

**SPECIAL CALL CITY COUNCIL MINUTES  
THURSDAY, JUNE 24, 2010 9:30 A.M.  
CITY HALL, COUNCIL CHAMBERS, VERO BEACH, FLORIDA**

**PRESENT:** Kevin Sawnick, Mayor; Sabin Abell, Vice Mayor; Tom White, Councilmember; Brian Heady, Councilmember and Ken Daige, Councilmember **Also Present:** James Gabbard, City Manager; Charles Vitunac, City Attorney and Tammy Vock, City Clerk

**1. CALL TO ORDER**

**A) Roll Call**

The Clerk performed the roll call.

**B) Pledge of Allegiance**

Mayor Sawnick led the Council and the audience in the Pledge of Allegiance to the flag.

**2. RESOLUTIONS FOR ADOPTION WITHOUT PUBLIC HEARING**

**A) A Resolution of the City of Vero Beach, Florida, expressing support for the State of Florida's Amtrak/FEC Corridor Project Application; identifying a locally preferred alternative for a Station location; acknowledging the City's commitment to the Project; and for other purposes.**

Mayor Sawnick read the Resolution by title only.

Mr. Heady asked is it necessary that Council approve the agenda before they start the meeting.

Mrs. Vock answered no.

Mr. Heady said then at a Special Call meeting, the Council has no say on what their agenda is going to be.

Mr. Vitunac explained that any member of Council can make a motion to change the agenda.

Mr. Heady made a motion that Council approve the agenda before they start and consider any additions or deletions. The motion died for lack of a second.

Mr. Heady said so the Council does not want to control their own meeting. The Council wants to have things put in front of them without any say on what they are going to discuss at their Council meeting. He felt that was a bit absurd.

Mr. White explained that this was a presentation by staff. They are the ones who put this agenda together to discuss the budget. Council can do what they see fit as a Council body. He said Council can add or change anything on the agenda.

Mr. Heady said if they want to add or change then Mr. White needs to second his motion.

Mr. White said that was not necessary.

Mayor Sawnick asked Mr. Heady if there was something he wanted to add or delete from the agenda. If not, they should continue on with the agenda.

Mr. Heady made a motion that the City Council approve at the beginning of their meetings, including Special Call meetings, the agenda and Councilmembers be given the opportunity to add or delete as they see fit. The motion died for lack of a second.

Mr. Heady asked the Mayor without a second to his motion, would he be given the opportunity to add something to the agenda.

Mayor Sawnick said that if the public would like to make any comments that they can do so at the end of the meeting.

Mr. Heady said that he was on the same page as the Mayor and that was one of the things that he saw missing. He said that Council serves and represents the public and they can't represent them if they don't listen to them. He would like to add to the agenda the opportunity for the public to have input. He seconded Mayor Sawnick's idea of adding public comment, except he would like to have it at the beginning of the meeting instead of the end of the meeting.

Mayor Sawnick said as long as there are no objections from Council, they will have public comments at the end of the presentations.

Mr. Heady said that his only objection was that the public was the most important part of their job in representing them and he encouraged Council to place public comment at the beginning of the meeting.

Mr. White felt that they should listen to the presentation from staff first before comments are made because their questions might be answered during the presentation. If not, then after they are done with the presentations the public can come up and make their comments on what was presented.

Mayor Sawnick made a motion to add public comment to the end of the presentations. Mr. White seconded the motion and it passed unanimously.

Mrs. Kim Delaney, Treasure Coast Regional Planning Council (TCRPC), explained that the TCRPC has been working with all the different Regional Planning Councils in the State to help cities

throughout the State help the Florida Department of Transportation (FDOT) prepare and submit an application for Federal funding for the Amtrak railway. The project is on schedule to be submitted for funding in July if there is a consensus to submit the application. The TCRPC has also been working with the other agencies involved in the project, cities, counties, the MPO, transit agencies, etc. She gave a Power Point presentation summarizing where they are with the project (on file in the City Clerk's office).

Mayor Sawnick thanked Mrs. Delaney for putting on the public workshops. He said there was a lot of input and enthusiastic former Amtrak Train riders who attended the workshops. He asked how much will it cost, who would help, etc.

Mrs. Delaney explained that there was two pieces of funding that the City would need to consider. One is the capital cost for the construction of the station. What is expected is that the State will submit an application for Federal Stimulus Funding, which is categorized as High Speed Inter-City Passenger Rail. This is the same category of funding that was submitted last year for this project, but was not funded. She explained that those funds were theorized to be available at 100%, but none of the grants were awarded at 100%. The only funding that Florida received was for a portion of high speed rail from Tampa to Orlando, which was funded at 48%. She reported that informal discussions with the Federal Railroad Administration, the FDOT surmised that the funds would likely be awarded on an 80-20 matching relationship. What this means is that the State would carry 20% of certain project costs and the local entities would need to carry 20% of the cost for the local station improvements. She felt that Vero Beach was in more of a competitive situation because both possible station locations already made a series of improvements. Both locations are owned by the City, they have existing parking, etc., which is an asset that could count towards the 20%. In either location, a platform would need to be constructed as well as some ancillary improvements to make them functional. She noted that she did not have the cost yet, but last year the cost estimate was three to four million dollars per station. In Vero Beach's condition, they are on the lesser end. She did not know if it would even be three million dollars because of the existing buildings and land. She noted that the Resolution in front of them today is a commitment to work with FDOT on matching costs. It is intended not to commit the City to any figure because they do not have a figure yet. Once the application is submitted and if it is funded, if it is a cost that the City can't handle then the City could step away from the project. She noted that every city is working with partners, such as CRA's, DDA's, counties, MPO's or private developers to make up the matching costs. Some cities are partnering with other cities because everyone benefits when there is a train station. She explained that train stations have a 30 mile radius of impact, which means that people come from up to 30 miles to use that train station. She stated that each city would be responsible to maintain the station. The station improvements would become the property of the local government. There would likely be a cost to lease the area where the platform is located to the FEC. There also would be the cost for electric, lawn maintenance, etc. She noted that the train station in Vero Beach would be a "caretaker" station, which is a smaller scale station and therefore would not be manned by Amtrak. This means that the station would be manned by the local community. She said that often a local Downtown organization or

volunteer organization takes on that role. She noted that the train would come to the station four times a day and someone would need to man the station to greet the passengers.

Mayor Sawnick stated that he spoke with County Commission Chairman, Peter O'Bryan, and he understands that this would not only help the City, but also the County. Mayor Sawnick said the City would work closely with the County to see what type of partnership they could have.

Mr. Daige asked what times would the trains be stopping.

Mrs. Delaney said it was indicated that they would be stopping during the day. She guessed that the hours would be between 7:00 a.m. and 7:00 p.m.

Mr. Daige asked would it be seven days a week.

Mrs. Delaney answered yes.

Mr. Daige asked does the City have to guarantee a certain amount of passengers.

Mrs. Delaney answered no. She noted that the ridership projection by Amtrak last year was 176,000 passengers per year. This year they projected 225,000 passengers. She stated that Amtrak sees this as a very strong corridor for ridership. She said that spacing by Amtrak is typically 20 to 30 miles between stations and they have that with a Vero station. She explained that Amtrak knows that with an Amtrak station in Ft. Pierce and one in Melbourne, there is a need for a station in Vero Beach.

Mr. Heady asked is there any projection on what Vero Beach would contribute to the projection of 225,000 passengers.

Mrs. Delaney answered no. She said that it would not be as high as the medium size stations, which is why it is called a "caretaker" station.

Mr. Heady said that Mrs. Delaney stated that the tracks would accommodate 90 miles per hour (mph). He said with only 30 miles between stations, the train would not be traveling that fast.

Mrs. Delaney explained that where the train can pick up speed it will. She noted that along the rail corridor there are stretches of undeveloped land in between cities and that is where the train would pick up speed. She thought that 200 of the 359 miles would be able to accommodate 90 miles an hour service.

Mr. Heady said the City is going to be responsible for the 1,000 square foot building with respect to maintenance of the facility as well as manning the facility. He asked would the City also be responsible for the cost of the lease to FEC.

Mrs. Delaney said that was her understanding.

Mr. Heady asked does the City have a seat at the table in the negotiations between Amtrak and FEC.

Mrs. Delaney thought that the State would represent the local governments collectively, but if the City of Vero Beach wants to participate then she would communicate that to the FDOT.

Mr. Heady said the City would be giving the East Coast Railroad something that they want. He said that Mrs. Delaney spoke about road closings and the East Coast Railway loves road closings. Therefore, in a sense the City has a bargaining chip. He asked is there something the City could bank in consideration of giving up a crossing (road closure).

Mrs. Delaney said that was leverage that the State plans to use. She said that the State knows that road closures is an advantage to FEC.

Mr. Heady said the platform would be 1,000 feet along a particular section of U.S.1 and Mrs. Delaney said that they want to be as green as possible. He knows that the railroad is reluctant to allow landscaping in their right-of-ways. He noted that the City of Vero Beach is "Hibiscus City" and asked would it be possible to negotiate the ability to put a Hibiscus hedge along that entire platform. He asked who would the City need to speak to in order to make sure that they know that they would like to see something in terms of landscaping along that corridor.

Mrs. Delaney said that she would convey that request. She noted that other cities have made similar requests. She felt that the strongest advantage is for the State to collectively request that for all the local governments.

Mr. Heady asked if the City is successful in having the ability to landscape that section, then would the City be responsible for the upkeep.

Mrs. Delaney said that is the standard relationship.

Mr. Heady said just past the platform on one of the sites, the very northern building was a County owned building that has parking. He felt that this could give them the ability to have the required parking spaces. He said that she spoke about the Amtrak station being at the heart of the downtown and it seemed to him that the Old Diesel Plant would be more of the heart of downtown than the Old Train Station. He referred to the road closing and asked if there had been any traffic studies done at this point that would show how that would impact the traffic flow.

Mrs. Delaney answered not at this point. She noted that if the project is funded, they would then go into the engineering level of planning and all the necessary studies would be developed.

Mr. Heady asked are there requirement restrictions that Amtrak would have regarding the City in terms of what the City does in the station. He explained that churches and schools often sell

benches with a plaque as a fundraiser. He asked would there be any restrictions on the City having fundraisers, such as selling a window, bench, etc., that would help offset the 20% cost to the City.

Mrs. Delaney said that Amtrak feels this is a great idea. In fact the station facilities are often used for other purposes when the train is not there, such as meeting space. She noted that there is flexibility on how the space is used and there is also the opportunity to have concessions in the building, such as a coke machine, coffee vender, etc., which would be under the control of the City and that revenue would come back to the City.

Mr. Heady said the City could put out for bid a restaurant concession. He asked would the income from that be at all shared with Amtrak.

Mrs. Delaney answered no. She noted that there is a limit in the amount of commercial activity that could take place in the facility because it cannot interfere with the function of the station. She said that there may be ancillary commercial opportunities that could exist on or nearby the property. She explained that rental car companies always want to be near these stations and therefore this is an opportunity that the City could pursue.

Mr. Heady asked if the 1,000 foot space is cast in stone or could they enlarge that footprint to 1,200 or 1,500 feet if the City wanted to lease space for a business that would be necessary for travelers.

Mrs. Delaney said the City has flexibility on its side, however the grant funds are limited to the space necessary for the station to be functional, which is 1,000 square feet. She stated that the City could add additional space to the facility once it is open and functional.

Mr. Heady thanked Mrs. Delaney for her presentation and for the consideration in the design.

Mr. White said the City leases the land along the corridor from the FEC at a very high cost and the City tried several years ago to landscape along the corridor of the tracks downtown. From what he understood, the City has to put in a 1,000 foot platform with a canopy on the FEC right-of-way and the City has to pay FEC for the use of the land even though it is for the use of their trains.

Mrs. Delaney said that was correct.

Mr. White felt that it would be very advantageous for all the cities involved if it could be negotiated to allow landscaping. He asked would the building be on City property and not on the FEC right-of-way.

Mrs. Delaney said that is the intent.

Mr. White asked who would collect the money and who is responsible for the ticket sales.

Mrs. Delaney explained that there would not be a cash box in the station. They would use e-ticketing and there would be a ticket kiosk. All the documents would be collected by the Conductor. The caretaker function is a facilitator to greet people or to assist people when needed.

Mr. Abell thanked Mrs. Delaney for the concept and her hard work. He realized that there were several steps along the way and as they get further along they would get further into the details.

Mayor Sawnick read the Resolution by title only.

Mayor Sawnick made a motion to approve the Resolution. Mr. Abell seconded the motion and it passed 5-0 with Mr. Daige voting yes, Mr. Heady yes, Mr. White yes, Mr. Abell yes, and Mayor Sawnick yes.

Mr. Heady asked if there were any members of the public who would like to speak. He said the Mayor stated that they would allow public input after the presentations and he thought that it would be appropriate to have the public's input at this point.

Mayor Sawnick said that public comment would be at the end of all the presentations.

Mr. Heady felt that there was a member in the audience who had some meaningful input on this topic.

Mr. Daige did not have a problem hearing from the public at this time.

Mrs. Hildie Tripson, President of the Indian River County Historical Society, had a short prepared speech that she read to the Council in favor of having the location of the Amtrak station at the Old Historical Train Station.

Mr. Daige felt that this was going to be a win/win situation for both the County and the City. He said that he would be researching how they could begin talks with MPO and the County. He said that they are going to need funding to make this happen and funding to keep it going. He said that he would begin the process of looking for grants and would bring back to Council any information that he finds.

### **3. PRESENTATION OF CITY FINANCIAL STATUS**

#### **A) General Fund**

Mr. Steve Maillet, Finance Director, spent a few minutes going over fiscal year to date through May 31, 2010. He started with the General Fund (all documents attached to the minutes) and said that it is on target and they are in good shape. He then went on the Electric May update.

Mr. Daige asked when they have available cash to operate it is a good thing. He asked Mr. Maillet to explain why it is a good thing.

Mr. Maillet explained that they would like to have a certain amount of money on hand for the normal flow of everyday business. Another reason for wanting to have some working capital is that if the revenue stopped, how long could the business run before they are out of money entirely. Historically, the City has used 45 days. Last year the City went down to almost zero days. These are things that people who would lend you money would look at. In some cases the lenders want as much as 90 days cash on hand. Historically, Vero Beach has found that they don't need anywhere near 90 days on hand to run operations, to get loans at favorable rates, etc.

Mr. Daige said the City's bond rating was down a few months ago and has now gone up. He asked what is the current bond rating.

Mr. Maillet thought that they were at AA, but he would need to double check.

Mr. Maillet continued by going over the Water and Sewer May Update.

Mr. Daige asked what is the percentage of interest for the SRF loan.

Mr. Maillet answered 2.62% or 2.82%.

Mr. Daige asked what is the length of the loan.

Mr. Maillet answered 20 years.

- B) Enterprise Funds**
  - i. Airport**
  - ii. Marina**
  - iii. Electric Fund**
  - iv. Water and Sewer**
  - v. Solid Waste**

Mr. Maillet started with the Airport and said that it was pretty straight forward.

Mr. Daige said regarding the Airport Enterprise Fund, it was his understanding that a number of years ago they did a transfer to the General Fund. He asked Mr. Maillet if he worked for the City at that time.

Mr. Maillet answered no.

Mr. Daige asked what is the reason that the Airport Enterprise Fund does not transfer money to the General Fund like other enterprise funds do.

Mr. Maillet explained that it is tied to State and Federal grants. If they accept grant money, then any profits that the Airport makes has to stay within the Airport to further fund aviation activities.

Mr. Maillet moved on the Marina May update and said that they are doing very well. He then went over the Solid Waste May update. He noted that the solid waste system was the City's garbage system that operates within the City limits.

Mr. Daige asked how competitive are the City's rates with the surrounding neighbors.

Mr. Maillet said the City's rates were the same rates that were established by Indian River County.

Mr. Daige asked were there any discussions to come before City Council and ask for a rate increase.

Mr. Maillet answered no.

Mr. Daige explained to the general public that the City has twice a week trash pickup. He noted that rentals generate a lot of garbage and twice a week pickup is needed. He said if they go to once a week trash pickup, it will not be a good situation.

Mr. Maillet said because City taxpayers have their own garbage pickup, they can change their rates at any time. With Waste Management, their contract extends to 2015. It is misleading for critics to say that the City of Vero Beach taxpayers should go to once a week pickup and consider going with the County, when the County cannot change until 2015.

Mr. Daige pointed out that the City's garbage collectors worked very hard to get the trash picked up after the hurricanes. He noted that the City Council has control and can make sure that things happen quickly to get the City up and running after an event.

Mr. Daige asked what Enterprise Funds transfer to the General Fund.

Mr. Maillet answered electric, water and sewer, the Marina, and Solid Waste.

Mr. White said that there have been some cuts in the Police Department and there was nothing on today's agenda to give Council an overview on what they were doing. He asked what is going on.

Mr. Gabbard explained that today's meeting is about the current fiscal year budget.

Mr. White said today's meeting was suppose to be a preview of their budget hearings that were coming up in July. He asked if there are major decisions going to be made, that Council receive some information.

Mr. Gabbard explained that they have been working on the budget for about three months. They were about \$2.2 million dollars in the red because of decreased revenue and increased expenses. They are two years into this recession and the easy things are gone. Now they have to look at their programs. One of the things they have done in going through the budget process was that they met with all the Department Heads and worked the figures into the budget plan and about one and a half weeks ago they found that they were about \$850,000 short. The two big departments are the Police and Recreation. Public safety and welfare are critical in what makes Vero Beach what it is. They met with the Police Benevolent Association (PBA) this week and explained to them that they need an additional 5% from the Police Department. He said that the Police Officers are going to be required to take furlough days. He said that he spoke with the Police Chief and they are working on a plan.

Mr. White asked has the City received the figures from Mr. David Nolte, Property Appraiser.

Mr. Maillet said that he received preliminary numbers on June 1<sup>st</sup> and the City's estimated taxable value was \$2.3 billion dollars, which is down 8% - 8 ½% from last year. He noted that Mr. Nolte is normally right on the money.

Mr. White asked are they looking at a substantial decrease in ad valorem taxes.

Mr. Maillet said the dollars would be reduced by \$400,000 – \$450,000. As part of the budget process they are talking about leaving the millage rate where it is.

Mr. Gabbard said that staff received the message from Council that they did not want tax increases. He went back to the furlough days for the Police Department. He explained that there were extra hours that they use for training and other special enforcement, which means that the furlough days would not make the shift coverage any less. The Police Chief is recommending using volunteers as School Crossing Guards. He noted that the City would provide the training. Anything that they do would be discussed during the budget hearings and Council would have to sign off on it.

At this time, Mayor Sawnick suggested Council take a five-minute break.

Mr. Daige said when they return from the break, he would like to see if anyone in the audience would like to make comments about the General Fund.

Council took a five-minute break at 11:03 a.m.

Mayor Sawnick called the meeting back to order and said that Councilmember Daige requested that the public be allowed to speak on the General Fund.

Mr. White felt that they should get the presentations done and then allow public comments.

Mayor Sawnick said that is what he would prefer. He asked Mr. Daige if this was okay with him.

Mr. Daige answered if that is Councils' wish.

Mr. Heady did not have any problem with adding what Mr. Daige or any other Councilmember wants at any time during the meeting.

Mayor Sawnick said they would continue with the presentations and then have public input.

Mr. Maillet said that during his presentation he overlooked that Mr. Monte Falls, Public Work's Director, wanted to give Council an update on the Solid Waste operations. He noted that this is part of Council's backup.

Mr. Heady did not have a problem with hearing Mr. Falls' presentation, but felt it was interesting that when staff wants to add a presentation Council has no problem with it, but if it is someone from the public then Council continually tries to shut them up.

Mr. Abell said that was not true and Mr. Heady does not understand the system.

Mr. Monte Falls, Public Work's Director, said that there has been a lot of public discussion about solid waste. He then went over the backup provided to Council. He said the residential rate is \$14.32 per month and the commercial rate is \$4.00 per cubic yard. He noted that the residential rates were equal to the franchise rates that are offered in Indian River County and the commercial rates were less than the franchise rates in Indian River County. He reported that the Solid Waste Department has 29 employees that service about 7,000 residential accounts and 2,000 commercial accounts. Their operating budget is about \$2.5 million dollars and they pay an annual dividend to the General Fund of about \$150,000. In the upcoming budget, they are proposing a staff reduction of two employees who are retiring and would not be replaced and the elimination of one truck. He explained that they would modify some of their residential routes and there would not be a drop in service. He explained that Solid Waste was totally fee supported and those fees were equal to private haulers and less than commercial haulers. He said that the City's level of service was higher as they provide side yard and rear yard collection. In Indian River County, that service is only available if the customer is medically unable to take their garbage to the curb.

Mr. Daige asked how many calls have they received where their customers didn't like the fees the City is currently charging.

Mr. Falls said that he has not received any complaints about the City's rates or service.

Mr. Heady asked what is the average salary of the 29 employees.

Mr. Falls answered the Garbage Collector's average salary is about \$15.50 per hour.

Mr. Heady said that would be \$30,000 a year.

Mr. Falls said depending on the drivers' years of service, their salary is \$16.50 and \$17.00.

Mr. Heady said that would be \$34,000 a year.

Mr. Heady said that in the 20 years he has had the service, he has never called in a complaint. He said that they have been wonderful.

#### **4. UPDATE OF GENERAL EMPLOYEES PENSION PLAN**

##### **A) Pension Plan Status – Rocky Joyner, Segal and Company**

Mr. Rocky Joyner, Segal and Company, went over his prepared report (please see attached).

Mr. Daige asked what is the total amount of money the City put into the defined benefit plan.

Mr. Maillet said in 2010 it would be four million dollars and the preliminary actuary report for fiscal year 2011 would be \$4.3 million dollars. He reported that one of the things they discussed was to come up with changes in order to decrease the amount by one million dollars.

Mr. Joyner said that \$3.3 million dollars was about the contribution rate the City had prior to the 2008 crash.

Mr. Daige said the City has to honor the defined benefit plan that was done in the past. He asked if they wanted to cut the \$3.3 million dollars in half, what other plans are available for employees. Also when employees are hired, they start paying for the system that they can take with them when they leave. He said what he was looking at was the City's contribution because moving forward, the City is not going to be able to do it. He asked Mr. Joyner for his recommendation on other plans.

Mr. Joyner said the biggest plan they see these days is similar to what the City is doing here, which is taking the plan and downsizing it.

Mr. Daige said last year the City contributed four million dollars, which is a lot of money. In going forward, what he is hearing today is the best the City could do so far is to reduce the contribution to \$3.3 million dollars, which is still a lot of money. If Council wants to reduce that even more, he would recommend that they come up with a dollar amount. He was not happy with \$3.3 million dollars. The City is tightening their belt everywhere and when they do this they are tightening their services that go out to the citizenry.

Mr. Joyner said they are dropping from \$4.4 million dollars to \$3.3 million dollars. This is almost a 25% decrease, which is a huge impact. If they want to go lower than that, there are some design elements they could use, such as getting rid of the COLA.

Mr. Daige said nothing is written in stone and they could revisit this again where they could increase the benefits. He would like to hear from Council on what they feel the dollar amount the City should contribute.

Mr. Joyner said that he is focusing on the dollar amount on the 2011 budget year, which is crucial right now. But, suggested for the longer term that they focus more on the relationship between that dollar amount as a percentage of payroll. He explained as payroll rises, the dollar amount changes. For planning purposes, most cities use it as a percentage of pay.

Mr. Heady asked with the \$4.3 million dollar contribution to retirement this year, the ad valorem contribution to the General Fund this is between five million and six million dollars.

Mr. Maillet said it was about \$4.5 million dollars.

Mr. Heady said the contribution from the electric fund is between \$5 million and \$6 million dollars.

Mr. Maillet said that was correct.

Mr. Heady said the retirement plan right now takes up all the ad valorem tax or the vast majority of the contribution from the electric fund.

Mr. Maillet explained that the pension cost is allocated across all the funds where there are employees.

Mr. Heady said his question is in terms of the total dollar amount.

Mr. Maillet said that he did not want to mislead anyone to think that the total cost of the pension is just in the General Fund. The General Fund is maybe 30% of that number.

Mr. Heady said the bottom line is that it all comes from the taxpayer's wallet. He said that any money the City receives comes from the taxpayer.

Mayor Sawnick agreed with Mr. Daige regarding trying to cut the cost even more. But, thinking long term they should put a policy in place that would help years down the road. He noted that in looking budget year to budget year, they need to look at ways to reduce the cost and keep the same level of service.

Mr. Daige said that \$3.3 million dollars for the City to contribute next fiscal year is too much and has to be cut down. He said if Council is okay with \$3.3 million dollars for the next fiscal

year, then he doesn't have the votes to reduce it. He said that he would not approve the budget going forward. He said that they have to look at how they are going to afford to pay for these things. He said that they are cutting services and are going to have to continue to cut services and those services are to the citizenry. He asked how many types of retirement plans do government employees have access to.

Mr. Joyner said there is the basic defined benefit plan, which the City has now and the basic defined contribution plan, which very few government employees have access to. There are combination plans, cash balance type plans, etc. There are a lot of plans out there, none of which are not allowed in the government sector. The problem is that once they start moving away from the base model the complexity explodes and it becomes difficult to value. There are two ways for the City to save money in the program. The first is to reduce the benefits and the second is employees pay more. The program they have now does a little of both.

Mr. Daige asked Council if they were okay with the contribution of \$3.3 million dollars for the next fiscal year.

Mayor Sawnick said that was something that they needed to look at and reducing it by close to 25% (from \$4.3 million dollars to \$3.3 million dollars) was a step in the right direction. He felt that they needed to see how this was going to affect employees in general.

Mr. Daige asked Council if they want to give them a number to work with or go with \$3.3 million dollars. He said that it takes a lot of time to get to this point and time is money. If it was not Councils' will to reduce the \$3.3 million dollars, then he has his answer.

Mayor Sawnick asked Mr. Daige to give a number for them to work with.

Mr. Daige said to cut the \$3.3 million dollars in half.

Mr. Heady was not willing to cut employee's benefits without a study. This is the first time that he has seen this report and he would like to know more before he was willing to throw a number out to cut employee's benefits.

Mr. Abell asked which option is the best combination of defined benefit and defined contribution, with the idea of working forward to make the defined contribution more important.

Mr. Joyner said based on the perimeters he was given, defined contribution was not on the table. The City does not have enough money at this time to start putting something towards defined contribution. All this has done at this point was reduce the defined benefit and increase the employee's cost.

Mr. Abell said the whole idea of the defined benefit program is history. They need to be looking at a defined contribution plan. They need to change the figures around so that the

defined contribution would help the employee to get the benefits, but there would probably be a greater contribution of the part of the employee than what exists today. He felt that it should be a step situation where the contribution rate situation increases every year to a certain point. He did not think they could take a number like Mr. Daige is trying to do. He said something has to be done and they have to be aggressive to where this is phased into a greater liability for employee retirement on employee contributions. They need to try to get rid of some of the unreliability of the market.

Mr. Joyner said there are other facts that have to be considered. He explained that there are cities that after the crash changed more to the DC plans. He said that after the crash of 2001 there were employees that could not retire because they took the whole brunt of it. Therefore, it messed up their personnel scheme, the career patterns, and their ability to deliver services was injured, not because of budget issues, but because of the wrong people being on the job. What they are seeing now is a more measured approach to where the cities know there is a problem because they have the risk of the market flowing into the city's bottom line. What they need to do is share that risk between the City and the employees. Whatever change they make something unexpected will come out of it and they will have to deal with it. They could cut the \$3.3 million dollars in half, but that would increase the employee contribution rate to 10% of their pay.

Mr. Daige said the defined benefit plan that they have been operating under has to go down. He asked what other plans would be available to take care of the employees that they could do better to keep the City's contribution down. He said that they have to look at bottom line numbers. He would like to know if they should begin to move away from this pension plan or should they look at other pension plans in moving forward.

Mr. Abell said that Mr. Joyner gave an example if they reduced it by one million dollars, it would be a 10% cut in their pay. He said that they need the "what ifs" and what hybrid plans they could be looking at that would take the City out of this situation. He felt that they needed to make changes to the existing defined benefit and put more reliability on defined contribution.

Mayor Sawnick asked Mr. Joyner to give them examples of what was discussed today as well as hybrid plans that they could look at.

Mr. Daige asked what about portability.

Mr. Joyner said in a defined benefit plan, if an employee leaves, they would be eligible to take those contributions on a tax deferred basis. He explained that every 2.5% of salary they increase the employee contribution by is worth about \$500,000. As far as lowering the benefit structure more, it is more complicated. He said that he would send Mr. Maillet a hybrid presentation for Council to look at. He would also put together a few other types of things that Council could look at.

Mr. Gabbard asked when would this be done. He explained that the City's budget hearings were only one month away.

Mr. Joyner said in front of them today is a 1.6% multiplier plan. He asked Council is there a number that they want to reduce this to. He said that he would go back and lower the 1.6% multiplier to 1.0%. This would give them the framework and then they could work out what the employee contribution needs to be to make it balance. He hoped to have this done in the next week or two.

Mr. Abell said it was stated that in a certain instance it might be 35% of pay for retirement. He asked what is the norm for government today and what is the norm for industry today.

Mr. Joyner said for governmental general employee plans, the average Nationwide is about a 1.8% to 1.9% multiplier. He explained that if they had a 2% of pay benefit formula, after 30 years it would be 60% of pay. If there is no COLA in that, then the 60% of pay would actually be worth about 45% of pay. To maintain your standard of living after retirement, you would need about 80% of your pay. This is from all sources, such as social security, your pension plan, any savings you would have, etc.

Mr. Abell said it would help Council to have a standard for what government is doing today and what the corporate world is doing today.

Mr. White said it was stated that prior to the 2008 crash the contribution rate was \$3.3 million dollars.

Mr. Joyner explained that the valuation just before the crash had a required contribution of about \$3.3 million dollars and after the crash it went to four million dollars.

Mr. White asked what is the percentage of pay from employees now.

Mr. Joyner answered 2.25% of pay. He said that every 2.25% of salary they charge an employee, they would offset the City's cost by about \$500,000.

Mr. White said if they went up to 3%, they would be saving about \$300,000 to \$400,000.

Mr. Heady said earlier in today's meeting he made some comments that he should not have made. He said there was no room or place for sarcasm in these meetings. He said the unfortunate thing is when they are sarcastic, the minutes do not reflect sarcasm. He said that he did not mean to make comments about the Mayor that he was trying to be fair because clearly he did not see that, he did not believe that, and clearly his actions show that he has no desire to be fair with respect to input from the public or from him. He would like the record to reflect that his tone was sarcastic and his intent was sarcastic.

Mayor Sawnick said if Mr. Heady disagrees with policy that is fine, but to make sure not to belittle or talk down to the public or to Councilmembers. He did not think it was appropriate in any form, especially on the City Council.

Mr. Maillet said one scenario that Mr. Joyner mentioned in trying to reduce it by one million dollars, the employee contribution would go from 2.25% to 4.75% of their pay. He explained that part of their presentation was to already increase the employee contribution, so by doing more they would be increasing the employee contribution even more.

Mr. Daige thanked Mr. Joyner for answering Councils' questions.

## **5. UPDATE OF HEALTH INSURANCE PLAN**

### **A) Kurt Gehring, Gehring Group Professional Services**

Mr. Christian Burkstrom (spelling may be incorrect) gave an update on the status of the insurance plan (see attached health insurance plan for fiscal year 2010/2011). He noted that the strategy has not changed from when he went through it at the last Council meeting. He said that they would be adding the benefit of preventive care, such as physicals and well women examinations, which would be at no cost to the employee. He explained that this was part of the Health Care Reform that was recently passed by Congress. Other items that would be added because of the Health Care Reform would be that dependants would be allowed to remain on the plan until the age of 26 and there would be no preexisting condition limitations for children under the age of 19. He then went over the Health Care Reform and Early Retiree Reinsurance Program with the Council. He explained that as a municipal employer, the City would have to offer retirees the option to remain on the plan. He said that there were about 60 retirees currently on the plan that fit this criteria. The Federal Government would reimburse the City 80% of eligible claims that exceed \$15,000, but are less than \$90,000. This means that the maximum reimbursement per claimant is \$60,000.

Mr. Abell pointed out that the early retirement incentive survey includes Port St. Lucie, Jupiter, Palm Beach Gardens, etc., but not Indian River County.

Mr. Burkstrom said that he spoke with the Human Resources Director, who verified that the City does not offer an early retiree program.

Mr. Gabbard explained that they were actively trying to get the numbers down in the budget. This is their recommendation for health care for the next fiscal year. He said that it would help them to get a consensus if this was something Council thought they needed. He explained that this impacts all the employees and two unions, and there are some things that need to be done in order to make this work. He felt that this was the best option and will save the City \$832,000.

Mr. Daige asked what was the total amount of money put in this fiscal year for medical.

Mr. Burkstrom answered about \$5.5 million dollars.

Mr. Daige asked would they take the \$832,000 from the \$5.5 million dollars.

Mr. Gabbard answered yes.

Mr. Daige said so the City would not be increasing their current contribution.

Mr. Gabbard said that was correct.

Mayor Sawnick felt that they were moving in the right direction.

Mayor Sawnick asked Council if they would like to take a break before Public Comment.

Mr. Daige answered yes.

Mr. Heady asked before they take a break, is there anyone from the public who would like to speak. He noted that there was only one person who wished to speak. He asked Council if they really wanted to take a break at this time with only one person wishing to speak.

Mayor Sawnick said since there is only one person wishing to speak, they would not take a break at this time.

## **6. Public Comment**

Mr. M.J. Wicker, 1036 29<sup>th</sup> Street, said that he met with Mr. Joe Baird, Indian River County Administrator, regarding the golf course. He said that he was given a letter, which stated that MiLB wanted to be accommodative for the golf course to operate. He felt that it was only fitting that since the City seemed to be operating in the red, that this would be an opportunity for the City to take advantage of a great facility and alleviate themselves from maintenance and put the property back on the tax rolls.

Mr. White said the City is not operating in the red.

Mr. Daige asked Mr. Gabbard is it true that the City is operating in the red.

Mr. Gabbard answered no.

Mr. Wicker apologized. He thought that he heard the City was operating in the red. He expressed that he would like to have the opportunity to try to do this. He spoke with someone from the Wadsworth Group, which was an entity who indicated that they were also interested in the property. He reported that they told him that their interest was based on a grant and their interest in the facility is limited.

Mayor Sawnick said that there would be a Special Call meeting at the end of August to discuss what they would be doing in moving forward and what the public wants.

Mr. Wicker thought that the City might want to put together a lease for this acreage. He said that they do not want to make any changes in the course itself. They want to operate it as it is.

Mr. White asked Mr. Wicker if he spoke with Mr. Gabbard after he spoke with Mr. Baird.

Mr. Wicker answered yes.

Mayor Sawnick said this would be discussed during their Special Call meeting. He hoped that Mr. Wicker would attend that meeting.

Mr. Heady said there is a Special Call meeting regarding the golf course, they have listened to Mr. Wicker speak meeting after meeting, they have been discussing the golf course for several years, and what he would like to do is to make a request that Council make it known that there is a Special Call meeting in August and if anyone has any interest in doing anything at the golf course to come prepared with an offer in writing. This way rather than being unproductive, they could be very productive by the end of that meeting by entering into a Memorandum of Understanding with the presenter that brings to Council the best offer. He asked that the offers be submitted to the City Clerk no later than seven days prior to the Special Call meeting. This way Council could look at the proposals in front of them.

Mr. White felt that they needed to revisit the Charter. He said that the City Manager is supposed to take all the proposals and present them to Council. He thought that Mr. Wicker was working this out with the City Manager. Other people have been in contact with Mr. Gabbard in reference to this piece of property. Regarding getting more public input on it, the Recreation Commission and the City Council held public Town Hall meetings. They have discussed this over and over again. There were ideas from skate parks, to water parks, etc. They need an interested body to lease the property. They need to do something with the property and make sure that everything is done by the book. Council is not the negotiators. This is something that Mr. Gabbard and Mr. Vitunac goes over to make sure that everything is in order and then they would present it to Council and Council would make the final decision.

Mr. Wicker said that he has been asking for a lease.

Mr. White said if the hurdle is over with then they need to sit down and discuss the amount that he wants to lease the land for.

Mr. Wicker said that he was not asking Council to make the property available to him. He is asking that they make it available to anyone who has an interest in developing the golf course.

Mayor Sawnick explained that anyone who has any proposals should submit them to the City Manager and to the City Clerk. He said that today's meeting is regarding the City's budget and he was not prepared to speak about the golf course at this time.

Mr. Wicker stated that the letter from the President of MiLB said that they would support the reopening of the golf course and nothing else.

Mr. Daige said the golf course is owned by the taxpayers. There is a loan on that property that the City has to pay every month. Whether they lease it, turn it back into a golf course, etc., he wants to see that the property is paid for and not on the taxpayers' back. As the land sits, the City has to pay for it. He said that he was not looking to do a 30, 100 or 200 year lease on the property for one dollar.

Mayor Sawnick made a motion to adjourn today's meeting at 12:47 p.m. Mr. White seconded the motion and it passed unanimously.

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