increase in the rates for the people using the tennis facility in order to justify saving this position.

Mrs. Carroll made a motion to take off the table any modifications to changing the hours of the lifeguard tower. She will not stand for any cuts of lifeguard hours. Mr. Winger seconded the motion and it passed 5-0.

Mr. Slezak said that the other employees being laid off is a tradesworker. They will be going from have three tradesworkers to two. They also will be reducing the hours that the fountain at Royal Palm Pointe will be on and closing Leisure Square on Sundays.

Mrs. Carroll wondered if more families might use the swimming pool at Leisure Square on Sundays rather than during the week.

Mr. Slezak explained that now Leisure Square is only open for three hours on Sunday so this will not make much of an impact.

Mr. Winger asked what about the fountain.

Mr. Slezak said that the fountain is running 39 weeks a year and on Saturdays. The overall savings will be in the neighborhood of \$8,000. He said that the fountain is used in the warmest time of the year because it is not heated.

Mr. Winger did not see the justification of closing the fountain if they were only going to save \$8,000.

Mrs. Carroll thought that more usage for the pumps was better. Mr. Slezak agreed with her that it was.

Mr. Winger suggested tabling this item and then bringing it back.

Mrs. Carroll suggested that the Fundraising Committee look at if there should be a charge to use the fountain at Royal Palm Pointe.

Mr. Winger made a motion to table the item of closing the pool at Royal Palm Pointe for further clarification. Mrs. Carroll seconded the motion and it passed unanimously. This item will be discussed at the Fundraising Committee meeting. They will reinstate the \$8,000 back into the budget to cover this cost.

Mr. O'Connor explained that he will be looking at having the Water and Sewer department help with to taking care of the pumps at Royal Palm Pointe so that the tradesworker position is not put back into the budget.

Mrs. Carroll expressed that when it comes to cutting positions that she stands by the promises that she has made to the family and business community and is careful about deciding what positions are to be cut.

The next item discussed what the Little League. The Little League is costing the City \$30,000 to light the ball fields.

Mrs. Carroll asked about the breakout of children that participate in the program and whether they are City or County residents. She said that if there are more County children participating then there are City children then the County should help contribute to the Little League.

Mr. Slezak did not have an exact number, but said that he would get it. He estimated that it was 80% County residents and 20% City residents using the ball fields.

Mrs. Turner felt that the County should support Little League, because this is not a City function.

Mr. Kramer suggested sending a letter to the County asking for help in funding the electricity for the County. The Mayor will send a letter to the County asking for funding to cover these costs and include the history of when the County used to provided funds for the City Recreation Department. The entire Council will sign the letter. A copy of the letter will be sent to Mr. Mike Redstone, who is in charge of the County Recreation Department.

Mrs. Carroll commented that she doesn't see people using the tennis courts at Pocahontas Park.

Mr. Slezak said that those tennis courts are heavily used, especially in the season and on the weekends.

Mrs. Carroll talked about the useful life of the Community Center. She was concerned because the building lies so close to the railroad tracks and if they get a lot of trains passing thru then they could run into some problems at the Community Center.

Mr. Slezak agrees that it does cause settling and cracks. Although it is a tough building in the long term changes will have to be made to it.

Mr. Winger commented on the offices that Mr. Slezak and Ms. Howard have at the Community Center are not very good. He wondered if they could have their offices at City Hall.

Mr. O'Connor explained that there is space at City Hall to have them here, but the problem is that the Community Center is where their functions lie and they would have to go back and forth to that building.

Mr. Winger asked if the Community Center needs to be open all of the time.

Mr. O'Connor said that some of the activities held there could be reduced, but the hub of all the activities do occur at the Community Center.

At 10:25 Council took a 10-minute break.

Solid Waste Fund

Mr. Falls said that he was down one staff position this year from last year. He said that he will discuss with Council implementing a rate increase for their solid waste customers.

Mrs. Turner wanted to see the man hours broken out to see how many man hours are used for residential versus commercial customers. She doesn't understand why the Solid Waste Department needs a Director and a Foreman.

Mr. Falls expressed that Mr. Lonnie Scott, is the Director/Manager of the Solid Waste and a portion of his and Mr. Dexter's time is allocated to administrative duties to this group and the Foreman has been reclassified to do some blue collar work.

Mr. Falls suggested having a rate increase on the residential side to \$14.62 (generate 25,000 extra revenue for residential carrier) and on the commercial side is now 4.25 cubic yard and he is proposing \$4.50. He said that this would leave them still very competitive.

Mr. Winger made a motion to approve the increase in rates. Mr. Kramer seconded the motion and it passed unanimously.

Cemetery Fund

Ms. Lawson passed out the revenue and expenditures for the Cemetery from different years. She said that there will not be any more big expenses at the Cemetery so the numbers should be able to recover.

Mrs. Turner expressed that over the last six yrs \$816,000 has been taken out of their tax revenue and put towards the Cemetery. She said that the Cemetery needs to be a self sustaining facility.

Mr. Winger wondered if the rates they charge for lots were not sufficient for the area. He said that they should look at the rate schedule.

Mrs. Turner commented that there is no question that the Cemetery is a beautiful place. However, should the City be in the cemetery business?

Mr. Falls informed Council that their rate structure was the same as Sebastian. In Ft. Pierce it is a private cemetery so it is hard to compare prices. Also there is a funeral home on site.

Mr. O'Connor stated that the City rates are below what a private cemetery would charge.

Mrs. Turner felt that they needed to revisit the rates for private cemeteries.

Mr. Falls recalled that the City increased their rates about five or six years ago.

Mr. O'Connor said that he plans to still bring an RFP to Council for the sale of the Cemetery.

Mr. Falls stated that he would try to bring back to Council a rate schedule by tomorrow.

Mr. Winger wanted the City to retain the Cemetery.

Mr. Kramer agreed that there will be a lot of people who will come out against selling the Cemetery.

Mayor Fletcher still wanted to see what the RFP looks like. Mr. Falls will bring it to Council at their August 20th meeting.

Mrs. Carroll suggested having a map at the cemetery showing where people are buried for people looking for someone at the ceremony.

Mr. Winger suggested having a market effort done for the Cemetery.

Today's meeting adjourned at 11:06 a.m.

BUDGET WRAP UP AND MISCELLANEOUS ITEMS

Budget Wrap Up

Mr. O'Connor said that he would like to restore the 4.6% reduction in salary that was taken out for the past four years from employees earning \$70,000 or more.

Mayor Fletcher agreed.

Mrs. Turner suggested that they wait until they continue with the budget.

Mr. Winger did not have a problem with restoring the 4.62% in salary.

Mrs. Carroll said that she would like to see the numbers.

Mr. O'Connor felt that they needed to restore this and bring the employees back to the salary they had four years ago.

Ms. Lawson briefly went over the proposed changes that were made to the budget this past week (please see attached). She reported that the calculation to restore the 4.62% would be about \$119,347 including FICA and Medicare. She noted that the number was smaller than the amount saved because there were three or four people that previously fit into that category who are no longer with the City. She reported that the unappropriated surplus was about \$314,000, which she felt gave them enough breathing room for the unknowns.

Mrs. Carroll asked what is the date for them to set the millage.

Ms. Lawson reported that the public hearings would be held on September 3rd and 17th. She suggested that they hold a workshop in August for one more review of the budget prior to going to public hearing.

Mrs. Carroll asked how will them restoring the 4.62% assist or hinder in the Union negotiations.

Mr. O'Connor said there would not be an affect because they were restoring their salaries back to where they were four years ago.

Mr. Winger and Mayor Fletcher did not have a problem with restoring the 4.62%.

Mr. Kramer did have a problem with this. He said that they were cutting clerical staff and paying the top employees more money. Having a Department Head answer the

phones did not sit well with him. He would suggest having clerical staff in a “floater” position with the idea of assisting departments with projects.

Mr. O’Connor said freezing pay is one thing and reducing pay is something else. He said their salaries have been reduced for four years and they should catch them up to where they were. He has heard discussions about paying higher waged employees to do lower menial jobs, but he looks at it as they are taking on more responsibility.

Mrs. Turner asked what was the final personnel count.

Ms. Lawson said that they would go from 430 employees to 400.

Mayor Fletcher made a motion to restore the 4.62%. Mr. Winger seconded the motion.

Mrs. Turner would like to further discuss this. She said that with all the cuts they made they are still at 400 employees. She said that they still have more looking at the budget before they approve this.

Ms. Lawson said that the budget was reduced close to \$900,000.

Mr. Kramer said that they were paying more for people to manage less. He did not see how that could be justified.

Mrs. Turner requested that they defer this until they receive all the costs.

The motion failed 3-2 with Mr. Kramer, Mrs. Carroll and Mrs. Turner voting no.

Mrs. Carroll made a motion to give the employees (over \$70,000) a 2.3% increase this year with hope that they could follow up next year. The motion died for lack of a second.

After discussion, Council agreed that they would leave this on the table for further discussion.

Mr. Winger said in looking at the Cemetery rate comparison he would think that the City could do something with their rates. He would like to refer this back to the City Manager for further rate work.

Mrs. Carroll recommended that Mr. O’Connor meet with the Funeral Home Directors about any concerns they may have.

Mrs. Turner said that cemeteries survive selling plots. She did not know how many plots were still available and they might need to look at expanding the Cemetery.

Mr. Winger asked Mr. O’Connor to bring this information back to Council within the next three meetings.

Mrs. Turner thanked staff stating that she knew this was a difficult process when looking at reductions. She said that the cities selected for benchmarking were selected by staff and by comparison to the City of Vero Beach. She said that employee productivity cannot be evaluated in a vacuum and in order to measure productivity they have to have criteria. A reduction in floors does not necessarily mean reduction in service. She did not believe they have seen the demise in Vero Beach with the current 400 employees. She said the employee to the population is high and the ratio is out of line. She challenged the Department Heads to go back and look at their budgets and for Council to go back and look at the benchmarking.

Mr. Steve Myers, Teamsters, asked if the other benchmark cities had electric employees in their comparisons.

Mrs. Turner answered no.

Mr. Myers said if they are going to compare apples to apples when stating numbers they need to remember that the other cities did not compare electric employees.

Mrs. Turner said that when they take out the electric they still have 300 employees. Other cities have one employee per 88 citizens.

Mr. Myers asked Council to keep in mind that in reducing staff the City does not look like it always looked. He said that he drove by an area last week where the grass was high and it is even higher today.

Mr. Kramer agreed. He said that on A1A they cut the grass too low.

Mr. Winger said there was an area on Indian River Boulevard where the grass is knee high.

Mr. Kramer said that the contractor cut the grass too short so they don't have to cut it so often, which is not good for the grass.

Mr. Kramer referred to the benchmarking stating that the number of employees is irrelevant. What is relevant is the price per service.

Mayor Fletcher agreed with Mr. Kramer. He said that benchmarking is a tool and he does not want to be a slave to our tool.

Mr. Kramer said that benchmarking is not a tool to get rid of employees.

Mr. O'Connor reported that the City recently joined the Florida Benchmarking Association and will be providing Council with some information.

Mr. Winger said that they have to look at the details of every case. They have to look at what they are providing and the cost of providing it.

Mr. O'Connor said they are not competitive in electric utility, but they are competitive in water, wastewater, solid waste, etc. They have to look at both revenue and expenditure.

Retiree Benefits Review

Ms. Lawson said part of the annual budget process is the cost of the living adjustment for retirees. She reported that there is an automatic 1% increase for employees who retired after October 1, 1998. She said that there were 185 employees who would receive the automatic 1% increase, which would come to about \$35,000. It would be at Council's discretion if they wanted to give employees who retired before that date an increase in which if they chose to give them 1% that would amount to \$18,000. She noted that the last time this group of retirees received an increase was in 2010.

Mrs. Carroll asked what was the percentage of increases that have been given to employees who retired prior to 1998.

Ms. Lawson reported that beginning in 2000 they received 3%, 4.6%, 3%, 2.65%, 3%, 3.5%, 2.7%, 2.3%, 1%, and 1%.

Mr. Kramer asked for more time to do this. He wanted to see some type of market function. He didn't have a problem with an increase when the market is good. He wanted to know the dollar amount.

Ms. Lawson replied that it would be \$35,000.

Mrs. Carroll asked if they gave the retirees that have not received an increase, would that be a line item.

Ms. Lawson said the amount would be \$18,000 and it would come out of the Pension Trust Fund so it would not be a line item.

Mayor Fletcher made a motion to leave it at 1%. Mr. Winger seconded the motion and the motion passed unanimously.

Mrs. Carroll made a motion that they add 1% to the retirees who have not received an increase for the past three years. Mr. Kramer seconded the motion. The motion passed 3-2 with Mayor Fletcher and Mr. Winger voting no.

Charter Officer Review

Mrs. Turner suggested that they defer the Charter Officer review as they have had a very long week and she would like to provide valuable input to the Charter Officers.

Mrs. Carroll said that she was surprised that this was on the agenda today. She said that she was not prepared as they have had specific meetings in the past just for this purpose. She felt that it was inappropriate for them to do this now.

Mayor Fletcher suggested that they put this off until their Budget Workshop. Council agreed.

Mrs. Turner asked that Council receive the Charter Officer's job descriptions, goals and objectives prior to the Workshop.

Mayor Fletcher reported that he has a form that he uses. He asked the City Clerk to distribute that form to the Councilmembers.

Ms. Lawson said that in the future they would schedule Charter Officers at a different time than at the end of budget week.

Mrs. Turner asked Council to put in their goals and objectives what they would like the Charter Officers to aim for in the following year.

Setting of Tentative Millage

Ms. Lawson reported that staff would need two votes from Council today. One was to set the tentative millage not to exceed and the other is to set the dates for the public hearings.

Mayor Fletcher asked staff if they had any suggestions.

Ms. Lawson suggested 2.0336, which was the same as it was last year.

Mayor Fletcher made a motion to set the millage rate at last year's rate, which was 2.0336. Mrs. Turner seconded the motion.

Mrs. Carroll asked if that would be problematic in terms of the Union negotiations.

Ms. Lawson said that they do have breathing room.

Mr. O'Connor felt that based on everything that they have, that would be a reasonable number.

Mrs. Carroll said that her only concern was adopting a rate that they expect to have without taking into consideration things that could occur between now and then. She said that this is a rate where they could not go any higher.

Ms. Lawson said that staff felt comfortable, but it was a policy of the City Council.

Mr. Kramer said that he has seen cuts in services and would hate to see paying more and getting less. He would suggest that they go back to roll back rate.

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

Mrs. Turner made a motion to set the public hearings for September 3, 2013 and September 17, 2013 at beginning 5:01 p.m. Mr. Winger seconded the motion and it passed 5-0 with Mr. Winger voting yes, Mr. Kramer yes, Mrs. Turner yes, Mrs. Carroll yes and Mayor Fletcher yes.

Today's meeting adjourned at 10:03 a.m.