

**SPECIAL CALL CITY COUNCIL MINUTES
MONDAY, MARCH 29, 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

Mayor Sawnick called the meeting to order and the Clerk performed the roll call.

B. Pledge of Allegiance

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

2. OPENING COMMENTS – MAYOR SAWNICK

Mr. Daige requested that after the Mayor is finished with his comments, he asked Council if they could hear Resolutions for Adoption without Public Hearing first and then go to number 7 "Presentation of City Financial Status." He thought that it would be prudent for them to find out what the health of all of their funds are first before discussing anything else on the agenda.

Mr. Heady noted that there was no place on the agenda for public comments.

Mayor Sawnick reported that under number 8, "Mayor and Council Comments" that he will allow for public comments.

Mr. Heady made a motion to allow the public to have comments as they usually do at the beginning of the meeting after each particular topic.

Mr. Daige had no problem with allowing the public to speak at the end of the meeting.

The motion died for lack of a second.

Mayor Sawnick opened the meeting and made a few comments. He welcomed everyone to their quarterly budget meeting and explained the main issues that they would be talking about today are the pension and insurance plans and what options they have to move forward. He asked Council that during the meeting to voice their ideas if they have any and then when they set their next quarterly meeting they will discuss those ideas in more detail.

Mr. White commented that the original increase was around 29% and he voted against that completely. The way this was originally structured there was going to be an 18% increase on the wastewater side and now it has been lowered to 10.8%. The only increase that they are doing today is with sewer.

Mr. Bolton explained that a residents total bill will go up approximately 6½%.

Mr. White continued by saying that he met with staff on this issue to try to figure out how they could minimize any type of increases for April 1st. He has been promised by staff that in October they will be looking at another decrease, which is the only reason that he agreed to vote in favor of this Resolution today. He said that they have to be competitive and in checking with other cities their prices are in line. He approves the motion as long as this issue is revisited by October 1st.

Mayor Sawnick clarified that Council approved the rate structure a few months ago. He said that a vote against the passing of this Resolution would actually be approving the rate increase.

Mr. Daige reiterated that he was not in favor of any increases. He said that there are a lot of their residents who, if you increase even a small amount they will be hurting.

Mr. Abell reminded everyone that this Resolution deals only with wastewater and nothing else.

Mr. Heady commented that this is a public hearing for reducing the rate and voting in favor of it is an increase in the existing rate. He pointed out that this is not a reduction, but an increase. It is a reduction as to what the increase would have been without this. He heard Mr. White say that their water and sewer prices were in line. He said if that was true then they would not have County residents ready to leave their system as soon as they have the opportunity to do so (franchise agreements expire). He said these ratepayers will go with the County because their rates are lower than City rates. He said the problem that the City is going to face is when the County chooses not to renew the franchise agreement that will be 40% of their customer base. If they continue to reduce the income, what they end up doing is leaving the debt to City taxpayers. He has a hard time to continue to increase their debt and pass it on to his grandchildren. He doesn't have a problem if they continue reducing charges, but there needs to be some consideration on who has to pay that ultimate payment of debt. He also noted that some of the signatures on the last page of the Resolution had not been signed by staff. The City Attorney told him that he did approve the Resolution. Everyone needing to sign the document will do so.

Mr. Heady expressed the importance of knowing ahead of time that the document meets legal sufficiency.

Mayor Sawnick called the question.

Mr. Daige wanted to know the total contribution that the City has to make for 2010 and what are they projecting for 2011 in contributions.

Mr. Maillet said that FY 2010 for the general employee pension plan it is 4,050,000 (budgeted). He said that Mr. Joyner updated his numbers this morning which showed \$4,028,000. He said for the Police Fund they started the year budgeting \$450,000, but the number from the actuary has come in at \$538,000. He has asked Mr. Joyner to start working on some numbers for 2011.

Mr. White asked how much is the contribution rate for general and police employees.

Mr. Maillet stated that the general employees contribute two and a quarter percent for their base pay and the Police contribute three percent.

Mr. White asked when they meet in June can they be provided with how much of a contribution percentage increase is needed to go to the General Fund. Mr. Joyner said that he will bring back some options to Council at their June meeting.

Mr. Abell mentioned that he did not think that the rates of return were feasible. He pointed out in the study where it showed a five year average return and felt that needed to be adjusted. He also felt that because of some other information that they received last November by the Florida League of Cities, something needed to be done because the defined benefit plan is not possible. They need to come up with some sort of hybrid plan and work out as much as they can on the defined benefit plan, which may result in more contributions given by the employees.

6. PRESENTATION OF HEALTH INSURANCE

A. Barbara Morey, Risk Manager, and The Gehring Group

Ms. Barbara Morey introduced Mr. Christain Burchestrom (spelling may not be correct), from the Gehring Group. She explained that they have come up with different options to present to the employees concerning their health insurance plan.

Mr. Burchestrom explained that the current plan is operating at a surplus and is very healthy. He said they are now looking at a triple option design (please see attached plan design) in order to save the City money with their health plan. He went over the three different options. He reminded everyone that the City is self-funded for their insurance. He feels that the plan is still very competitive. He wasn't looking for any decisions from the Council on these options today.

7. PRESENTATION OF CITY FINANCIAL STATUS

A. General Fund

want to change things or adjust the way that they handle these transfers. He will be working with staff to see what ways they can cut costs internally.

Mr. Abell agreed that one of their prime concerns is that the defined benefit program needs to be changed or adjusted in order to be sustainable. He said that with the health plan there are other options and he still has not given up on the clinic option.

Mr. White wondered if by their June meeting they would have the figures from the Property Appraiser's office on what their income is going to look like. Mr. Gabbard said they should have those figures by the June quarterly budget meeting. Mr. White complimented staff on doing their home work and cutting the budget.

Mayor Sawnick asked if there were any comments from the public.

Mr. Richard Winger presented Council with an article that appeared in the Wall Street Journal (on file in the Clerk's office). He felt that they will not be able to achieve some of the numbers as presented by Mr. Joyner.

Mrs. Pilar Turner thanked Council for inviting the Finance Commission to attend their meeting. She noted that their ad valorem tax revenue will be decreasing next year, so they need to keep that in mind when talking about pension and health plans. She also wondered why HMO's were not being considered in their health plan.

Mr. Charlie Wilson mentioned that there was no discussion as to what happens if the Referendum passes. He has provided a draft copy of the Referendum to the City Clerk and they are waiting to meet with the City Clerk and the City Attorney regarding the Referendum. He said that the organization of the Referendum is meeting on Thursday morning to go over the petition language. He said one of the questions Council should probably be asking before the next meeting is what the result/impact will be on dissolving of the department that operates the electric utilities. He said that when this same issue happened in St. Cloud, Florida, the company that took over St. Cloud utilities hired all of their employees and not a single employee lost their job. Also, a part of the negotiations was that the new company took over the liabilities for the current pensions and took over the pensions for all of the employees. He commented that when staff brings them things that have a number on it and then they tell Council that it is too late to vote on because it is already set in stone, he said all they need to do is a make a motion to amend that document.

Mr. Steve Myers, Business Agent with the Local Teamsters, stated that he wanted to add a few comments in regards to the remarks made by Mr. Abell. He said moving towards a define contribution plan in lieu of a defined retirement plan is not a good idea and they would be moving in the wrong direction. He said that they have been advised by the consultants here today that by doing that there would be no short term savings. He said this would be putting the employees in a different plan than other employees at no savings to the City so they would not be accomplishing anything. He is going to object and the bargaining unit is going to object to any of the proposed health plans.

City of Vero Beach
 General Fund
 March Update
 as of 03/23/10 for 03/31/2010

	FY 10		FY 09	
	Budget	Actual	Budget	Actual
Revenue	21,323,263	12,016,295	22,267,428	12,650,325
Expenditures:				
Operating	20,551,919	10,700,341	22,057,797	11,097,106
Capital	94,700	153,710	217,797	145,055
Debt Service	726,803	639,834	721,944	623,885
	<u>21,373,422</u>	<u>11,493,884</u>	<u>22,997,538</u>	<u>11,866,046</u>
Difference	<u>(50,159)</u>	<u>522,410</u>	<u>(730,110)</u>	<u>784,279</u>
Available cash:	7,400,000			

City of Vero Beach
 Water and Sewer
 March Update
 as of 03/23/10 for 03/31/2010

	FY 10		FY 09	
	Budget	Actual	Budget	Actual
Revenue	17,798,787	8,063,044	16,096,125	7,701,620
Proposed Borrowing	3,500,000	0		
SRF loan		4,989,165	11,000,000	0
Expenditures:				
Operating	12,804,257	5,658,719	13,473,216	6,266,718
Capital	6,810,900	4,919,804	12,683,400	1,583,837
Debt Service	1,634,209	1,151,723	1,036,555	749,535
	<u>21,249,366</u>	<u>11,730,246</u>	<u>27,193,171</u>	<u>8,600,090</u>
Difference	<u>49,421</u>	<u>1,321,962</u>	<u>(97,046)</u>	<u>(898,470)</u>
Available cash:	500,000			

City of Vero Beach
Marina
March Update
as of 03/23/10 for 03/31/2010

	FY 10		FY 09	
	Budget	Actual	Budget	Actual
Revenue	1,812,830	774,456	2,394,135	813,693
Grants	330,000	207,935	0	0
Expenditures:				
Operating	1,322,713	665,957	1,942,438	674,800
Capital	82,000	0	0	12,829
Debt Service	343,690	253,261	319,823	0
	<u>1,748,403</u>	<u>919,218</u>	<u>2,262,261</u>	<u>687,629</u>
Difference	<u>394,427</u>	<u>63,173</u>	<u>131,874</u>	<u>126,063</u>
Available cash:	151,000			

CURRENT STATUS OF BUDGET

- A. Budgeted Employee Positions
- B. Vacancies
- C. Furlough

Decrease in Employees since 10/01/2009			
	Actual Employees Oct 1, 2009	Actual Employees 2/15/10	Difference
Full-time	491	483	-8
Regular Part-time	26	25	-1
Casual Part-time	41	32	-9

Estimated Payroll Savings through Furlough Program*

Annual Payroll	\$21,261,757.40
Furlough Savings for 6 months*	499,184.60

Annual Payroll	\$21,261,757.40
Estimated Annual Savings	998,369.21

*** Assumes each employee has takes one furlough day per month.**

CITY OF VERO BEACH

HEALTH PLAN CLAIMS EXPERIENCE

Plan Year	Average Enrollment	Plan Funding EE & ER	Funding Increase from Prior Year	Plan Cost Claims + Admin	Surplus (Deficit)*	Claims Cost per EE
2004-2005	618	\$4,714,156	9.5%	\$4,652,180	\$196,938	\$6,061
2005-2006	622	\$4,866,457	5.0%	\$4,638,246	\$303,322	\$5,862
2006-2007	640	\$5,244,330	7.0%	\$5,063,398	\$288,146	\$6,225
2007-2008	653	\$5,561,858	4.0%	\$6,544,617	(\$508,573)	\$8,325
2008-2009	643	\$5,770,182	4.0%	\$6,542,510	(\$526,066)	\$8,520
2009-2010			14.0%			

*Surplus/Deficit includes stop loss reimbursements & pharmacy rebates

BENEFIT CONTRIBUTION STRATEGIES AT CURRENT PERCENTAGE

TRIPLE OPTION PLAN DESIGN	2009/2010 - CURRENT FUNDING				2010/2011 - PROPOSED FUNDING				
PROPOSED BASE PLAN	BlueCross BlueShield of Florida - BlueChoice 101				BlueCross BlueShield of Florida - BlueOptions 3769				
	Total	Employer	Employee	EE%	Total	Employer	Employee	EE%	EE'S Increase
Employee 333	\$492.32	\$492.32	\$0.00	0%	\$418.47	\$418.47	\$0.00	0%	\$0.00
Employee + Spouse 125	\$1,089.46	\$837.26	\$252.20	23%	\$926.04	\$713.05	\$212.99	23%	-\$39.21
Employee + Child(ren) 64	\$983.74	\$767.92	\$215.82	22%	\$836.18	\$652.22	\$183.96	22%	-\$31.86
Employee + Family 120	\$1,547.73	\$1,181.71	\$366.02	24%	\$1,315.57	\$999.83	\$315.74	24%	-\$50.28
PROPOSED MIDDLE PLAN	BlueCross BlueShield of Florida - BlueChoice 101				BlueCross BlueShield of Florida - BlueOptions 3766				
	Total	Employer	Employee	EE%	Total	Employer	Employee	EE%	EE'S Increase
Employee	\$492.32	\$492.32	\$0.00	0%	\$448.01	\$418.47	\$29.54	7%	\$29.54
Employee + Spouse	\$1,089.46	\$837.26	\$252.20	23%	\$991.41	\$713.05	\$278.36	28%	\$26.16
Employee + Child(ren)	\$983.74	\$767.92	\$215.82	22%	\$895.20	\$652.22	\$242.98	27%	\$27.16
Employee + Family	\$1,547.73	\$1,181.71	\$366.02	24%	\$1,408.43	\$999.83	\$408.60	29%	\$42.58
PROPOSED HIGH PLAN	BlueCross BlueShield of Florida - BlueChoice 101				BlueCross BlueShield of Florida - BlueChoice 101				
	Total	Employer	Employee	EE%	Total	Employer	Employee	EE%	EE'S Increase
Employee	\$492.32	\$492.32	\$0.00	0%	\$492.32	\$418.47	\$73.85	15%	\$73.85
Employee + Spouse	\$1,089.46	\$837.26	\$252.20	23%	\$1,089.46	\$713.05	\$376.41	35%	\$124.21
Employee + Child(ren)	\$983.74	\$767.92	\$215.82	22%	\$983.74	\$652.22	\$331.52	34%	\$115.70
Employee + Family	\$1,547.73	\$1,181.71	\$366.02	24%	\$1,547.73	\$999.83	\$547.90	35%	\$181.88
TOTAL PLAN MONTHLY COST	\$548,812.02	\$459,552.14	\$89,259.88		\$466,490.22	\$390,204.71	\$76,285.51		
TOTAL PLAN ANNUAL COST	\$6,585,744.24	\$5,514,625.68	\$1,071,118.56		\$5,597,882.60	\$4,682,456.49	\$915,426.11		
TOTAL PLAN \$ INCREASE	N/A	N/A	N/A		-\$987,861.64	-\$832,169.19	-\$155,692.45		
TOTAL PLAN % INCREASE	N/A	N/A	N/A		-15.0%	-15.1%	-14.5%		

*Enrollment assumes active, retiree & COBRA participants. Premiums reflect current 2009/2010 values.