



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

REGULAR TOWN COUNCIL MEETING

Thursday, May 17, 2012  
3:30 p.m.

**PRESENT:** Thomas W. Cadden, Chairman  
Gerard A. Weick, Board Member  
Frances F. Atchison, Board Member  
Richard M. Haverland, Board Member  
Michael B. Ochsner, Board Member

**STAFF PRESENT:** Richard Jefferson, Town Manager      Laura Aldrich, Town Clerk  
Chester Clem, Town Attorney      Rob Stabe, PSD Captain  
Judith Lewis, Town Treasurer      Shawn Hoyt, PSD Officer

**OTHERS PRESENT:** Bill Beardslee, PZV Chairman  
Reporters Janet Begley (Press Journal) & Lisa Zahner (VB 32963)

1. **Call to Order**

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

Mayor Cadden called the meeting to order at 3:30 p.m., with the roll call as reflected above and the Pledge of Allegiance and Invocation performed.

2. **Consent Agenda**

- a. Acceptance of Finance Committee Minutes dated April 26, 2012
- b. Acceptance of Planning, Zoning & Variance Board Minutes dated April 9, 2012
- c. Approval of Regular Town Council Meeting Minutes dated April 26, 2012  
Asking if there were any comments or concerns with the consent agenda and hearing none, Mayor Cadden received a **motion to approve the consent agenda as presented** by Councilman Ochsner, seconded by Councilmember Atchison, which **passed 5-0**.

3. **Planning, Zoning and Variance Board Report** (Chairman Bill Beardslee)

Mr. Beardslee reported first that at the May 14 meeting, there was approval of a chain link fence and a request for approval to replat a portion of Tract F, Plat 1 in Palm Island Plantation, which was recommended for approval and will be reviewed by the Council later in this meeting.

- a. Appeal Request Denied by PZV April 9 to Remove Two Live Oak Trees (Mr. Schwartz)

Last month, Mr. Beardslee continued, there was a request for appeal of a denial to remove two oak trees. One of the five trees was approved for removal by the Town's Tree Protection Officer. Now the applicant is appealing to the Council for the removal of trees 2 and 3, which are ocean-side John's Island (JI) in an area heavily canopied area with oak trees. The applicant is represented by Mr. August Schwartz, a licensed landscape architect. Mr. Beardslee explained why the original motion failed 2-3 to allow removal of the trees, and a second motion to deny removal was passed by a 3-2 vote, since the trees could be trimmed, had withstood three hurricanes, the wells could be cleaned out, and there was no precedent set. Councilman Haverland asked for an explanation about tree wells, to which Mr. Beardslee responded.

*Please Note: The Town of Indian River Shores does not routinely keep verbatim minutes. Any party interested in 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.*

Mr. Schwartz spoke next, identifying himself as a Landscape Architect from Winter Park since 1983 that has been concurrently practicing since 1990 in the Vero Beach area, interacting with Gary Doyle for 15-17 years. He agreed with what Mr. Beardslee said, and spoke in detail concerning oak trees. Mr. Schwartz said he sought further opinions from three experts. The first, Director of Horticulture at McKee Gardens Andreas Daehni, found die-back in both trees, noticed leaves rather than twigs on secondary limbs (which is indicative of decline), and evidence of a lightning strike on tree 2. His summary was that they require significant attention, and would require eventual removal. Master Arborist Chuck Lippi, of St. Augustine, focused on the root plate, concluding that they are both high risk trees to leave standing next to a structure. They may cause foundation damage, and the foundation has impacted the growth of the trees. Norm Easey, the Executive Director of the International Society of Arboriculture from Sarasota, said one of the trees is forecasted to be dead in seven years, and the other also has a very limited life due to the confined root system. Mitigation was not recommended for either tree, and they were recommended for removal.

Mr. Schwartz apologized that this in depth information was not initially gathered, and summarized that the trees should have been moved 20 years ago. He specializes in moving trees, not killing them. With this information presented today, he recommends removal.

There was discussion regarding having the process begin anew with the expert information presented to Gary Doyle, then P&Z if needed. Councilman Ochsner **made a motion to approve the removal of the two trees**, as there is sufficient information before this body to make a decision and the homeowner had already gone through quite a lengthy process. Mr. Beardslee did not view this action as going above the authority of the Board, regretting that they did not have this information before now. Councilmember Atchison, “an admitted tree-hugger,” said she had seen the trees, which are not magnificent canopy trees, and agreed with Councilman Ochsner. Councilman Haverland said there have been enough appeals, and **seconded the motion**. Vice Mayor Weick said not all three experts recommended removing the trees. Councilmember Atchison said she respects Mr. Mitchell's judgment for John's Island when he made the motion to allow the removal. Vice Mayor Weick did not see any imminent danger. Mayor Cadden said certain action should be taken; he had one younger tree in a well which ended up in the center of the street.

Mr. Clem said the Planning Board did not have the opportunity to have all of the information in front of them. The Council could send it back or vote on it. Mayor Cadden said this is not considered an override of their decision. **The motion passed 4-1 with Vice Mayor Weick dissenting**. Mr. Beardslee said he would report the action back to the PZV, and feels certain that if this information was presented to them, they would have considered it differently.

#### 4. Mayor's Matters

##### a. Auditor Presentation (Berman, Hopkins Wright & LaHam, CPA's and Associates)

Mr. Ross Whitley represented the Auditor firm Berman, Hopkins Wright & LaHam, CPA's and Associates. For the benefit of the newest Councilman, he explained that two sets of financial statements are prepared in Governmental audits: there is one on full accrual basis and one on modified accrual basis of accounting. Modified accrual reflects period cost capital outlay and is totally expensed in the same manner as long term liabilities; they are recorded as actual funding expense basis. He said there are some questions that were received from the Treasurer that will also be addressed.

On Page 1, the Auditor Opinion, Independent Auditors' Report, said there are no material mistakes. There is one thing he pointed out at the bottom of page one, the definition of the classification of fund balance previously had no set definition, so some small reclassifications were needed due to these accounting rule standards changes.

Pages 3 through 12 are the Management Discussion and Analysis from Town Staff, which is a presentation in narrative format of the financial statements. It's good to use as a quick reference, full of information explains some of the accomplishments.

Page 13 contains the Statement of Net Assets. The Town (government-wide) has almost \$8.9 million in total assets, total liabilities of \$1.2 million, leaving total Net Assets of \$7.7 million. The long term liabilities section includes the liabilities for vested sick leave and vacation, and as of last year the Other Post Employment Benefits (OPEB) are shown in this method of accounting. The Town has two types of Post Employment Benefits, a partial subsidy of health insurance compensation for retirees, and an unintended implied or implicit subsidy that is required by the State that government employers offer all retirees health insurance benefits at the same rate as is offered to employees. The funding liability of \$1.8 million is amortized over 14 years based on actuary calculations. It is not required to be funded or set up in a trust, but it has to be recorded. Councilman Haverland stated that, in fact, our real liability is \$1.8 million, which is actuarially derived, and Vice Mayor Weick said this is a moving target. Mr. Whitley agreed to both statements, adding it is based on the employee base and the age of employees. The next actuary valuation will be significantly different with the recent retirees. The actuary wants to match the service of employees with the cost of service, including the benefits received when they retire. In the past it was not done this way, so the financial statements will be distorted. Mr. Whitley continued that there is a proposed change by the Governmental Accounting Standards Board (GASB) that will require all governments to start recording actuarial liability of all (defined benefit) pension plans. In the Town's case, we have about a million dollars between the assets and the actuarial liability, and don't have to account for this differential currently, but by 2015 we may have to spread the liability.

Councilman Ochsner asked why the Governmental Accounting has taken this route rather than recording the true expense on an annual basis, to which Mr. Whitley said with the exception of enterprise funds, the purpose of government is not to make money, but mostly to provide services and to track the costs and resources to fund operations, not profit and loss. Resources have to be set aside in Reserves for replacing roofs, buildings, and infrastructure. Councilman Ochsner asked if providing the cost of services this year is some portion of the retirement benefits, and Mr. Whitley said it is definitely a liability, although he is not aware of anyone who is funding it. Councilman Ochsner is correct, he added, in corporate America, it was also not recorded as a liability until there was a forced change about 20 years ago.

Continuing, Mr. Whitley briefly discussed Pages 14 through 20, and mentioned the summary of Significant Accounting Policies on Pages 21-28. The Schedule of Long Term Liabilities on Page 32 includes accrued compensated absences and OPEB. Councilman Ochsner and Councilman Haverland both commented briefly on it. On Page 34, Note H, the details of pension plans, including participation and funding, are explained. Page 40 has the OPEB other than pensions, which was discussed with Councilman Haverland. On Page 46 the required disclosure of the schedule of funding progress for the Defined Benefit Plan and OPEB was included, showing 10 years of activity with a current funded ratio of 85.3% or an Unfunded Actuarial Accrued Liability of \$1.1 million for DB Pension.

Mr. Whitley then called their attention to Page 65, the comments on Internal Control Over Financial Reporting and Compliance. One significant deficiency was noted that could lead to a material misstatement. The Management Letter on Page 67 revealed nothing of significance, no financial emergency or noteworthy items.

The prior recommendations begin on Page 69, both of which have been corrected. There are four (4) current comments on Page 70. An accrual entry from a prior year was not reversed out in the Road & Bridge fund of \$3,939; Councilman Ochsner asked if there is a reversal date notifier in the Town's software, and Mrs. Lewis said there was not. This year the payroll process was focused

on, and there were recommendations on processes that would help the Town. The Public Safety Department has a policy for 112 hours of pay (per two weeks) prior to 1990, which could lead to misuse or misunderstanding. Only one incident was found. Mrs. Lewis explained the process relating to one-on, two-off days for 24-hour shift employees. Extensive internal research has been done on this, which averages out to 112 hours. Councilman Haverland asked if we could not just pay them for the hours worked, and Mrs. Lewis said it probably related to averaging out the paychecks. Capt. Stabe explained the FLSA requirement for calculating overtime for 24 hour public safety officers has a pay period chosen by the Town of 21 days. Going through an entire calendar year it averages out (96 hours, 112 hours or 120 hours per pay period). Councilman Ochsner asked several questions, ascertaining that they did not get under or overpaid. Mr. Whitley said that their only recommendation is that this is the procedure we are following, and it should be documented.

The next recommendation is that the supervisors had been participating in shift exchange with union employees, which is not forbidden but again, it is not documented in a policy. The last one was regarding disposal of Capital Assets greater than \$1,000, which have been agreed on by the consent of the Council but not explicitly with the Mayor's approval as required by ordinance. A process for reviewing ordinances and policies for appropriateness annually was recommended.

The Town's response to findings was the final page.

Vice Mayor Weick noted that the Town is in good shape, and asked if our pensions are adequately funded, to which Mr. Whitley replied they are funded as required. Mayor Cadden thanked him for the update. A **motion to approve the FY 10-11 Audit as presented** was made by Vice Mayor Weick, seconded by Councilman Ochsner, **which passed unanimously** (taken after item b. below).

b. Proclamation: Pledge of Civility

Mayor Cadden read the Civility Pledge in its entirety, and received a **motion declaring May to be Civility Month** by Vice Mayor Weick seconded by Councilman Ochsner, which passed unanimously.

5. **Town Attorney**

Mr. Clem had nothing to report.

6. **Town Manager**

a. Palm Island Replat

Mr. Jefferson said that Palm Island Plantation is requesting that a portion of Tract F be replatted with no increase in density. The original 7 acre plat was approved, but the construction of five townhomes did not occur until recently. In order to sell them it must have the 0.71 acres replatted. Councilmember Atchison said the finished townhomes are a huge enhancement to the Town, and made a **motion to approve the replat of Block D, Tract F of Palm Island Plantation**. Councilman Ochsner supported the motion, which **passed unanimously**. Mr. Beardslee noted that they had originally planned to have 32 townhomes, and now will have 31.

b. Committee Appointment

1) Finance Committee Alternates

Councilmember Atchison said she knew Mr. Frank "Hap" Schroeder, and would highly recommend him, making a motion to appoint him as alternate to the Finance Committee. Councilman Ochsner asked if they could at least show up at a Finance Committee meeting, and Councilman Haverland asked that they be invited to attend a Council meeting, which Councilman Ochsner found to be acceptable. Mrs. Aldrich said she had asked them both to come, and only heard back from Mr. Cariseo that he was leaving town today and was not able

to attend. At the Mayor's request that they be invited again to a Council meeting, Councilmember Atchison withdrew her motion.

7. **Call to Council**

- a. Council Items
- b. Committee Reports

**Coastal Structures Subcommittee Meeting.** No meeting or report.

**Beach & Shores Committee.** Councilman Ochsner said this group meets next Monday.

**Finance Committee.** Councilman Ochsner reported that they met on May 15 and discussed Financial Reporting, the Audit, and the short-term Town investments of the Town Finances. The Committee recommended that the Treasurer put \$2 million in laddered CD's for a maximum of 18 months in an effort to get something better than our current 20 basis points in interest. The understanding is that the Committee can direct her to do so.

**TCRLC (Treasure Coast Regional League of Cities).** Councilmember Atchison said they had a walk-through of the Sunrise Theater, which was quite enjoyable. This group reported that they will be setting up an endowment to grant a \$1,000 tuition scholarship to study civics to help pique an interest in government.

**MPO (Metropolitan Planning Organization).** Councilman Haverland said he attended this meeting, and nothing of significance was discussed.

**EDC (Economic Development Council).** Vice Mayor Weick reported that they voted to give a local jobs grant of \$38,000 to an injection mold firm (Nylacarb) in the western part of Vero Beach.

**TCCLG (Treasure Coast Council of Local Governments).** No report.

**Other Matters. Vacation.** Councilman Haverland said that according to the financial information that was included in their packet, the Town will be required to adjust the budget by about \$516,000 due to the pension, retirement, and other items. He noted that the sick leave payout estimate for all employees had been received, and asked the Treasurer if we had the same liability number for the retirees for the vacation liability. She said they will have it by the end of the month, and had the printout showing what is available at the end of the audit year. Councilman Ochsner suggested that the Town consider accruing vacation monthly rather than annually on their anniversary date. She said at the end of one year it is earned. Mrs. Lewis said it would require a policy change.

**Animal Control.** Mayor Cadden said that at the Mayor's meeting one point of discussion was that the County wanted the animal control turned back to the cities, which may be a moot point now due to a lack of interest by the Commissioners. If needed, the Town will prepare a resolution against that notion.

**Personnel & Policy Manual.** Councilman Haverland said at the end of last year, the Personnel Manual was approved, and asked if the Council should now review it. Mr. Jefferson said they can review it when they are ready. It is available to add it to the agenda, and Mayor Cadden said they could talk about it next month. No one was against that idea.

9. **Call to Audience**

No response.

10. **Adjournment**

The Mayor thanked everyone for coming and adjourned the meeting at 5:09 p.m.

Respectfully submitted,

/s \_\_\_\_\_

Laura Aldrich, Town Clerk

*(Approved by the Town Council at the 6-28-12 meeting)*