



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

REGULAR TOWN COUNCIL MEETING

Thursday, August 23, 2012

3:30 p.m.

PRESENT: Thomas W. Cadden, Mayor
Gerard A. Weick, Vice Mayor
Frances F. Atchison, Councilmember
Richard M. Haverland, Councilman
Michael B. Ochsner, Councilman

STAFF PRESENT: Richard Jefferson, Town Manager
Laura Aldrich, Town Clerk
Chester Clem, Town Attorney
Judith Lewis, Town Treasurer
Robert Stabe, Public Safety Director
Mike Jacobs, Public Safety Lieutenant
Shawn Hoyt, Public Safety Detective Sergeant

OTHERS PRESENT: Residents John Porta (Finance Committee), Chris Hendricks (PZV), Bill Ahrens (DB 175/185 Pension Board); Dr. David Becker
Reporters Press Journal (Janet Begley) & VB 32963 (Meg Laughlin)

GUESTS: Jim Geis, Island Club; Tim Zorc, District 3 Candidate

1. **Call to Order**

- a. Pledge of Allegiance
- b. Invocation
- c. Roll Call

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

2. **Consent Agenda**

- a. Acceptance of Planning, Zoning & Variance Board Minutes dated July 9, 2012
- b. Approval of Budget Workshop Meeting Minutes dated July 26, 2012
- c. Approval of Regular Town Council Meeting Minutes dated July 26, 2012

Councilmember Atchison asked about an item that was mentioned in the Budget Workshop Minutes from July 26 as being carried forward to this agenda, and Councilman Haverland questioned a budget item that had not been resolved, which were not corrections for the minutes. Mayor Cadden said these would be postponed for discussion under the Town Manager. With no corrections to any of the above minutes, a **motion to approve the consent agenda items as presented** was made by Councilman Ochsner, supported by Councilman Haverland, which **passed 5-0**.

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.

3. **Planning, Zoning and Variance Board Report** (Vice Chairman Chris Hendricks)

a. Draft Minutes August 13, 2012

Vice Chairman Hendricks reported that a request for a 6' fence was approved for a home in Pebble Bay. There were also three more variance requests for John's Island golf cottages approved for 163, 263, and 241 Silver Moss Drive, which are on this agenda as items 6 a. through 6 c.

Councilman Ochsner asked how many more of these type of variance requests remain to be approved, and Mr. Clem said they have no idea until a survey is done which identifies the variance, normally when the unit comes up for sale. Mr. Jefferson explained that the golf cottages on Silver Moss were designed before we had the Land Development Code, and the lots are irregular. Mr. Clem said we do not know how much encroachment there is until there is a survey done. It has been addressed numerous times over the years, and is not a big problem, just a small recurring one. There are approximately fifty or sixty units, with probably forty already approved.

4. **Mayor's Items**

a. Proclamation Recognizing National Recovery Month

Mayor Cadden read the Proclamation in its entirety. Councilman Haverland questioned why this is on the agenda, not seeing how it relates to government. Mayor Cadden invited Mr. David Cavell, Coordinator for the Indian River County Substance Prevention Coalition and the Substance Awareness Center of IRC, to address the Council.

Mr. Cavell thanked the Council for issuing this Proclamation and joining thousands in helping to bring recognition to a reality that impacts the recovery community, including a large local segment comprised of many Indian River Shores residents. There is a national movement to put a face on recovery, and make it a more discussable item among families. This simple Proclamation has been approved by all of the other councils and the Board of County Commission in Indian River County prior to today. This small piece of paper brings hope to the families who face this difficult situation of alcohol or substance abuse, many of which do not realize that recovery is possible. It helps those who are affected to seek help and move forward without the shame, embarrassment and stigma that have plagued some of them for many years. On behalf of the recovering community, he thanked them once again for issuing this Proclamation, and also on behalf of those thousands of people who might in some small way be encouraged to seek help for someone in their family who is suffering from this disease.

With a motion from Councilmember Atchison and second from Vice Mayor Weick, the motion **to approve the Proclamation Recognizing National Recovery Month** passed 3-2 with Councilmen Haverland and Ochsner dissenting.

5. **Town Attorney**

a. Resolution 12-02 Transferring Planning, Zoning & Building Fund Restricted Monies

Mr. Clem said this Resolution is required by our auditor to move the restricted amount out of the General Fund to the Building Fund, and read a portion as follows:

WHEREAS, the Town's auditor has recommended that due to restrictions on expenditures of revenues generated by fees charged by the Building Department, and as the original source of the Fund balance of \$364,836, that these residual surplus Building Department funds be officially moved into the Planning, Zoning and Building Fund 08;

and

NOW, THEREFORE, BE IT RESOLVED by the Town Council of Indian River Shores in Indian River County that the \$364,836 of Building Department funds residing in the Town's General Fund be transferred to the Planning, Zoning and Building Fund 08, to be used for tracking restricted income and expense.

Vice Mayor Weick asked if this was required to be approved each year, and Councilman Ochsner explained that it was simply an accounting adjustment. Councilman Haverland asked if this related to the net assets or unrestricted funds of the General Fund, and Mrs. Lewis said it was segregated in the General Fund as a Restricted amount, and will be moved in its entirety. Councilman Ochsner, supported by Councilmember Atchison, made a **motion to approve Resolution 12-02, which passed 5-0.**

6. **Town Manager**

- a. Variance Request for 263 Silver Moss Drive
- b. Variance Request for 163 Silver Moss Drive
- c. Variance Request for 241 Silver Moss Drive

Mr. Jefferson addressed these three variances together, as they had been discussed during Item 3 a. A motion was made by Vice Mayor Weick, seconded by Councilmember Atchison, to **approve the three requests for variance on Silver Moss as presented, which passed unanimously.**

- d. Cell Tower Update

The flag pole at Sea Oaks is an 80' high cell tower, Mr. Jefferson explained, which houses Verizon and ATT equipment. There are no other Verizon towers nearby, and ATT has many across the river. As close as it is, it does no good, as we have reception boosters for service from Verizon in the Public Safety Department, Town Hall, and are aware of them in certain Bermuda Bay residences. Councilmember Atchison asked about the height requirement and location, which have been concerns expressed by residents. Mr. Jefferson said a representative for multiple vendors had explained that for such a tower, there is a 150' height requirement.

Complaints notwithstanding, Councilman Ochsner opined that there is a need for Public Safety to have better Verizon service. Mayor Cadden said many residents in Town also have ATT. Mr. Jefferson said they are considering the location behind Public Safety, and if we can keep it at 80', there should be acceptance from the community. He will bring it back with more information.

(Discussion carried forward from Item 2)

Mr. Jefferson said he was not aware of Councilman Haverland's question regarding the \$100,000 unresolved budget discrepancy. Councilman Haverland said the Finance Committee had seen documents from the actuary that said to put roughly \$950,000 in the budget, or 53% of payroll. If we didn't get another (actuary) report, we would use 53%. With the substantial changes to payroll with per diem staff instead of salaried, the Finance Committee said to use \$250,000. When speaking with the actuary, he said the Town could expect the pension plan costs to not change materially next year even with the retirements. Our budget had \$630,000 for pension costs plus \$250,000 which is \$880,000 versus \$950,000. Councilman Haverland asked that the actuary determine where we will be next year, if \$880,000 is enough or should it be higher. Mrs. Lewis said she had emailed the actuary, and added there is a Budget meeting next week and the Finance Committee may recommend that the approximate \$70,000 difference be included. The Finance Committee,

Councilman Ochsner explained, recognized that there needed to be more money in the fund, and not based on any actuarial analysis, recommended an amount. Vice Mayor Weick asked if we couldn't make up the difference with surplus funds, and Councilman Ochsner affirmed.

The second item was the salary raise pool of \$24,000, which was discussed at the last meeting. Councilman Ochsner said it was part of the discussion Budget Workshop and is resolved.

7. **Council Discussion**

a. Council Items

1) Retiree Medical Costs (Councilman Haverland)

Councilman Haverland said he has previously spoken about the Town's retirement medical subsidy, which today, he believes is approximately \$3,200 per year per retiree. We are in a significant minority of towns that do this. As a result of this, we are carrying \$1.8 million of retirement liability, which is in the footnotes of CAFR. Councilman Ochsner said some of this is paid as we go along, as there is an explicit subsidy and an implied subsidy. Councilman Haverland said the explicit subsidy is simple, it is \$3,200 times the number of employees that we pay as we go. The blended rate that we pay for all employees to be in the same pool is the implied subsidy, both Councilmen agreed. They agreed that we are paying part of the expense. Councilman Haverland continued that he would like to see the Town eliminate this unfunded liability. He considered all of the larger items of benefit (salary, medical and pension) to see if his assumption was valid, and believes this is an excess we should consider eliminating.

Councilman Ochsner said we have to take this all into consideration, and look at it within the context of overall compensation. The Finance Committee bounced it back to the Council. The Council has not taken action, and Councilman Haverland said no one is doing anything about it since he raised the issue three months ago. Councilman Ochsner said he sees our Public Safety Department in the 80th percentile rather than 100 percentile. We can't make a decision without looking at all of the elements (salary, sick leave, vacation, medical benefits, pension, multipliers, etc.). Councilman Haverland said he is perfectly willing to have the Finance Committee do what they do. Councilman Ochsner said they have to set the criteria for comparison, such as similar towns in Florida, median income, and local in the county only, and then compile the data. Councilman Haverland agreed, but wanted him to get it done, and get it done now.

Vice Mayor Weick asked if he was proposing getting rid of health insurance for retirees, and Councilman Haverland said no, we have to provide that by law. There is what he called a \$3200 cash incentive for the retirees to stay in the plan. It's that explicit cash incentive he wants to eliminate; he said he wants really good compensation is good, but 110% is not. The Town's retirement health care actuary reported that our retiree health care costs \$240,000 a year, Councilman Haverland added, stating that other towns are more conservative and more reasonable while we are pay as you go and kicking the can down the road. Councilman Haverland wants to take the retirement medical benefit away from everyone within two years. Vice Mayor Weick discussed it briefly with him, and the terms of employment. Mayor Cadden said the Finance Committee will discuss this next Tuesday.

2) Retiree Medical Costs (Councilman Haverland)

Continuing, Councilman Haverland reiterated that the actuary has determined the accrued cost of our retiree medical benefit is approximately \$230,000 per year. The actual cost was approximately \$10,000 per year the last few years. The accrued cost is transferred to future

tax payers, he said, and suggested it should be charged to current taxpayers. Even though it is legal by government accounting, he said it is a bad accounting practice. Vice Mayor Weick disagreed with Councilman Haverland's statement that if the Town wanted these retiree's to get this benefit, they have to be financed in advance or they will not get them. He is concerned that the liability for pension and retiree medical benefit will show the Town to not have any reserve funds. There is a change in the GASB that requires the liability to be on the balance sheet in 2014, so the Town must properly fund the benefits promised to the employees with prefunding the assets to take care of the liability.

Mayor Cadden said the only way to do this is to raise the ad valorem taxes, and they need to let the Finance Committee discuss this, too. Councilman Haverland said that is fair.

b. Committee Reports

Beach and Shores. Councilman Ochsner reported that although he did not attend any meetings, he received verification that the RFQ for coastal engineering for modeling was published in August, and a proposal should come up for BCC approval in November.

TCCLG (Treasure Coast Council for Local Governments). No report from Councilman Haverland.

TCRLC (Treasure Coast Regional League of Cities). No meeting this month per Councilmember Atchison.

EDC. Vice Mayor Weick reported that he attended this meeting, and they authorized two job grants totaling \$200,000: one for a software company for \$129,000 and the other \$71,000 for aquaculture. They were both also approved by the Board of County Commission.

Mayor Cadden said he had nothing to report.

8. **Call to Audience**

John Porta, Finance Committee Member, said the Finance Committee meeting material for discussion has changed substantially from the planned agenda, and suggested that the two who may not have been planning to attend should be made aware of this change immediately. The Town Clerk said one had already confirmed his attendance, and she would make sure the other was aware. Councilman Ochsner said there would be additional material going to the members.

Councilmember Atchison asked about the November meeting dates, which were not changed.

9. **Adjournment**

Hearing no further comments, the meeting was adjourned at 4:20 p.m.

Respectfully submitted,

/s _____
Laura Aldrich, Town Clerk

(Approved by the Town Council at the 9-27-12 meeting)