



MINUTES
THE TOWN OF INDIAN RIVER SHORES
6001 North Highway A1A, Indian River Shores, FL 32963

REGULAR TOWN COUNCIL MEETING

Friday, January 24, 2014

9:00 a.m.

- PRESENT:** **Brian M. Barefoot**, Mayor
 Gerard A. Weick, Vice Mayor
 Thomas W. Cadden, Councilman
 Thomas F. Slater, Councilman
 Richard M. Haverland, Councilman
- STAFF PRESENT:** **Robert Stabe**, Town Manager **Laura Aldrich**, Town Clerk
 Chester Clem, Town Attorney **Heather Christmas**, Finance Department
 Cpt. Mike Jacobs, Public Safety **Lt. Mark Shaw**, Public Safety
 Sgt. Tim Dempsey, Public Safety **Jose Guanch**, Building Official
- OTHERS PRESENT:** Indian River County Commissioner **Tim Zorc & IRC Attorney Dylon Reingold**; **Jim Moller**, JIPOA; **Pilar Turner**, CoVB Councilmember; **Charlie Wilson**, Vero Beach Chamber of Commerce; Reporter **Lisa Zahner**
- RESIDENTS:** Finance Committee Members **Jerry Solin and John Porta**; PZV Members **Bill Beardslee** (Chairman) and **Barbara Bunney** (Alternate); **Bill Grealis** (VB Utilities Commission Rep.), John's Island Residents **Bill Saylor, Linda & Nobby Holmes, John Rusher & Carol** (illegible)

1. Call to Order

- a. Pledge of Allegiance
- b. Invocation (Councilman Slater)
- c. Roll Call

Mayor Barefoot called the meeting to order at 9:00 a.m. with the Pledge of Allegiance and Invocation performed, followed by the roll call by the Town Clerk as reflected above.

2. Proclamations / Presentations

- a. Supporting A Resolution for Upcoming Bill by Sen. Mayfield on COVB Electric (Comm. Zorc)

Commissioner Zorc introduced Dylon Reingold, Attorney for Indian River County, who said the Board of County Commissioners has authorized a resolution in support of Representative Mayfield's legislation that is currently being drafted regarding Vero Beach Utility Customers who are outside their municipal limits having some decision-making authority. This will be accompanied by a letter to Speaker Weatherford to seek his assistance in presenting the bill, and they are requesting the Town to also support this legislation. The legislators will be reaching out to the Committee Chair for expediting. The County is working closely with their consultant in Tallahassee and following their suggestions.

Mayor Barefoot said Councilman Cadden and Mr. Grealis were going to give an update to the Vero Electric in item 7 c, as well as a related item by Councilman Haverland. He ***moved items 7.c. and 7.e. up on the agenda to this point for discussion, shown below for continuity.***

7. c. COVB Electric Sale Update (Councilman Cadden/Bill Grealis)

Mr. Grealis said Amy Brunjes has nothing new to report as of yesterday afternoon. She said they had received an oral response to their proposal and are still evaluating it. Ms. Brunjes will let us know ASAP when there is a change.

Please Note: The Town of Indian River Shores does not routinely keep verbatim minutes. Any party interested in such an appeal relating to any decision made by the Council with respect to any matter considered at this meeting is responsible to record the meeting and include the testimony and evidence upon which the appeal is to be based.

Councilman Cadden said he and Mr. Grealis had spoken earlier, and agreed they will follow guidance from Amy Brunjes regarding taking action on items like this, which may not be within 30 days. If there has not been any progress in 30 days, then they agreed the Town will become involved.

Councilman Haverland said this letter and resolution seemed to be a half-step, at best resulting in a reduction in rates but would never result in something that would resemble a well-run utility. Commissioner Zorc said the end goal would be that the PSC puts outside customers under a provider of choice, which the Vice Mayor and Councilman Cadden quickly noted was not mentioned in this correspondence. Commissioner Zorc said they expect the bill to be out within the next 7 - 10 days. Mr. Clem asked if there is a Senate companion bill, and the Commissioner said Senator Negron has committed to carry through a companion bill to Representative Mayfield's bill.

City of Vero Beach's Councilmember Pilar Turner mentioned that there is new information, and shared that she has been the representative for Vero Beach on the FMPA board for the last two years. At the meeting on January 23, their Chief Counsel said they wanted to clear up any misconceptions that had been put in the press, and that this is just one of many steps the Board has to do. She encouraged the Town to press forward for lower rates.

Mayor Barefoot said the Council appreciates the effort put forth on our behalf.

7.e. Request for Lower Electric Rates (Councilman Haverland)

Councilman Haverland said this has been an ongoing discussion for the past few months, and suggested that the Council authorize the Town Manager go to the City of Vero Beach and ask for FPL rates now. Our residents are paying \$2 million more than they ought to and it's worth a fight. Vice Mayor Weick said he believes it is illegal to charge different rates to the customers within the same utility. Mr. Grealis said we are also paying amounts that end up in the Vero Beach General Fund, which essentially means that our residents are being taxed by the City. Ms. Turner said financially there is no way the City of Vero Beach can afford to offer that.

Vice Mayor Weick asked Mr. Grealis and Councilmember Turner about the City's Ordinance relating to the reorganization of the Utility Commission membership, and Councilmember Turner said there was a revision of membership and the ordinance will have two more readings. The seven-member Commission will include an appointee by each Councilmember, the Indian River Shores appointee, and an at large member. The majority on the Commission will be City residents, and there are also two proposed at large alternate members. This is similar to the County Board compositions.

Mr. Grealis said if FPL and the FMPA can't go forward, the Town should go to FPL and enlist their help to figure how we can break off from the COVB electric. Vice Mayor Weick noted this won't be discussed by FPL unless the current deal with the City and FPL fails.

Councilman Cadden asked if the FMPA is continuing to stall, and Councilmember Turner said there are several other items that may be presented for consideration by FPL, and there seems to be no sense of urgency or need by the FMPA with this. She added that a partial sale by the COVB would be destructive to the City's economics, and there is no analysis that supports this option.

Councilman Slater said we should keep exerting pressure in order to have clarity on the Town's stance. Mayor Barefoot asked Mr. Clem if we should have a formal letter of request, which Mr. Clem thought was a good idea. **A motion to provide a letter to the City of Vero Beach requesting that they provide electricity rates equivalent to those charged by Florida Power and Light to other Indian River Shores residents** was made by Councilman Haverland with a second by Councilman Cadden, which **passed 5-0**.

Mayor Barefoot asked Mr. Clem to draft this requesting letter, adding we need to let what's underway run its course, and this is another step to formally reemphasize our stance. Mr. Clem said we will also let Representative Mayfield and Senator Negron know of our strong support and desire to have rates equal to FPL. The Mayor asked for Councilman Cadden and Mr. Grealis to review it first, then the Town Manager will deliver message.

b. January 2014 as Human Trafficking Awareness Month

Mayor Barefoot said Florida Attorney General Pam Bondi has unveiled billboards and posters around the State bringing awareness to Human Trafficking, and has requested a Proclamation of support. Mr. Stabe introduced Van Lindsey representing the Department of Homeland Security, Law Enforcement Investigative Division, whom he has known for a number of years. This Proclamation briefly states that Human Trafficking affects as many as 27 million people worldwide, and an estimated 2 million children are trafficked for child labor and for sexual exploitation. Florida is one of the most attractive destinations and transit points for this crime. Floridians are committed to protecting the vulnerable and ending human trafficking through continued prevention, prosecution, education and awareness. They also want to protect victims rights in restoring their identity and freedom. "The Town Council does hereby proclaim January as Human Trafficking Awareness Month and extends greetings and appreciation to all those who recognize this effort," he read from the Proclamation. A **motion to approve the Proclamation recognizing January as Human Trafficking Awareness Month** was made by Vice Mayor Weick with a second by Mayor Barefoot, which passed 5-0. They thanked Mr. Lindsey for being present to receive the Proclamation, who in turn thanked the Town. Their drive is get awareness of this effort out into the community.

3. **Consent Agenda**

- a. Acceptance of Planning, Zoning & Variance Minutes dated December 9, 2013
- b. Approval of Regular Town Council Meeting Minutes dated December 13, 2013
- c. Approval of Invoices from Labor Attorney Allen, Norton & Blue dated 12-16-13
- d. Approval of Invoice Berman, Hopkins, Wright & LaHam (Audit) dated 12-31-13

With no changes or corrections voiced, Mayor Barefoot received a **motion** from Councilman Haverland with a second by Vice Mayor Weick **to approve items a-d on the consent agenda.** The motion **passed 5-0.**

4. **Discussion with Possible Action**

- a. Frequency of required Police/Fire & General DB Pension Payment (Councilman Haverland)

The concern raised by Councilman Haverland is that the Town has \$5 Million in CDs earning 0.25 - 0.5%. We have an obligation determined by the actuaries for the Pension fund that exceeds \$600,000, and have earned returns on this fund that are substantially greater than one half percent. Instead of the Town funding the plan throughout the year, he requested that they consider using the maturing CDs and front-end load the funds to increase the return. Mayor Barefoot said this makes sense, and the only concern voiced by the Treasurer is a cash flow bind. If nothing else, we have a letter of credit available. We will continue to have small monthly contributions based on overtime that will be required.

Vice Mayor Weick asked through what the date this funding will cover, and Ms. Christmas said through September 30. Next fiscal year we will allocate the funds and prepay again. Vice Mayor Weick agreed it makes a lot of sense.

Councilman Slater asked if this would eliminate the monthly fees. The Town Manager said only 0.5% of the assumed rate of return, which is added into the contribution, and in theory we may reduce that required contribution. He said there will be payments needed also for any employees who get salary increases, especially for step increases reached in the Public Safety Department, which would also be tracked by Finance Department. Councilman Haverland clarified it is the preliminary actuary requirement amount that he is requesting, not the exact amount for increases. Ms. Christmas said they don't have the newest Public Safety actuarial study, and Councilman Haverland said at the end of the year it would be reconciled, which was echoed by Vice Mayor Weick. A **motion to front end load this payment effective now for the balance of this fiscal year for the Police-Fire Pension Fund as stated in the budget and to be included in the next fiscal year budget** was made by Councilman Haverland with a second by Vice Mayor Weick, which **passed 5-0.**

b. DB General Employee Pension Plan Adoption Agreement (Town Manager)

The Town Manager referred to the copy in their packet that was redrafted by League of Cities based on the changes that the Pension Board requested they make. This will be forwarded to the General Employee Pension Board for them to approve at the next meeting. A **motion to approve sending the Defined Benefit General Employee Pension Plan Adoption Agreement as presented to the Defined Benefit General Employee Pension Board for approval** was made by Councilman Slater, seconded by Vice Mayor Weick, and **passed 5-0**.

c. Set date for next Pension Board

The Council agreed to set the date for the next Defined Benefit Pension Board for General Employee's Plan for **Thursday, February 27th at 8:30 a.m.**

d. Public Safety Department Staffing Study (Councilman Haverland)

Councilman Haverland said we have a terrific Public Safety Department in terms of providing safety services for the Town, and it is uniquely organized with triple-trained officers with police, EMT and fire always on duty with significant numbers of staff. He mentioned it is expensive and we have been operating like this for a long time, and questioned if it is the right way for the Town. With about \$3 million a year involved, he said someone should look at the organization to give us confidence that this is the best way for us to operate. We also use a substantial number of per diem officers who are totally qualified and receive no benefits, and cost much less. He said it seems appropriate that from time to time we should have an independent consultant look at our staffing and mix of per diem.

Mayor Barefoot asked if we know of someone who has expertise, and Councilman Haverland said he had researched on line and has talked to two of them to see if they would be able to do something like this. One is a former policeman/fireman, and another is a former consultant from Accenture who offered a 47-page report as a sample that he had done for another agency.

Mayor Barefoot said there is no more important service provided by the Town than by our Public Safety Department. Some significant changes were made to staffing a little more than a year ago with substantial savings. Comparing a full time versus part time (per diem) employee results in about \$90,000 per year savings, he added, which divided by number of residents is only about \$15 per year. He asked if making these adjustments may be penny wise and pound foolish.

Councilman Haverland said for example, we could have 3 more per diem and 3 less full time officers. We would never do this unless we had equivalent, capable people of the same quality we have. Most of our per diem are currently moonlighting here and employed full time elsewhere. He doesn't know the answer, but is asking the question.

Mayor Barefoot related this to how they wanted to use the reserves to buy or lease the fire truck. He said we seem to be running very efficiently now, and expressed concern that if there is an emergency such as a hurricane, we will not have the use of per diem staff who have an obligation to serve their primary employer. Councilman Haverland said they could possibly work a deal with a non-waterfront community for mutual assistance. He said the outgoing Town Manager said when we bought out the five retired police/fire, he said they should be replaced with per diems. Vice Mayor Weick disagreed, he recalled that they had set up a maximum of 25% of per diems we should use. Councilman Haverland said this is above his pay grade to determine, but believes we should have a study once every 10 years, and did not intend to sound critical of how we are operating today.

Councilman Cadden said for the benefit of some in the audience who are not regular attendees, ours is an accredited agency, which means we are tested on all of the skills and organizational ability for an annual cost of about \$2,000. Our total millage rate to run the Town including Public Safety, Building Department, and the Postal Center is significantly less than the County's EMS and Firefighter millage alone, which is 1.98 mils versus the total 1.47 mils for the Town's tax rate. Councilman Cadden said when he first ran for office, he promised the residents we would not compromise the Public Safety Department. He did not know what the consultant would be able to do for us as we are well managed and well run now. Having lived through major storms here, he

is concerned that the per diems would not be able to help. Our Public Safety Department went into neighborhoods and removed downed trees from the road so the residents could access their neighborhoods. Councilman Cadden concluded that he is against having a large per diem staff.

Councilman Slater said Councilman Haverland is raising the question of can we be better. It's possible that we could hear that we need more staff. The Vice Mayor interjected that he believes we are understaffed. Councilman Slater continued that we could hear that we need more staff in the summer due to liability for personal theft. People he has talked to around town are very satisfied with what we have today, and do not want to do anything other than enhance that.

Mayor Barefoot said his suggestion is to plan for the worst and hope for the best; should the consultant say we are understaffed, we may have to spend more. We'd have to follow, not ignore the recommendation, so we have to be prepared to accept the good with the bad news. He asked what it would cost for this study, and Councilman Haverland said the two he talked to quoted approximately \$27,000 and \$50,000.

Vice Mayor Weick said in the summer the chance of a fire in a vacant house is more likely. He discussed the process of hiring a consultant and the results they provide with Councilman Haverland, and that adding \$50,000 to cover this is difficult when we were not willing to raise even one hundredth of a mil on our taxes.

The Mayor, Councilman Slater and Councilman Cadden discussed this further. Councilman Cadden and Vice Mayor Weick agreed that we have one of the top five public safety departments in the state now, and do not want to fix what is not broken. Mayor Barefoot added there is a state rule requiring four firefighters, two in, two out minimum, 24-7. He would be reluctant to reduce the number of full time employees.

Councilman Haverland said he is not suggesting that there be any reductions, just to explore that spending \$3 million is correct. No one has ever looked at how we are staffed, and there is an opportunity to review this once every ten years.

Vice Mayor Weick said this is not a budgeted item and we have a very, very tight budget. Mayor Barefoot said he would never approve \$50,000 expenditure for this, and Vice Mayor Weick and Councilman Cadden agreed.

A motion for the Town Manager to explore hiring a consultant to review Public Safety Department's staffing and operation was made by Councilman Haverland with a second by Councilman Slater. The motion **failed 3-2** with the dissenting votes cast by Mayor Barefoot, Vice Mayor Weick and Councilman Cadden.

5. **Town Attorney**

Nothing to report.

6. **Town Manager**

a. Retiree Medical Buyout Update

Mr. Stabe said one more retiree has accepted the medical insurance subsidy buyout, and he has received his check from the Town. Now there are three active retirees who are receiving a health insurance subsidy from the Town. One is reaching Medicare eligibility age and has already applied for that to begin this year. One of the other two is aggressively searching for a plan to meet his and his wife's needs, and the other has not been easily accessible. He asked the Council if they are willing to extend the window of opportunity once more.

Councilman Slater said implied and explicit costs have been discussed at length, and the implied costs of the retirees are being included in the pool with the younger active staff. He asked if there is any way to figure this, which led to minor discussion that there are two retirees who are not much older than the current average age of employees. Councilman Slater said that we should extend another 30 days. Councilman Haverland asked if Brown & Brown helped the individual who left the plan, and if the Affordable Health Care Act (AHCA) was the solution for this person. Mr. Stabe said Brown & Brown did communicate with the individual, who was able to get on a

Blue Cross/Blue Shield Plan but did not believe it was due to the AHCA.

Vice Mayor Weick made a motion to extend the retiree medical insurance subsidy buyout offer through the end of February which was seconded by Councilman Slater and **passed 5-0.**

b. Departmental Reports (Building, Financial Balance, Public Safety)

Ms. Christmas said we are on budget for the most part. Mayor Barefoot asked when the fire trucks are expected, and Mr. Stabe said early March, they are on the line being built.

7. **Committee Reports**

a. Planning, Zoning & Variance (PZV) Report / Action (Chairman Beardslee)

Mr. Beardslee asked if they had any questions, and no one had any. The Mayor thanked the Board for their work.

b. Council Committee Reports (MPO, EDC, TCCLG, TCRPC, Others)

MPO. Vice Mayor Weick reported that at the EDC meeting, Mike Zito, Assistant County Administrator said there is Shooting Industry Masters Contest, a major national event coming to the shooting range in Sebastian with about 600 visitors, including 25 gun manufacturers, on July 18-19. The competition is not open to the public for participation, but will be open for observation. A charity golf tournament which is open to the public will be earlier in July. Last year this competition was held in Wyoming.

TCCLG. Meeting cancelled.

EDC. No report.

Beach and Shores. No meeting yet.

TCRLC. No report.

c. COVB Electric Sale Update (Councilman Cadden/Bill Grealis)

(Covered on page 1)

d. Town Manager Objectives (Councilman Haverland)

Councilman Haverland said we are four months into this year, and he hasn't seen any objectives yet. Mayor Barefoot said the objectives are stated on the evaluation form in four categories, beginning with 40% of the weighted evaluation based on Public Safety Department statistics, 30% on the budget, and other categories for 20% and 10% . Mr. Stabe will provide these to individual Council if needed, and they were encouraged to contact him for a personal meeting if desired.

e. Request for Lower Electric Rates (Councilman Haverland)

(Covered on page 2)

f. Report on Public Safety Pension Plan Assumptions (Councilman Haverland)

Councilman Haverland said he attended the Pension meeting which he found disappointing. The difference in assumptions in the PSD plan and our General Employee plan are notable. With four members present, they proposed lowering the assumption rate to 6%, which is currently at 6.5%, that resulted in a 2-2 vote. Our General Employee plan has a 5.9% assumed rate of return. This plan has a 60-40% split on asset mix with 40% bonds and 60% stocks, while the General Employee plan has 70-30% stocks to bonds. Most disappointingly, the actuary never dealt with the mortality table, so they assume earlier death rather than longer life. Afterwards, the Chairman told Councilman Haverland he will never vote for anything that will increase the cost of the plan, fearing the Council will terminate the plan if the costs increase.

Vice Mayor Weick asked if the Council didn't recommend the 70-30% split and 5.9% to the Board, and Councilman Haverland said they did, but it has not passed. The Council has the responsibility to fund it properly regardless. Mayor Barefoot added the costs do increase with a discount rate of 5.9%, but with the asset allocation they will not make their projected rate of return. This was discussed more among the Council. Councilman Slater agreed that we need to make sure it is properly funded now to offset some of the growing unfunded liability.

The Town Manager said during their major meeting with the actuary and administrator, it is not that they refused to change the asset allocation, they were waiting for the new actuarial

valuation first and then consider the changes. Vice Mayor said that puts a different light on the story.

Councilman Haverland asked if the Council could make a specific recommendation to the trustees to make these changes. Vice Mayor Weick agreed with the allocation recommendation, but not necessarily the rate of return. A **motion to change the allocation to 70-30** was made by Vice Mayor Weick with support from Councilman Cadden which **passed 5-0**.

A second **motion** made by Councilman Haverland **to reduce the assumed rate of return (discount rate) from 6.5% to 5.9% and adopt the same mortality table as the General Employee's Defined Benefit Pension Plan** was made by Councilman Haverland and seconded by Councilman Slater, which **passed 3-2**. Voting against that motion were Vice Mayor Weick and Councilman Cadden.

g. Retiree Health Insurance Subsidy Funding (Councilman Haverland)

Councilman Haverland said this is the explicit or cash subsidy to retirees that is provided to reduce their cost of participating in the medical plan. We are required to allow them to remain in our medical plan. In 2002 the Town decided to provide a subsidy in addition to allowing them to remain in our plan, which now amounts to about \$3,000 per year per retiree. They are more inclined to stay on our plan, and it gives rise to a liability since we don't fund the subsidy. It incurs cost when they are working, and a liability when they retire, which is now up to about \$1,500,000. He suggested that we eliminate the cash subsidy, as it has been done in more than half of the municipalities across the state. Those who have earned credits towards this subsidy would keep what they have earned. New employees would not be eligible for this subsidy.

Mayor Barefoot said the question has been framed, and may apply to new employees. Current employees are a different matter. He suggested scheduling a workshop, to which they all agreed.

8. Call to Audience.

Charlie Wilson, Vero Beach Chamber of Commerce, came to introduce the Town to the newly created Chamber of Commerce, and has some very important information pertinent to the Town. They cover the barrier Island and Vero Beach with tourist development, economic development and governmental affairs. He asked to come back next month and address the Council more fully, which was agreeable to them.

Lisa Zahner, Vero Beach 32963, asked for the dollar amount for the front-loaded payment. Councilman Haverland said it is about \$700,000, and Mr. Stabe said Ms. Christmas will provide that number to her.

9. Adjournment Hearing no further comments, the meeting was adjourned at 10:28 a.m.

Respectfully submitted,

/s _____

Laura Aldrich, Town Clerk

(Approved by the Town Council at the 2-27-14 meeting)