



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

REGULAR TOWN COUNCIL MEETING
Thursday, February 27, 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
Chester Clem, Town Attorney
Darlene Wiltzius, Finance Dept.
Lt. Mark Shaw, Public Safety
Sgt. Tim Dempsey, Public Safety
Laura Aldrich, Town Clerk
Heather Christmas, Finance Department
Cpt. Mike Jacobs, Public Safety
Sgt. Shawn Hoyt, Public Safety
Jose Guanch, Building Official

OTHERS PRESENT: **Ross Whitley**, Berman Hopkins Wright & LaHam; **Charlie Wilson**, Vero Beach Chamber of Commerce; Reporter **Lisa Zahner**

RESIDENTS: PZV Members **Bill Beardslee** (Chairman) and **Barbara Bunney** (Alternate); JIPOA **Jim Moller**, John's Island Residents **Caroline Ervin**, **Mark Mucher**, **Dean Phypers & John Werwaiss**; Pebble Bay resident **Maureen Walker**; and Carol (illegible, no address given)

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

Mayor Barefoot introduced Charlie Wilson, who was promised at the last meeting to be afforded the opportunity to address the Council today but was inadvertently left off the agenda. Mr. Wilson is the founder of the Vero Beach Chamber of Commerce, which was formed on January 2, 2014. They encompass a territory including the city limits of Vero Beach and the barrier island from county line to county line. Eligibility for voting membership includes having a business license or a residence in either of these two. There are 2,463 occupational licenses within those limits. This Chamber accepts no government money from any individual or organization, and values government involvement.

It was formed because the business view of the City of Vero Beach and the barrier island is not always consistent with the County, which controls tourism and EDC funds. They focus on tourism in the summer, when businesses activity is slow and hotels are open. They will advertise in Orlando as a summer vacation getaway destination when their area is crowded.

The economic development sought is what fits within the unique nature of our communities. They want to grow existing businesses and help them through tourism or promotion. Another path to growth is by person to person, the CEO's or business partners visiting us here. They are *not* under the Sunshine law since they are not recipients of government funds, so there is privacy. With governmental affairs, they are not political and do not support candidates. The Board of the Vero Beach Chamber of Commerce believes the electric issue is the single most important economic issue that this community faces. They believe it puts people out of business and people out of work. On March 5 they are hosting their first town hall

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.

meeting at the Elks Club at 6 p.m. He asked if one of the Council members could attend to represent the views of the Town. Impact fees and business concerns in this area will be discussed.

They have 41 members, including some of the largest corporations in the State. There is a position for an advisory (nonvoting) member from the Indian River Shores on the Vero Beach Chamber of Commerce Board of Directors. He asked if the Council would identify who will be coming to the March 5th meeting at 6 p.m. to identify the needs of the Town.

There being no comments or questions, Mayor Barefoot thanked Mr. Wilson.

a. FY1 Audit Presentation (Ross Whitley, Berman Hopkins Wright & LaHam)

Mr. Whitley reviewed the accounting statements for the Town using the modified accrual basis statements for the Fiscal Year End 2013 audit beginning with the year end balances on page 16. The General Fund balance of \$2.7 million includes \$1.34 million in unrestricted funds. He pointed out on page 18 that all changes to the governmental fund balances were positive.

The Fiduciary statements on page 20 and 21 reflected that the pension trust funds have a total net position of \$10,799,064 at the end of the fiscal year, with liability not recorded in this report. In 2015 using full accrual basis we will have to recognize pension liability. Councilman Haverland asked if fund balances will be impacted when we recognize this, and Mr. Whitley said it would not. We budget on modified basis, this is full accrual basis. It does affect the net position on a full accrual basis. On page 21 the additional contributions to pension are included in the \$2.263 million, which moved the balance from \$9.7 million to \$10.8 million. The actuarial information included in these statements was through previous report, as the October 1, 2013 numbers are not available.

Mr. Whitley said he was happy to say that the Town is in compliance, and this audit had no findings at all. This is the first year that the Town produced this document, with Treasurer Heather Christmas writing the financials, printing and binding them. This is how things are supposed to be done, from a control standpoint. It could be considered a weakness if the auditors also prepare the statements, and Heather did a great job.

Mayor Barefoot thanked Ross and Heather for her efforts reflected here. Mr. Whitley concluded that the management letter at the back of the audit states that there were no findings from the prior year to correct, and no findings or recommendations in the current year.

A **motion to approve the FY13 Audit** was made by Councilman Slater with a second by Councilman Haverland, **which passed 5-0.**

3. **Consent Agenda**

- a. Acceptance of Finance Committee Minutes dated August 15, 2013
- b. Acceptance of Planning, Zoning & Variance Minutes dated January 13, 2014
- c. Acceptance of Defined Benefit General Employee Pension Board Minutes dated November 22, 2013
- d. Approval of Regular Town Council Meeting Minutes dated January 24, 2014
- e. Approval of Special Call Town Council Meeting Minutes (Fertilizer Ord. 513) dated Feb. 14, 2014
- f. Approval of Special Call Town Council Workshop Retiree HI Subsidy & FY15 Budget dated Feb. 14
- g. Approval of Invoices from Labor Attorney Allen, Norton & Blue through 1-31-14

Mayor Barefoot received a **motion** from Councilman Cadden with a second from Councilman Slater **to approve items a-g on the consent agenda.** The motion **passed 5-0.**

4. **Discussion with Possible Action**

- a. Mutual Aid Agreement City of Vero Beach Police & Town (Town Manager)

Mr. Stabe said this is a two year routine agreement, and a **motion to approve the use of mutual law enforcement aid and also provide it to the City of Vero Beach** was made by Vice Mayor Weick with a second from Councilman Haverland, who asked if we also have a mutual aid agreement with the County, to which Mr. Stabe replied that we do, an annual agreement. **The motion passed 5-0.**

- b. Forfeiture Account Funds Use for Ammo Purchase (Town Manager)

The Town Manager deferred Acting Director Mike Jacobs, who requested that the forfeiture funds replace the funds used for the most recent ammunition purchase, which was more than half what was budgeted. These funds are restricted by Florida statute to be used for law enforcement related purchases, Mr. Stabe added. A **motion to purchase ammo using forfeiture account funds** was made

by Councilman Slater, with support from Councilman Cadden, **which passed 5-0.**

- c. FL Highway Safety & Motor Vehicle \$18,000 Grant E-Crash Hardware (Town Manager)

The DHSMV Grant was awarded the full amount of \$18,000 for purchase of computers and software for electronic crash reporting. It is to buy equipment used in patrol cars, specifically laptops, software and hardware, Capt. Jacobs added, and this was requested in October with low expectations. Items are bought and we are reimbursed afterwards, he explained to Councilman Haverland. Vice Mayor Weick asked how long it takes to be reimbursed, and was told that we have never received one of these grants so it is unknown how it will work. We anticipate about 6 months, Captain Jacobs added, and it speeds up the time for reporting at the scene, and lessens the expense for new computers which will save the Town funds in the long-term. **A motion to accept the Florida Highway Safety & Motor Vehicle Grant of \$18,000** was made by Councilman Haverland with a second by Councilman Slater, which **passed 5-0.** Thanks were expressed to Sgt. Dempsey by Acting Director Jacobs.

- d. FDLE Justice Assistance (JAG) \$1,000 Grant Traffic Enforcement (Town Manager)

The Town Manager said this grant has been applied for and received every year for as long as he can remember, which is used to purchase equipment for the patrol vehicles. This year they will be purchasing printers so the officers can print out accident reports and citations on the scene and is a continuance of the previous DHSMV grant. It is 100% reimbursement after the money is spent. They will be for the primary patrol vehicles, and officers have had some training, already, Capt. Jacobs added. **A motion to accept the FDLE Justice Assistance Grant award of \$1,000 for law enforcement/traffic enforcement** was made by Vice Mayor Weick with a second by Councilman Cadden, which **passed 5-0.**

- e. Community Center Use for Non-Profit for Sea Turtle Walks (Town Manager)

Mr. Stabe said that Rick Herren is the permit holder for our beach access. Without him we couldn't do our Public Safety beach patrols. He is a County employee, but also part of a non-profit organization called Coastal Biology, Inc. They are trying to influence local residents to participate in sea turtle walks, and are an expert in this area. They are requesting the use of our Community Center on Friday or Saturday evenings between 8 p.m. and midnight. There are only two Saturdays booked for weddings so far in this time period. With the consideration that this is a revenue source for the Town, Mr. Herren agreed to consider whatever the Town could offer.

Discussion about the rates other non-profits are charged, cleaning fees, who currently receives gratis use of the Community Center (homeowner's associations for one annual meeting per year). setting a precedent, and this group receiving revenues led to a general consensus that perhaps the rates other non-profit groups pay should apply or a flat fee per month or year, along with a cleaning fee. Mayor Barefoot said to **table this** and negotiate something that fits within this conversation. Mr. Stabe agreed to **bring it back next month.**

- f. Maturing CD Funds Transfer (Town Manager)

Mr. Stabe directed the Council to the memo from the Finance Department. Councilman Haverland suggested using \$100,000 of the funds as a long term investment towards the retiree health care liability with the FLC, where the expected return may be more appropriate. He asked that the Finance Committee take a look at the whole thing. If we move it to the money market at CenterState Bank, Vice Mayor Weick noted, it would be earning higher rates and remain liquid until the CD rates become better later. Mayor Barefoot received **a motion to approve the transfer of the \$500,000 of maturing CD funds into the Town's Operating Account at Center State Bank** was made by Vice Mayor Weick with a supporting second from Councilman Slater, which passed 5-0.

- g. Elimination of Explicit Retiree Health Care Subsidy (Councilman Haverland)

Mr. Haverland said this has been discussed at length for several months, which subsidy costs approximately \$3,000 per year per employee. He asked for Ms. Christmas to discuss what she was tasked to calculate at the workshop two weeks ago, which was for three (3) different scenarios, and calculated through 2067 in each scenario. If we do not freeze the plan, then we would pay out \$577,000 in explicit costs. If it is frozen through 2067, it is \$331,000 in discounted funds, or \$246,000 in today's dollars saved. If no one left the plan and everyone accepted the insurance, with it unfrozen it

would be \$855,000 and \$416,000 if frozen, which is a difference of \$439,000. A 15-year liability study was done at Mr. Haverland's request, if nothing was changed at all, the liability will grow with current rates to \$3.2 million. Of that, \$800,000 is explicit, \$2.5 million implicit. If eliminated for new hires, it would be \$480,000 explicit and \$2 million implicit. If we freeze the rates, and eliminate the benefit for new hires, our explicit cost is \$180,000 and implicit \$2 million in 15 years.

Councilman Haverland said he has reviewed these numbers and believes they all substantially understate the differential. One of the key assumptions that Heather made was the situation when an employee retires, there is no replacement with an employee who will be able to get this benefit. For example, in the no freeze situation, the number would be greater. The discounting is off by one year, which makes the differential larger. Heather had pointed out at the last meeting if you eliminate the benefit, the likelihood that there will be less who accept insurance (assuming today that 80% of our retirees stay with the policy), and if the incentive to stay in the plan is removed, fewer employees may take it. These are all savings, but understate the likely savings.

Vice Mayor Weick asked how much it costs each year for the retiree insurance subsidy, which Ms. Christmas said is about \$11,000 per year or less. Councilman Haverland said that is because we bought out many employees at a cost of almost \$200,000. This was paid out up front in order to reduce the cost. The savings become larger in the out years. Assumptions are the key, Mayor Barefoot said.

Councilman Cadden said Ms. Christmas has a document that simplifies this, and everyone should review it and understand it. This is what she verbally explained, Ms. Christmas said. Vice Mayor Weick said in the history of the Town, this is how we have paid for this liability.

Mayor Barefoot asked what his motion would be, and Councilman Haverland said it would be to eliminate the subsidy for new employees (the explicit subsidy), and for existing employees who have earned credits towards the subsidy, freeze it as a prorated benefit (including those who have been employed less than 7 years) as they are vested now. Mayor Barefoot asked if an alternative could be to cease the benefit for new hires and leave it in place for existing employees. Councilman Haverland said it could be, but he would not be in favor of that.

Councilman Haverland says the implicit benefit is enormous. The explicit benefit was put in place in 2002 to help our employees and recruit new hires. Vice Mayor Weick said the unfunded balance is critical in the business industry, but not to us. Councilman Haverland said it is kicking the can down the road, and said that taxpayers today should pay for value received today, and part of the value today is a benefit they receive when they retire, which should be charged now as it is incurred. It charges future taxpayers, which he believes is wrong. Even though it is permissible in municipal accounting, it should not be done. There was an extended discussion between the Vice Mayor and Councilman Haverland. Mayor Barefoot asked if the Finance Committee has discussed this, and Councilman Slater said yes. Councilman Cadden said this is a defined benefit, and asked if there is a mechanism that could change it to a defined contribution plan. If the Town is paying \$50 a month, they are vested at a specific level with a cost of living adjustment. This is something to look into. More discussion ensued between Councilman Haverland and the Mayor.

Councilman Haverland made a **motion to discontinue the explicit retirement health insurance benefit for new employees and to fix the credit that the existing employees have earned under the current program at the current rate, and to take the employees who have been here less than 7 years with a prorated credit for each of the seven years worked to be used as a subsidy.** Vice Mayor Weick asked if this freezes the rate now, and if they have earned 35% now, they will receive 35% of the current rate at retirement. Councilman Haverland replied the percentage is fixed. The two discussed if this is cutting the benefit now or a future benefit. We have eight (8) employees who were hired before this was implemented who will be getting the benefit, Councilman Haverland added. The **motion died for lack of a second** to the motion.

A second **motion was made** by Councilman Slater **to eliminate the explicit benefit for future employees and maintain the current benefit for existing employees**, which was seconded by Mayor Barefoot. The motion **passed 4-1**, with Vice Mayor Weick dissenting. Mayor Barefoot said this may not be a dead issue, as the Affordable Care Act will likely continue to impact our lives, unfortunately.

5. Town Attorney

a. Resolution 14-02, Requesting Fairness in Electric Rates

After a brief discussion, Mr. Clem withdrew this item from the agenda for consideration at a later date if desired.

b. Village Shops Restaurant Request

A letter to the Town to extend the hours of the restaurant at the Village Shops was received, which Mr. Clem suggested that every restaurant that goes in needs a little something different. This is usually something that comes before the PZV, which is next scheduled to meet on March 10. A variance can be granted by the PZV Board after which it would come before the Council. This is the procedure we followed at least in 2004 and 2006.

Vice Mayor Weick asked what is currently stated in our Code for hours of operation, and Mr. Clem said nothing between 9:30 p.m. and 10 a.m. We have 14 different criteria for restaurants, which is very restrictive. This wouldn't require an ordinance modification. They are asking for 7 a.m. to 5 p.m. weekends, and we don't know what they want for the evening during the week. Ordinance 474 allowed additional variances. **A motion to send this request to the PZV Board for consideration was made by Councilman Slater with support from Vice Mayor Weick, which passed 5-0.**

6. Mayor's Matters

a. Pending ISO Review

In a meeting between Mayor Barefoot, Acting Director Jacobs and Town Manager Stabe a couple of weeks ago, he learned that the Town will likely undergo an evaluation by the Insurance Services Office (ISO) on our Public Safety capabilities. It was last done in 2007, when we were evaluated on our water supply, staffing, dispatching and equipment. We just learned that we would have a review in the next few months. This is related to the motion that was voted down 3-2 about staffing at Public Safety last month. The ISO rating does not cost the Town anything, just the taxpayers.

Councilman Haverland said the rating scale came up in his personal affairs a couple of years ago, and he found that the homeowners insurance agents differentiate between the Town's ISO ratings when quoting rates. Our Town and other towns qualify in the better half, 1-5, 6-10, for a 10% surcharge. We are currently a 4, with 10 the worst and 1 superior.

Capt. Jacobs explained there are two components, EMS and Fire. There are two standards to abide by, ISO and NFPA. ISO ratings are based on dispatch, water distribution, response times, and training. Our dispatch is run through the County's 911 system, and our water distribution is supplied by COVB for pressures to hydrants. We do flow testing on the hydrants and maintain their operability.

The three areas that are of concern, Capt. Jacobs continued, and understanding the Council's priorities, are our staffing, people on the trucks, and response since it deals with the number of trucks that respond to the call and available gallons per minute of water. The training component is another concern, as our training has been more focused on police because of accreditation. At Commissioner Zorc's invitation, he and staff attended a meeting whereby the ISO manager was there, and they learned that the Town would be evaluated soon. The ISO evaluation is based on a point system. Capt. Jacobs said they have new equipment, which is a "ladder truck" but is a huge piece of equipment that has to be properly manned. Our triple certified person is now only recognized as a half a person when they meet others on the scene. Capt. Jacobs said currently, at a normal response, there are six (6) firefighters on two trucks. We currently have three (3) in the station at all times. There are two on the truck and one in the ambulance. The ambulance person counts as a firefighter, but they wouldn't count as an ambulance team member. ISO wants six (6) on two fire trucks. The state requires two on an ambulance, one paramedic and one EMT. Our current staffing is far less. At ISO's advice, he contacted Upper Captiva Island as a comparison. They have one department, a specified amount of trucks. Their millage rate is 3.5 mils (max allowable). They were recently evaluated and dropped from a 5 to a 10. The ISO wants corrective action, and now the district is doing a referendum to have a special assessment to address their staffing, which was the downfall on the rating. This issue is being presented to the Town Council as an FYI. Captain Jacobs said he is looking for solutions and guidance.

Mayor Barefoot asked about getting assessments from others who have gone through this lately,

and Capt. Jacobs said there are many resources they can use through the Fire Chief's association. Mayor Barefoot said the heads up has been given, and analysis and remedies are needed. We may need outside input.

Councilman Haverland this does tie in to what he had talked about last meeting, and he went back to the three agencies whom he had contacted. One of the more promising of the three that he had contacted for a staffing study, ICMA, has a Center for Public Safety Management that specializes in this. They said they could send a team for one day and tell us if we have issues with staffing, especially, since this company knows the public safety business well. A taxpayer in our Town, when hearing Councilman Haverland discuss this, thought the Council would not pay for anything, and offered the \$1,000 to conduct the one day study. Now that we have a specific issue, this is even more relevant.

Capt. Jacobs said that since the retirees left last year, the per diem staff who is very talented, have led us to some adverse experiences with staffing. Speaking of police officers, FDLE will not allow moonlighting to Indian River Shores, they would have to be retired or newly out of the academy. We try not to hire new cadets out of the academy, as our environment is very different. Sometimes there is a reason why they are unemployed, which is usually not favorable. On the fire medic side, they are talented, but when they work for another agency, they work 24 hours with another agency, and then come to work for us. They are tired, exhausted. We are allowing them to let us know when they will work. No one wants to work weekends, holidays, etc. Our overtime issues have arisen. If our paid staff is on sick leave or vacation, we now have per diem issues. The initial response to our per diem program was exciting, but as it goes, we are spending \$1,000 to conduct background and drug screening, and \$2,000 each to equip them in uniforms and gear. Finding quality people who are at peak performance is getting more difficult.

Mayor Barefoot said we need an audit from an outside organization. He personally has no problem with the Town spending \$1,000, which is far less than \$50,000 discussed at the last meeting. He asked for Councilman Haverland to give contact information to Capt. Jacobs. The Town Manager said he already had that information from Councilman Haverland. Councilman Slater also was supportive, adding we try to be the best at everything we do, and he doesn't want to change that. Councilman Cadden and Vice Mayor Weick were also in favor.

Capt. Jacobs said the one question he had was a timeframe for the evaluation, which was suggested to be done within a few weeks.

7. Town Manager

a. Surplus Vehicle Auction Completion

Mr. Stabe brought their attention to the recap prepared by the Town Clerk. Using something very different to dispose of surplus vehicles, an online auction was very successful. We received \$23,507 for seven (7) vehicles. All of the vehicles were depreciated to less than \$1,000.

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

Mr. Guanch mentioned that the ISO also involves the Building Department, and he asked to be involved in this process. He has begun getting prepared for this.

8. Committee Reports

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

Mr. Beardslee said the regular PZV meeting was February 10, with one request to remove a tree of special concern. Tree Protection Officer Gary Doyle recommended mitigation, which was approved.

A Special meeting was called on February 24 for the benefit of a new owner on Blue Wave Lane in Ocean Pearl, who was getting a fence along the ocean that was permitted by DEP who required it to be installed and inspected by February 28. This was not brought to the Town's attention until February 20, and it took a lot of accommodating to get this done. He was very proud of everyone who worked together on this effort.

He also mentioned that Nancy Raftery will have her last meeting in March after 8 years, and they will have the need for an alternate on this Board. Mayor Barefoot asked the Chairman to recommend a

replacement for the regular member's seat.

b. Town Manager Objectives FY 2014 (Councilman Haverland)

Councilman Haverland said he thought the Town Manager would put together his objectives for the Council's approval. Mayor Barefoot asked the Town Manager for objectives prior to next month's meeting, to which he agreed to provide by the end of next week.

c. Investment Policy Re: Cash Now in CD's, OPEB Liability (Councilman Haverland)

Councilman Haverland said this was covered earlier in the meeting.

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

MPO. Councilman Haverland attended, and there was a presentation by All Aboard Florida. They said the current plan is to have 16 trains going north and 16 trains going south, once a day, hourly except during the night, and federal code requires four toots of the horn for every crossing, travelling about 100 mph. The major concern is for noise, and some of the crossings are very close together. These 32 trains are in addition to the 15 already going through. All of the crossings would be improved by the company, which is a financial relief, and the remaining issues are safety and noise.

TCCLG. Councilman Haverland said he attended the meeting in Ft. Pierce, and nothing significant that pertained to the Town was discussed.

EDC. No report.

Beach and Shores. No report.

9. Call to Audience.

John Werwaiss, 241 Sabal Palm Lane, said this is in no way a reflection on the employees of the Town. He asked if the auditors met with the Council outside the presence of the employees, as the audit report states is best practice. He was assured by staff that it did take place as required, and Mayor Barefoot said he had a telephone conversation a few weeks ago with the auditors that lasted about 20 minutes.

10. Adjournment

Hearing no further comments, the meeting was adjourned at 11:12 a.m.

Respectfully submitted,

/s _____

Laura Aldrich, Town Clerk

(Approved by the Town Council at the 3-27-14 meeting)