

**SPECIAL CALL CITY COUNCIL MINUTES
TUESDAY, SEPTEMBER 18, 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; Kira Honse, Assistant City Attorney and Sherri Philo, Deputy 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 this is the final public hearing to adopt the millage rate and the budget for fiscal year 2018-2019. She noted that the two (2) Ordinances before them tonight are exactly the same as those that the City Council tentatively adopted at the first public hearing that was held on September 4, 2018. She reported that the proposed budget is funded at last year's millage rate of 2.5194, which is greater than the rollback rate of 2.4033 by 4.83%. That increased revenue has been used primarily to fund the addition of two (2) full time School Resource Officers to the Police Department, a 3% salary increase for all employees, an increase of about 6% in health insurance rates, as well as some other things the City Council directed during the Budget Hearings.

The Deputy City Clerk read the Ordinance by title only.

Dr. Zudans said that his only comment is the same comment that he made during the last public hearing, which is that when they held their budget hearings and went through the budget the initial plan was for a 2% raise across the board for all employees with the understanding that the Police Officers were an exception because of the new School Resources Officer, that it was hard to recruit and retain Police Officers so the City Council unanimously agreed that it would be an increase of 3% for the Police Officers and 2% for the rest of the employees. He said that he didn't like how it was handled between the budget hearings and when it came to public hearing in that a decision was made to increase it to 3% across the board because they came across additional funding. He felt that they should stick with what they had planned on doing in the first place and use the extra funding that is available so that they could use less of the surplus from the proposed Electric sale so they would be \$100,000 closer to future targets. The problem is that going forward, each year they are going to have to trim \$500,000 out of the budget somehow, or get lucky by having the property values going up by \$500,000. He said by increasing the salaries above what they discussed they are making it that much harder for them and future City Councils to meet these goals. He proposed that they do what they said during the budget hearings and give 3% to the Police Officers and 2% for the rest of the employees. He said that he is fine with everything else.

Mr. James O'Connor, City Manager, said that he does agree that the Police Department does deserve 3%, but he thinks it should be 3% across the board (to all employees). He said it is also hard to recruit Water Plant Operators and the employees who are out in the streets. He felt to keep the morale of the organization in general, if they have the funding available, they should fund the 3%.

Mr. Young asked is there evidence that they are having difficulty recruiting in other areas.

Mr. O'Connor said they really don't have a hard time recruiting at the Police Department. They have had applicants for the Police Department for any position available and that goes for the entire organization across the board. It is not that they don't have applicants; it is trying to pay a fair wage and a pay scale that is commensurate with the duties they perform.

Mayor Howle said that he appreciates Dr. Zudans's comments and thoughts. He said he knows that within the City Manager's authority, he (City Manager) has certain rights and limitations so he is satisfied with the proposed millage.

Dr. Zudans explained that he was not proposing to change the millage. He explained that instead of spending \$2.5 million out of the proposed sale towards the budget that they would spend \$2.4 million, which means that next year they would be \$100,000 closer to their target. He said at the first public hearing he thought they were told there was a recruiting issue, but Mr. O'Connor's comment said that maybe it is not a recruiting issue for the rest of the employees.

Mr. O'Connor explained that there is not a recruiting issue for the Police Department either. He explained that they do have people submit applications for open positions, but retention is a challenge.

Councilwoman Moss asked did this change come about as a result of any discussions with the Unions. She asked is that what happened in the interim.

Mr. O'Connor said yes, they did have discussions with the Unions.

Councilwoman Moss asked is this (1% increase) a result of those discussions.

Mr. O'Connor said it is a part of those discussions. He reported that the Teamster's Blue Collar have agreed to the 3%.

Councilwoman Moss said during the budget workshops she remembers talking about 3%, but it was 3% just for the Police and the rest came about after discussions with the Unions.

Mr. O'Connor said that is correct. He noted that they also had an increase in State revenues.

Mr. Young asked have there been any further discussions with the Unions as far as a commitment to the 3%.

Mr. O'Connor answered yes. He noted that it is an item on their agenda for their regular meeting tonight.

Councilwoman Moss said if she understands it correctly, this is just for one (1) year with the Unions. She asked is that correct.

Mr. O'Connor answered yes. He explained that it is a three (3) year contract with a wage opener every year.

Councilwoman Moss said right, but what they are voting on just has to do with one (1) year and that's it.

Mr. O'Connor said that is correct.

Dr. Zudans said not really because when you increase a base wage then the next year you are starting at that new wage. That is part of his point. If they do different than what they had said then they are starting at a higher level, which would make it harder going forward for the next City Council and the City Council after that to control costs. He said they would be complicating the issue for them. So, it is not only what they are doing this year, but they have to be foresight enough to think about how this would impact future City Councils.

Councilwoman Moss said she understands what Dr. Zudans is saying and that's true; it's cumulative. But, she guessed what they are talking about is just 1% because they had already talked about 2% and they are talking about going from 2% to 3%. She asked is that correct.

Mr. O'Connor answered yes.

Councilwoman Moss said that 1% was the result of discussions with the Unions.

Mr. O'Connor said that is correct.

Ms. Lawson reminded the City Council that they have to adopt the millage rate first. She asked that although the discussion about the budget is relevant, that they not make any motions or take any votes regarding the budget until they adopt the millage rate Ordinance.

Mayor Howle opened the public hearing at 5:24 p.m.

Mr. Brian Heady said anything that is put in the budget impacts the millage rate and the 3% raise for employees if it is in the budget is going to have an impact. He asked does any Councilmember know what the lowest hourly wage is for a full time employee of the City. He then asked the City Manager.

Mr. O'Connor said the City does have some employees at minimum wage, but they are part-time employees.

Mr. Heady said that he would like to know about the fulltime employees. He asked what is the lowest hourly worker rate.

Mr. O'Connor said that he did not have that information with him.

Mr. Heady asked is there any way that he can guess a close number. He said that he just wants to make sure before he says anything that he is not incorrect in some of the things that he believes to be true. It is hard for him to believe that at a budget hearing the people who are going to make budget decisions on employees' wages doesn't know what the wages look like. He thought it would be appropriate that if they know the answer that they give him and the public the answer to the question and if they don't then maybe they should adjourn this meeting and know what it is they are voting on before they vote on it.

Mr. O'Connor again stated that he doesn't have that information with him.

Mr. Heady asked are there fulltime employees that make \$15,000 or less.

Mr. O'Connor said it would probably be more like \$20,000, but that is a guess on his part.

Mr. Heady said this is a fairly well-to-do community. If they drive around on the island and on the mainland they will see the cars that drive through, the houses, the buildings, etc., and it doesn't take long to know that this is a fairly affluent community and the City has employees who make \$20,000 a year and they have Councilmembers complaining about a 3% raise. He didn't think that you need to live in Vero Beach for any length of time to know that \$20,000 a year is not going to make it. He said as a community, they should be proud to say that the City's employees make a decent living wage because they respect and are thankful of the employees that they have in the City. He said that he hears this constant refrain that they are concerned about 3%, but when a lawyer comes in and tells them it is going to cost another \$100,000 they don't bat an eyelash.

Mayor Howle thanked Mr. Heady stating that his time is up. Mr. Heady said that he was not quite finished.

Mayor Howle said but you are. Mr. Heady asked what do you mean, but he is.

Mayor Howle said your time is up. Mr. Heady said that he thought this was a public hearing.

Mayor Howle said this is a public hearing and he has five (5) minutes to speak. Mr. Heady said public hearings are not restricted in time.

Mayor Howle said they are allowed five (5) minutes to speak. Mr. Heady said no. Public hearings are not restricted. He said you are legally allowed to come up and if it takes you five (5) minutes, six (6) minutes, or seven (7) minutes it doesn't make any difference. He said your calling him out of order and telling him to sit down is improper and a violation of his rights and it's a violation of the under binding principles that gives the City Council the authority. He said

they cannot represent us (the community) unless they listen to them and if it takes more than five (5) minutes, so be it.

Mayor Howle closed the public hearing at 5:30 p.m., with no one else wishing to be heard.

Dr. Zudans made a motion to adopt the proposed millage rate as presented. Councilwoman Moss seconded the motion.

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

The motion passed 5-0 at 5:32 p.m. with Dr. Zudans voting yes, Colonel Young yes, Councilwoman Moss yes, Vice Mayor Sykes yes, and Mayor Howle yes. 5:33 p.m.

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 Deputy City Clerk read the Ordinance by title only.

Ms. Lawson explained that the budget before them for adoption tonight is the same as the one (1) the City Council tentatively approved at the first public hearing. She noted that this budget provides for the City to operate the Electric Utility for the first quarter of the year pending completion of the sale to FPL. She noted that if it needs to be amended it can be and staff feels comfortable with the millage rate that the City Council just adopted would provide sufficient funding.

Dr. Zudans proposed that the City Council go with the employee funding as they did at the budget hearings.

Councilwoman Moss said that she understands what Dr. Zudans is saying, but she does not have a problem with the 1% difference between the 2% and 3%, considering especially that the 1% was a result of Union discussion. She said it doesn't seem like an exorbitant amount, 1%, and again, that is with the understanding that it is cumulative. She said Dr. Zudans's point is well taken, but she does not have a problem with that.

Mayor Howle concurred.

Mr. Young asked what does that 1% relate to.

Ms. Lawson said about \$87,000 in the General Fund, with benefits loaded on top of the actual salaries.

Dr. Zudans said it does affect some of the Enterprise Funds.

Ms. Lawson said it is across the board.

Mr. Young said that he can understand the concern because it is a common concern that he has. He said that he appreciates everyone on City staff and thinks they are incredible people. But, what this does is it means the implications later that they would potentially have individuals that would not be allowed to be retained because of an increase in the cost of business. He said that he doesn't want that to happen.

Mr. Young seconded the motion.

Ms. Lawson explained that if they are making a motion to adopt this budget with an amendment to it, then it should not be a separate side motion, but a motion to adopt the budget as presented with the amendment that Dr. Zudans is suggesting. **She said the motion would be to adopt the budget as proposed by this Ordinance with the amendment that the only employees to receive a 3% increase are the Police Department.**

Dr. Zudans said that is correct.

Mayor Howle opened the public hearing at 5:38 p.m.

Mr. Steve Myers, of the Teamsters Local 769, said that he represents the Blue Collar and the Technical Unit. He asked Dr. Zudans are you really going to argue about 1%. He said this is barely going to cover employees' family dependant coverage on insurance. He said what he is nickel and diming the employees about is not indicative of what any of the other public sector employees around here are doing. He respectfully requested that Dr. Zudans withdraw his motion.

Dr. Zudans said all five (5) members of the City Council agreed to that plan during the budget hearings so this was not just his decision. This was the decision they made and it was in the best interest of the City. He said there was a change made to that without the input of the City Council between that time and when this budget came forward. He said that he doesn't agree with that process. He felt that 2% was a reasonable increase. He said they were just told that they don't have any issues with entry level people applying for jobs and they may have some issues with retaining employees later on. But, that is his feeling and he thinks that is the fiscally conservative thing to do.

Mr. O'Connor noted that this was negotiated and the contract is on the City Council's agenda tonight with the 3%.

Councilwoman Moss said for the community another point of information is that the number of City employees is projected to decrease during the coming year. She asked Ms. Lawson to state the current number of City employees and what it would be after the decrease for the record.

Ms. Lawson said after the sale of the Electric Utility the decrease would be 70 employees. They would go from 390 employees to 320 employees.

Mr. Young said it is not that they are a “scrooge” and have an issue with the 1%, but it is the fact that he is concerned in the long range of the implications for the personnel that the City has. In his mind this is a measure that shows a lot of concern for the welfare of the total force and it shouldn't be construed otherwise.

Mr. Steve Myers appealed to the other Councilmembers to consider what an additional 1% would really do to the City's budget. He said it is not that much of an impact. He asked that they do the right thing on behalf of the employees.

Mr. Heady wanted to make sure that he understands this correctly. He asked Ms. Lawson what is the amendment.

Ms. Lawson said the amendment would be to modify the budget so that all employees, with the exception of the Police Department sworn employees, receive 2% and the Police Department sworn employees receive 3%.

Mr. Heady questioned and that is different from what was advertised in what way.

Ms. Lawson said it is a reduction of 1% for all non sworn Police Department employees. She asked Dr. Zudans, is that his motion for 2% across the board except for sworn Police Department employees.

Dr. Zudans said that is correct.

Mr. Heady said then the numbers that the public has seen and the employees have been told is at this meeting with no notice to anyone that they are going to reduce it.

Dr. Zudans said that is not true. He said all this information was made public during the budget hearing, which was 3% and 2%. That was up until two (2) weeks ago when there was a proposed change. He is unaware of any other public hearing where that 3% was presented.

Mr. Heady said then they are on the same page. This is different than what was sent out to the public. He said there is a motion to change what the proposal is and to decrease it by 1%. He asked isn't that the amendment.

Dr. Zudans said that is right, but that 3% was first presented to the public two (2) weeks ago. The budget hearings were held a long time ago and that information was out for much longer.

Mr. Heady said what the public has been told and now at this meeting they are going to take 1% away from certain employees. He said they don't have a problem at all in approving a \$500 an hour lawyer to protect them from answering questions. They don't have a problem with spending millions of dollars on lawyers on the Electric issue in the past couple years, but they do have a problem when it comes to the employees, the fellow citizens of our community, and they want to kick them down. It amazes him that when it comes to balancing the budget that Officials want to kick the ones who are at the low end of the totem pole down all the time, but have no problem with guilding their own lily. He thought it was last year that the City Councils' travel budget far exceeded what was in the budget and nobody said a word about it. But, once again they want to kick the employees. He said it is outrageous.

Dr. Zudans objected to someone coming before them saying that they were guilding their lilies. He said that he hasn't spent one (1) penny on any kind of travel expenses. In addition, if the Electric deal goes through, the community is about to save a minimum of \$20 million a year off their electric bills. To suggest that they would not do the right thing and hire the best possible attorney to represent their City is not very smart.

Mr. Heady said not very smart is how they refer to past Councils that purchased public lands and provided Parks for the community. He said not very smart is how they refer to former Councilmembers for the good work that they did with the Electric System. It's not very smart how they refer to Councilmembers who had lots of things, as an example, the Post Office, the Water and Sewer Department, etc., the essential services that the City receives a percentage, that they were not very smart and then you object to him saying they are guilding their own lily. He showed two (2) envelopes stating that he just received them in the mail stating there are thousands of dollars worth of attorney bills just to protect them from answering questions. It seemed to him that if they wanted to be a public servant that they would be willing to tell the public what they are doing with the public's money and the public has the right to tell them how they want the City to spend their money. He said that he heard three (3) people speak about treating the employees with respect and giving them the raise that was advertised to not making this amendment at this meeting to kick the employees in the shins.

Mrs. Tracy Zudans said that was absolutely appalling. She said you all have been elected and they trust them to make the conservative judiciary duty. Their job is not easy and they would not be in that position doing these budgets if they were not smart enough to sit up there and do it. She trusts that they will make the right decision.

Mr. Gerald McDonnell (spelling may be incorrect) said that he came to tonight's hearing thinking that he was going to hear more about the budget. He is not involved with the 2% and 3%. He said that he had trouble with the notice that was in the newspaper recognizing what the tax rate for the coming year will be versus last year.

Mr. O'Connor reported that the tax rate remains the same as it was last year. However, that can affect people differently. For example, if someone's property depreciated they would pay less taxes and if someone's property appreciated they would pay more taxes, but the tax rate itself remains the same.

Ms. Lawson explained that the Deputy City Clerk has already read the title of the Ordinance and the City Council has a motion to adopt the Ordinance as amended.

The motion failed 3-2 with Dr. Zudans voting yes, Colonel Young yes, Councilwoman Moss no, Vice Mayor Sykes no, and Mayor Howle no.

Mayor Howle made a motion at 5:51 p.m. to adopt the budget as proposed. Councilwoman Moss seconded the motion and it passed 4-1 with Dr. Zudans voting no, 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 5:51 p.m.

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