

**SPECIAL CALL CITY COUNCIL MINUTES  
TUESDAY, SEPTEMBER 4, 2018 5:15 P.M.  
CITY HALL, COUNCIL CHAMBERS, VERO BEACH, FLORIDA**

**PRESENT:** Mayor Harry Howle, present; Vice Mayor Lange Sykes, present; Councilwoman Laura Moss, present; Colonel Tony Young, present and Dr. Val Zudans, present **Also Present:** James O'Connor, City Manager; Wayne Coment, City Attorney and Tammy Bursick, City Clerk

**2. PUBLIC HEARINGS**

**A) An Ordinance of the City of Vero Beach, Florida, Providing the Levy of Ad Valorem Taxes for the Fiscal Year 2018-2019 at a Millage Rate of 2.5194 which equates to \$2.5194 per \$1,000 of Assessed Property Value.**

Ms. Cindy Lawson, Finance Director, explained that the proposed budget is funded at last year's millage rate of 2.5194, which is 4.83% greater than the rollback rate, which is 2.4033. The rollback rate is essentially the millage rate that would at this year's value plus the same amount of revenue as last year's millage rate at last year's value. Therefore, the millage rate is slightly higher than the rollback rate because they did have a fairly good increase in taxable value from the last fiscal year. That increased tax revenue combined with other expenditure reductions and other revenue increases has been used primarily to fund the addition of two (2) full time School Resource Officers to the Police Department, as well as some other enhancements to the Police Department, such as tuition reimbursement; a proposed salary increase of 3% for all employees, and an increase of 6% in their health insurance rate. At both this hearing and the final public hearing, they have to adopt the millage rate Ordinance first before they adopt the budget and they have to be done by separate votes.

The City Clerk read the Ordinance by title only.

Mayor Howle opened the public hearing at 5:21 p.m.

Mr. Brian Heady said the millage rate assesses the ad valorem tax and this year it is \$6.8 million. They have the Electric issue that is being held up for numerous reasons, but the City Council has the ability to close on October 1, 2018 on the Indian River Shores (IRS) portion, which is \$30 million. There is nothing stopping them from doing that. If they close on the IRS portion and put that \$30 million into the treasury they could take \$7 million of it and every City taxpayer could have a tax-free for a year. They could take \$7 million of the proceeds and pay the ad valorem tax and they could reduce the millage rate to zero for this year and the taxpayers could get a break for a change. He said if for some reason they couldn't close on IRS and do this, why don't they explain it to the public. He said that he remembers Councilwoman Moss saying over and over again about when the inclusion of IRS as a separate portion of the sale when that was included, "in the context of a whole sale." Mr. Heady said

then let's do that just exactly like the former Mayor (Councilwoman Moss) said, "in the context of a whole sale," and close the portion on October 1, 2018. This does lots of things. What it does for the ad valorem tax is it puts a load of money into the treasury and they wouldn't have to charge City residents any ad valorem tax at all this year. He said that he has been a part of the discussions in the Electric Utility and there is a reason why they can't close on that portion on October 1, 2018, give IRS residents the relief that they wanted and at the same time give the taxpayers of the City of Vero Beach a tax holiday. He asked is there any Councilmember that knows any reason why that couldn't be done.

Dr. Zudans said because they are for the full sale.

Mr. Heady said this was done when Councilwoman Moss was Mayor and this provision was put into the terms that are currently binding. This was put in there as a precaution. Therefore, it is not a question of being against or for a full sale, but a question of getting the sale done. He said sometimes you have to do things incrementally. He asked does anybody know of a reason why they couldn't close.

Dr. Zudans said it was his understanding that the partial sale is contingent upon the full sale failing and they don't want the full sale to fail.

Mr. James O'Connor, City Manager, recommended that discussion regarding the sale process that they speak to the attorney who is representing the City as they are going before the Public Service Commission (PSC).

Mayor Howle said this is not part of the discussion tonight.

Mr. Heady said of course it is part of the discussion tonight. It is ad valorem tax, which is affected by the amount of money...

Mayor Howle called Mr. Heady out of order.

Councilwoman Moss reported for the community, there are three (3) complaints that were filed with the PSC that are still outstanding and Mr. Heady filed one (1) of those complaints. She thought that what Mr. O'Connor was referring to was that they should not engage in conversation about it because it is a legal matter and their Counsel will be speaking for the City.

Mayor Howle closed the public hearing at 5:29 p.m., with no one else wishing to be heard.

**Mayor Howle made a motion to adopt the millage rate as presented. Mr. Sykes seconded the motion.**

The City Clerk read Sections I and II of the Ordinance into the record.

The motion passed 5-0 with Dr. Zudans voting yes, Colonel Young yes, Councilwoman Moss yes, Vice Mayor Sykes yes, and Mayor Howle yes.

**B) An Ordinance of the City of Vero Beach, Florida, Adopting the Annual Budget of the City for the Fiscal Year beginning October 1, 2018 and Ending September 30, 2019; Appropriating funds for the Operating Expenses, Supplies, and Personnel, and otherwise appropriating funds for the Efficient and Effective Operation of the Government of the City of Vero Beach and its Departments; Such appropriations being from anticipated revenue; providing a means to amend the Annual Budget to carry forward the funding of Purchase Orders, Work Orders, and Grants outstanding as of September 30, 2018; Providing a means to amend the Annual Budget to reflect Grants received after September 30, 2018; and authorizing the Transfer of Funds Appropriated so long as the total combined appropriations shall not be increased thereby; Providing an Effective Date.**

The City Clerk read the Ordinance by title only.

Ms. Lawson reported that the proposed budget has two (2) School Resource Officer positions, a salary increase of 3% for all employees across the board, which was made possible by some increased State Revenue Sharing in the General Fund after the time they held the Budget Hearing Workshops. The health increase is 6% and not the 12% that they had thought it was going to be. Also, this budget takes into account the fact that the City would be running the Electric Utility for the first quarter of the next fiscal year. This incorporates the changes that they talked about at their last City Council meeting. She noted that the salary staffing spreadsheet attached is a little different in that it shows the first quarter and then the way things would look after the sale of the Electric Utility. She noted that based on the direction of the City Council, they put the proceeds of the sale of the Post Office into the Capital Construction Fund for the Lateral E drainage basin project and added that project back.

Councilwoman Moss said that she does have a question, which she thought it would be for Mr. Coment. This is with regard to the Marina and she expressed this during the Budget Workshop. For the community, what is part of the budget is to pay off the debt on what is referred to as the South Complex. She asked that they remember the Municipal Marina is protected by Section 5.05 of the City Charter from sale or transfer of lease of any kind. But the South Complex, which is where the insurance company and dry dock and boat repair is located, is not protected. She said this money, if they pay off the debt that her understanding is we are not saving anything on the interest. We are in fact paying what would be the interest for the entire period of time, but we are going to pay it off now. She said that she is concerned that it will then become unencumbered property and by that she is referring to the South Complex, and before we know it, it would be for sale. So, she doesn't want to lose control of that property. She asked if she is not in agreement with this part of the budget, but in agreement with the rest of it, would she vote against it because she is not in agreement with this repayment of the debt service.

Mr. Wayne Coment, City Attorney, explained that the budget as a whole is what would be adopted as presented unless there are three (3) votes to make a change in anything in the budget.

Ms. Lawson said as with many things that are in the budget, which is the City's plan, the actual execution has to come back before the City Council to get authority to do them when the time comes. Therefore, having them in the budget doesn't mean that this is their last chance to weigh in on it.

Mr. O'Connor explained that any payoff on that would have to be approved by the City Council.

Councilwoman Moss said then it would be a separate vote.

Mr. O'Connor said that is correct.

Ms. Lawson reported that normally any time they do anything involving debt goes before the Finance Commission as well. So, having it in the budget doesn't mean the City Council won't see it again.

Dr. Zudans said his only concern is that when they held the Budget Hearings, the initial budget that was prepared had 2% raises across the board for all employees and during the Budget Hearings the Council decided that there was a specific need to pay the Police Officers 3% instead of 2%. He said it is hard to fill all the positions of the Police Department so they need to have a starting salary that is reasonable. He said it is important that they have attractive salaries for people to come in and he was in favor of that. Between the time they held their Budget Hearings and now, a decision has been made to give all City employees a 3% raise and his concern is that they had a plan over the next several years where they were going to use some proceeds of the sale of the Electric Utility and going forward they are going to have to be cautious. He said the reason that was given for why they went for across the board raises of 3% for all employees was because the City received additional funding. He said that doesn't mean they have to spend that money. He felt it was a bad idea to change what they had planned during the Budget Hearings.

Mr. O'Connor explained that these proposed budgets by the City Manager, which is what he put forward, as discussed with Dr. Zudans is that his problems is not just recruiting for the Police Department. For example, a Water Plant Operator is a very important and certified position that they also have a hard time recruiting. They also have a hard time of sustaining their rotation of employees. He said the City's starting salary across the board is not competitive in many cases. So, what they are trying to do is trying to keep the organization at the level the City Council wants in order to provide those services. He said it is not just to spend the money. It is because he thinks the employees are very deserving.

Dr. Zudans said when they went through the budget process the City Council decided that was the appropriate amount. He felt that they should be a fiscally conservative as they can. If they feel they need to spend that money he would much prefer that it would be in the form of a bonus rather than an increase in base salaries because it is much harder to control base salaries or they are going to put themselves in a situation in the future where they are going to have to cut staff. When they increase salaries they are putting at risk future jobs as well.

Mr. O'Connor said that he respects Dr. Zudans's opinion. But, at the same time he has to recruit employees who are qualified and make sure they have the workforce momentum to keep the jobs going and in his opinion singling out employees from the organization for a pay raise, even though Dr. Zudans is right that Police Officers are very important, he goes back to that it only takes one (1) spill into the river from the Wastewater Treatment Plant and that certified person becomes very important. Another issue is the time they can't find someone to mow the grass at Riverside Park, for example. He said that he is looking at this as trying to be competitive in order to carry out the services.

Mayor Howle said that he agrees with Dr. Zudans fundamental premise, but he also respects the many years of service and experience that Mr. O'Connor has in running a City. Therefore, he is going to be for continuing with the budget as presented today.

Mr. Young said the future they all know they will have to look at the quality of life for Vero Beach and make decisions according to that. But, the preferential pay increase he thought would be something that would not be well advised.

Mayor Howle opened public comment at 5:41 p.m.

Mr. Brian Heady said bonuses are easier to handle than salaries and are easier to take away than salaries. But, the comment from the City Manager was that salaries are not competitive across the board and there is a constant refrain about how wonderful Vero Beach is and the quality of life in Vero Beach. He said the quality of life for employees that are paid substandard wages that aren't competitive, the quality of their life is probably a lot different than the quality of life of the Councilmembers who live on the barrier island. He said there are very few who arise to have a word about the underpaid employees. He said there are an ample number of employees on the City's payroll that make a good salary. In fact their salary is often put out when conversations arise about how well off City workers really are. But, that is not the case for all the employees. He said anything that can go into this budget that brings the salaries of those who are on the low end of the scale up so that their wages are competitive is something the City Council should look at. He said it is the City Council's job to look out for these employees and they should, as a Councilmember, be proud of the fact that their City pays decent living wages to every single employee of the City. He said if they want to change the budget at all, that they not do what Dr. Zudans suggested and kick the raises out and give bonuses. If they want to change

the budget his ideas is that they take every employee who works for the City and give them a decent living wage.

**Mayor Howle made a motion to approve the budget as presented. Colonel Young seconded the motion and it passed 5-0 with Dr. Zudans voting yes, Colonel Young yes, Councilwoman Moss yes, Vice Mayor Sykes yes, and Mayor Howle yes.**

### **3. PUBLIC COMMENT**

None

### **4. ADJOURN**

Today's meeting adjourned at 5:46 p.m.

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