

SPECIAL CALL CITY COUNCIL MINUTES
THURSDAY, JULY 15, 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

Mayor Sawnick opened the meeting at 9:30 a.m., and the Clerk performed the roll call.

2. PLEDGE OF ALLEGIANCE

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

3. ITEM FOR DISCUSSION:

A) Employee Early Retirement Option

Mr. Jim Gabbard, City Manager, reported that City staff has been working diligently on budget preparations for the past few months. He reported that this has been a very difficult budget process because over the past few years the City has taken out the easy dollars and they are now looking at positions and employees. He said that the City has done all the traditional things, such as freeze positions to help with the budget. He said that City staff came up with a plan that is an alternative to layoffs, which is to give employees who are thinking about retiring the opportunity to exit early. They feel this would be beneficial to the entire City.

Mr. Monte Falls, Public Work's Director, reported that they began working on the budget with a \$2.2 million dollar deficit, which has been brought down to \$300,000. He then gave a Power Point presentation on the "Workforce Reduction Plan" (attached to the original minutes). He reported that in order to meet the \$300,000 deficit, the City needs to reduce the workforce by 10 positions. He explained that there were only two options available to achieve this goal. One was early retirement and the other was layoffs. To encourage the retirement option, they are proposing to offer an early retirement incentive. The program they are proposing includes all employees at age 55 or older with at least five years of service. The alternative to early retirement would be layoffs, which all City employees would be looked at. There are currently 468 employees, with 412 being in the City's general retirement plan and 56 in the Police retirement plan. If they compare the two options, the difference in average savings is almost \$21,000 per employee greater for early retirement than for layoffs in fiscal year 2010-2011. Early retirement would be \$6,500 greater in successive years. For that reason, they are asking for Council's support to move forward with the early retirement incentive program.

Mayor Sawnick said what he was looking at was the savings to the City. He said if Council approves this, they don't know how many people will take it. Therefore, it would be premature to say how this was going to work. But until they approve it they won't know if it will work. He said that he was in favor of this.

Mr. White said that if Council approves this, he would move that the Charter Officers are exempt.

Mr. Gabbard stated that he was not eligible for this and the City Clerk also was not eligible.

Mr. White said that he did not have a problem with this plan as long as they eliminate the Charter Officers.

Mr. Heady asked Mr. White if this is a bonus plan to incentivize employees to leave, then why would he want to exempt people. He thought that they were trying to do something good.

Mr. White explained that he wanted to make sure that there were no improprieties.

Mr. Heady asked Mr. White to help him understand why it would be an impropriety.

Mr. White explained that there were a lot of people who felt this was put together for them so they can retire. He said that if Mr. Vitunac wanted to retire he could, but he would not be eligible for the incentives.

Mr. Heady asked Mr. Vitunac if he wanted to retire and his position was eliminated, what would be the total cost savings to the taxpayers.

Mr. Charles Vitunac, City Attorney, stated that he did not know.

Mr. Heady asked that someone give him that number.

Mr. Robert Anderson, Human Resource Director, said that Mr. Vitunac makes about \$130,000 and they would add about 28% on top of that for benefits.

Mr. White asked Mr. Vitunac with the amount of work they have, could his office manage with one less Attorney.

Mr. Vitunac explained that during the summer they have two Attorneys and half the time they are in court, in meetings, etc. He felt that the office was at the proper size. It is the choice of Council as to what type of level of service they want. He said that there is a full workload for all the attorneys. He noted that there were a lot of very serious issues coming up and they would be in court fighting a lot of these serious issues.

Mayor Sawnick said there is a motion to exempt the Charter Officers.

Mr. Heady said staff has been working very hard in putting this together. He asked has the question been asked if Council approves this, who is interested.

Mr. Falls said that the City has been in Union negotiations this week and they talked to the Union about today's proposal. He said that this proposal has not been sent out to the employees because they wanted to get a sense of Council first.

Mr. Heady asked wouldn't it make sense for Council to have a sense of how many people would be interested in this so they would have a clue as to the dollar. He said if they were going to ask Council to vote in favor of something that they have no clue on, which is so far today's presentation, on who and how many employees would be interested in this early retirement. It seemed to him that before the Council should take a vote on this issue, prudence would dictate, that they have a clue who and how many would be interested and what kind of savings they would be looking at. He thought that maybe the vote was premature because Council needs to know those numbers.

Mr. Gabbard said that he spoke with one employee who said she would take the early retirement if this proposal is passed. The problem is that they can't offer employees something that the employee can't bank on. He explained that there would not be any way for them to know if Council wants to alter the plan. Employees want a concrete offer that they could bank on before they would commit. There are a number of employees who are eligible for retirement in January who have great loyalty to the City as well as to their fellow employees. They know that their taking this early retirement may keep one of the younger employees from being laid off.

Mr. Heady understood that no one would want to sign their name on something that they don't know what the component parts are. Although, he felt that City Council has a record of doing that and the Orlando Utilities contract was a perfect example.

Mr. White asked Mr. Heady to stick with the subject.

Mr. Heady said that he was sticking with the subject.

Mayor Sawnick asked Mr. Heady to continue.

Mr. Heady said that Mr. White interrupted him and he just wants to answer his question. It seemed to him that no one would want to sign their name to an agreement unless they knew the terms of the agreement. He felt that it was also prudent for Council to have some idea and he did not see anything wrong with asking employees if they had any interest at all if this was proposed. By doing that step first they might get feedback from the employees. He said that staff would have a better idea of what the eligible employees would want.

Mr. Gabbard said early on in the budget process in one of the Department Head staff meetings he asked to have the Department Heads look in the organization to see who might be eligible for retirement in January. He said that they talked about proposing some sort of early out program, but the fallback was that there were some employees who could retire in January and there is some economic benefit to the upcoming fiscal year without going through this. In normal circumstances, there are eight to twelve employees on average that retire annually. He felt that this year there would probably be about 10 employees retiring in January. What staff is trying to do is to get some benefits this fiscal year and a tremendous benefit next fiscal year.

Mr. Heady said the 10 positions identified as the target number in this proposal, in the ordinary course of events, those 10 employees would retire anyway. So instead of allowing the ordinary course of events to happen, and have them retire anyway, they are going to offer those employees an incentive. He asked why would they want to spend more tax dollars on something that on average would happen anyway.

Mr. Falls said that during the last quarterly budget meeting, the Gering Group presented a spread sheet that showed people that have been offered early out incentive packages and the acceptance level from the employees was from two and a half to ten percent. The 10 positions is not a number they targeted because that is the normal attrition. He explained that the average savings in 2010-2011 in layoffs would be \$33,500. He said that they have to close the budget deficit of \$300,000. He said that it was their hope that they get 10 employees to retire because the savings would be \$20,000 greater than the layoffs. He explained that the average employee at a savings of \$54,000, if they divide that by \$300,000, that would be the number they are trying to get.

Mr. Heady said in the chart in the presentation they referred to the average savings of \$33,000. One of the component numbers of that is the unemployment compensation for one year. He asked doesn't the City pay a percentage of gross payroll to unemployment.

Mr. Anderson answered no. He explained that the City is self insured for unemployment claims.

Mr. Heady said the City is totally self insured for unemployment claims.

Mr. Anderson said yes.

Mr. Heady asked are the rules for collection on unemployment the same as for the general public.

Mr. Anderson explained that they (City employee) could collect up to \$275 a week if their income is high enough. He said that almost all of the eligible employees would qualify for that. He explained that the State pays them and the City reimburses the State.

Mr. Heady asked they would collect up to \$275 per week for what term.

Mr. Anderson said currently it would be for 99 weeks.

Mr. Heady said the collecting of \$275 a week, the chart shows the average costs are \$4,500 per month.

Mr. Anderson said that is the average salary for this group of employees.

Mr. Heady asked does it stand to reason that someone who is making \$4,500 a month is going to sit back for 99 weeks and collect \$275 a week instead of \$4,500. He asked aren't these individuals talented individuals that would probably seek employment.

Mr. Anderson explained that they were targeting people who would probably retire in January and they would like them to retire now. He said that they probably would not seek work elsewhere and most of their retirement benefits would be higher than unemployment.

Mr. Heady said the people they are targeting here are people who in the ordinary course of events would retire in January anyway. Therefore, the chart that shows the yearly savings is not accurate because the only savings would be that component part from the time they accept it to January 1st. They really were not going to get yearly savings because they are going to retire anyway.

Mr. White felt that Mr. Heady was under the impression that the people who are eligible to retire in January are going to retire so why would the City need to do this. That is an option that they can retire, but because of the economy he did not foresee a lot of people retiring in January. He felt that it should be known that these employees are eligible for retirement, but that does not mean they will retire.

Mr. Anderson explained that they were trying to get the employees who are sitting on the fence about retiring to retire.

Mr. White said that he spoke with several employees regarding what they thought about an early out and three employees told him they would consider it.

Mayor Sawnick said that they don't know if anyone is going to take this, but it has given the City an option as opposed to layoffs. If no one takes the early retirement, then it would go back to the City Manager to do what he has to in order to make sure the City has a balanced budget. They will not know until this is approved. He reiterated that he was in favor of this.

Mr. Daige said that this is a policy change and they need to do this so employees can take advantage of it. He said that they have a \$300,000 deficit and they need to close the gap. They put this incentive in place, which gives the employees an option. He said Budget Hearings are next week and he does not want to see an unbalanced budget. He said if only five of the ten employees take the early out, this would give the City a dollar amount in savings and would tell

them how much more they have to close in. Then they have to do the hard part, which is layoffs. He said that Charter Officers work for the Council and all they need is three votes and each one of them could be removed. He did not have a problem with Mr. White's motion. He noted that if the policy doesn't work it can be removed, but they need to do this in order to give the management team something to work with. He was in favor of moving forward.

Mr. Abell said as the City Manager mentioned, they had a quarterly budget meeting where the numbers were discussed of possibly 10 employees retiring any given year. He felt that the option of early retirement was far better for everyone involved than to have to lay off employees. He said that he was in favor of the early retirement option. He said that most times it is helpful for those who don't understand what is being presented to discuss the issues with staff so they could explain it. He said that this issue was clearly brought out during their quarterly budget meeting.

Mayor Sawnick asked is there anyone in the audience who would like to make a comment.

Mr. Heady said Mr. Mayor you cut me off.

Mayor Sawnick asked Mr. Heady to wait one second.

Mr. Heady answered no, not one second. He said that he was cut off to allow Mr. Daige...

Mayor Sawnick said Mr. Heady please.

Mr. Heady called for Point of Order Mr. Mayor. He said you just can't help yourself can you.

Mayor Sawnick asked what is your Point of Order Mr. Heady.

Mr. Heady said you (Mayor Sawnick) asked Councilmembers if they had any questions and he was in the middle of his questioning and Mr. White asked if he could interrupt. He said absolutely, that is the kind of dialogue they need on the Council. Then they went on to Mr. Daige, which was fine, but he (Mr. Heady) wasn't done with his comments, he is not done, and he has more questions. He suggested from now on to let him speak last. That way they don't have to continually interrupt him. But, he has more questions.

Mayor Sawnick explained that at this point he would like to have the public make their comments. They could make a motion and continue with discussion afterwards.

Mr. Heady said that he would like the public to know what other comments he has before they move to public comments. If other Councilmembers want to cut him off they could rule go do so, but he challenges the Mayor's ruling and he has more questions.

Mayor Sawnick asked is there a second to the appeal of Mr. Heady to challenge his ruling.

Mr. Daige would like Mr. Heady to continue as he has more questions.

Mayor Sawnick asked Mr. Heady to continue.

Mr. Abell asked Mr. Heady to keep it concise.

Mr. Heady said the other Councilmembers can categorize his comments as being less than concise or that he doesn't know what he is talking about or that he needs to talk to staff first, but his comments are what they are. He said it was too bad that the other Councilmembers are totally disrespectful of opinions that they don't share. He said in looking at 10 employees, they already answered the question that they don't know who would be interested in this. It seems that this is a threshold question that is important and who accepts this is meaningful because all employees aren't expendable. He asked, aren't there employees that if they did take the early retirement that would need to be replaced.

Mr. Falls answered yes. He noted that in their presentation the employees that retire and are not replaced is where the savings is realized.

Mr. Heady said if there are 10 employees that take the incentive package and there are 10 employees that need to be replaced, then the net savings would not be there. In fact in passing this, it would increase the tax burden because they would need to replace the 10 employees who took the retirement and the City would give the employees a bonus to retire.

Mr. Falls explained that the City has to reduce the work force by 10 positions that would not be replaced. If there are not 10 employees who do not have to be replaced then they are there. If not then they would have to identify positions to layoff. They feel the early retirement option was a more humane way for the employee and based on the averages it is a greater savings per employee.

Mr. Heady said the bottom line is to reduce cost to the taxpayers, to reduce the budget. He asked in a work week reduction program, which has not been discussed at this level, couldn't the City make up those 10 positions by four day work weeks. He said that they could rotate those four days so that the City is still open for business five days a week.

Mr. Gabbard said the City is doing one furlough day a month now.

Mr. Heady said he was talking about a four day work week, which is four days a month. Therefore, it increases by four times the savings that the City is currently realizing with furlough days. He said that unemployment is a hard thing and laying off employees is a hard thing. He did not think, as a decision maker, that he should take lightly laying off any City employee. If they take a trip around the City they see that they have employees that take care of the City. He felt they deserved a fair amount of respect and consideration for their jobs and he understood that this is one of the ways in doing that by giving them an early out. But, in the conversations he has had with employees, he asked them rather than one furlough day a

month, would they rather have their fellow employee next to them on unemployment or would they work four day weeks until the City gets through the economic troubles they currently face. For the most part the answer was yes.

Mr. Gabbard said that would be a 20% reduction in work time and a 20% reduction in employees' salaries. The City is in negotiations with the Union regarding furlough days and what they are hearing is this is making a significant impact on the employees' pay. He said that this also would be a significant impact on the City's ability to deliver service. He said that if they want to discuss this, they could discuss it at budget time. Their purpose is to maintain a high level of service. He said when they talk about layoffs, they have to go to the bottom of the list. He explained that generally speaking, it is the last hired employee. If it is someone whose job is critical to the City, they could bring someone up from within the organization and eliminate the lower position. There are a lot of strategies. They need to have this tool and allow employees to make a choice. He said that they would report back to Council on how many employees have announced their retirement.

Mr. Heady said when stating that his suggestion would be a significant reduction in service, there are 13 City employees sitting here during today's Special Call meeting. It seemed to him that there are some things they could do to reduce the workload of the employees who are here today and all the employees in attendance today are on the higher end of the pay scale. There is probably something the City could do to reduce their workload so there would not be any impact on the service level.

Mr. Gabbard said that the employees work load has increased because of more demands on the job. He noted that the furlough days have been a real issue and they would be speaking with Council about having a single day furlough day every month, which the employees would take it on the same day to make it easier to manage.

Mr. Heady said this Special Call meeting, which probably could have been handled during a regular meeting, is adding to the workload.

Mr. Gabbard said that they thought today's meeting would only be about 10 minutes.

Mr. Heady said well, you invited me so you knew there would be questions.

Mr. Gabbard said that he did not invite Mr. Heady ...

Mayor Sawnick asked Mr. Heady to continue.

Mr. Daige asked Mr. Gabbard to explain why the City would have to lay off employees from the bottom up. He said that he has a copy of the rules and regulations regarding layoffs in the City.

Mr. Gabbard explained that generally the last hired is subject to the layoff because of Federal regulations, City policy, etc.

Mr. Anderson said that they are not required to lay off the last employee hired who are not represented by the bargaining unit. But, they also can't lay off the employee at the highest level either because that would be discrimination. The Teamsters and Police Benevolent Association is governed by seniority so they would have to lay off from the bottom up.

Mr. Daige said everything just stated by Mr. Gabbard and Mr. Anderson was written policy and is dictated by law. The State Statutes they cannot change, but City policies they could change. What they are working on now is a policy change that gives the management team the option to see how the early retirement would work. They have \$300,000 that they have to close the gap.

Mr. Heady said this is a policy change, but like this policy all policies could be changed. Regarding laying off seniority on City staff who are not governed by union rules, he felt that they could look at some of the salaries and maybe some of the higher priced individuals without adding an incentive program and without adding a cost to the taxpayers. They spent time on this, as they should, but he has tried to get Council during regular meetings to have meaningful discussion on electric and water and the Council chooses to throw those items that he put on the agenda off with zero discussion.

Mayor Sawnick asked Mr. Heady to stay on topic, which is early retirement.

Mr. Heady asked what part of what he just said was not part of the early retirement.

Mayor Sawnick answered electric and water. He asked Mr. Heady to stay on the topic of early retirement.

Mr. Heady said that he was trying to explain to the Mayor how it is on topic. He said you clearly don't understand so he is trying to give him a little talk so that he does understand. The electric, for example, the City Manager and City Attorney have stated in previous meetings that 50% of their time or more is spent on those issues. If they didn't have those issues to deal with and they took care of the sale with FP&L, for example, ...

Mr. White called for Point of Order to call the question. He said that they were getting off topic. He has listened to Mr. Heady and some of his comments on Channel 10, he wants to charge franchise fees in the County and he doesn't have a clue on what is going on. He felt that Mr. Heady needed to be more educated by talking with staff. He felt that they needed to go ahead and make a motion to approve this with his amendment (to exclude Charter Officers).

Mayor Sawnick felt that Mr. White was correct that they were getting off the topic and at this point they would stop discussion.

Mr. Heady appealed Mayor Sawnick's decision. The appeal died for lack of a second.

Mayor Sawnick asked if there was anyone from the public who would like to speak.

Mr. Heady said so we are going to cut the Councilmembers off, the elected representatives, we are going to cut them off and allow the public to speak and that's perfectly ...

Mayor Sawnick called Mr. Heady out of order.

Mr. Heady said the only one out of order at this point is you Mr. Mayor.

Mayor Sawnick asked Mr. Heady to please come to order.

Mayor Sawnick made a motion to approve the early retirement option with the amendment that the Charter Officers are not eligible. Mr. White seconded the motion.

Mr. Daige asked when they are finished calling the roll on the motion, he has one more comment. He asked to reserve the right to make his comments. He said that he has a comment regarding the time limits, which is not related to this vote which is why he wants to reserve the time to speak after they vote.

Mayor Sawnick asked for further discussion on early retirement.

Mr. Heady said that he has a lot more discussion on early retirement. He asked, are you going to allow discussion now or are you going to call the question. He asked which one is it.

Mayor Sawnick said if you stay on topic ...

Mr. Heady said that he was on topic Mr. Mayor, sorry you didn't understand it.

Mayor Sawnick asked Mr. Heady to continue.

Mr. Heady said the electric issue for example, they have employees in the City that spend a tremendous amount of time on electric issues. If the City was to consider meaningful considerations and talks with respect to the electric utility, they could reduce the workforce because they would then be working for FP&L. If they look at the total dollar savings in just the City Manager and City Attorney, they are talking about more than the \$300,000 in savings realized here by the reduction and the need for the services that they provide to the City because of those enterprise funds, those utilities. The water is no different than the electric. They have employees that ...

Mr. White called for Point of Order. He said this is a one time offer. The electric, water, sewer, etc., is going to be years down the road. They are talking about this budget at this point. The electric, water, and sewer has nothing to do with what they are doing right now.

Mr. Daige said they have electric, water and sewer issues that need to be addressed at a later date. What he is looking at is Budget Hearings are coming up in the next few days and there is a \$300,000 gap that needs to be closed. He expects the management team to come to the Budget Hearings with this gap closed. They have asked Council for a tool to do this and he is willing to give them the tool to do it.

Mayor Sawnick made a motion to call the question. Mr. White seconded the motion and it passed 4-1 with Mr. Heady voting no.

The Clerk polled the Council on the motion to approve the early retirement option with the amendment that the Charter Officers are not eligible and the motion passed 4-1 with Mr. Daige voting yes, Mr. Heady no, Mr. White yes, Mr. Abell yes and Mayor Sawnick yes.

Mr. Daige reminded the public that there are no time limits for Councilmembers. Each Councilmember is entitled to say what is on their mind. Councilmembers have the right to call another Councilmember out of order and they would then have a vote. He said that he would like to hear from all Councilmembers.

Mr. Heady said to add to that Mr. Mayor.

Mayor Sawnick asked very briefly please.

Mr. Heady said that Mr. Daige would like to have the public believe that there are no time limits on Councilmembers and that Councilmembers are free to speak. He felt that any member of the public who watches any of these meetings knows full well that all Councilmembers are not allowed to speak, that all Councilmembers are not allowed to express opinions and when the Mayor and his limited ability to understand how different topics are interrelated, he slams the gavel and rules him, specifically, and only him, out of order stating that he is not on topic because he (the Mayor) doesn't understand. The other Councilmembers concur and he is effectively shut up. The public that pays all of their salaries has the right to hear all the issues. There is a November election and he hopes that the voters who watch these meetings take into account exactly what happens at these meetings.

Mayor Sawnick gaveled Mr. Heady asking him to come to order. He stated that it was not appropriate to discuss political ambitions or wishes at Council meetings.

4. ADJOURNMENT

Mayor Sawnick made a motion to adjourn today's meeting at 10:20 a.m. Mr. White seconded the motion and it passed unanimously.

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