



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

BUDGET WORKSHOP MEETING

Thursday, July 23, 2015

9:00 a.m.

PRESENT:

Brian M. Barefoot, Mayor
Gerard A. Weick, Vice Mayor
Richard M. Haverland, Councilman
Michael B. Ochsner, Councilman
Thomas F. Slater, Councilman

STAFF PRESENT:

Robert Stabe, Town Manager
Chester Clem, Town Attorney
Chief Rich Rosell, Public Safety
Heather Christmas, Finance

Laura Aldrich, Town Clerk
Jose Guanch, Building Official
Darlene Wiltzius, Finance

OTHERS PRESENT:

Bob Auwaerter, Chairman & John Porta, Finance Committee; Chris Hendricks, PZV Board Chairman; Residents Caroline Irvin & Dan Stump; Janet Begley, Press Journal; Commissioner Bob Solari

1. **Call to Order**

- a. Pledge of Allegiance & Invocation (to be spoken at the Regular Town Council meeting to follow)
- b. Roll Call

Mayor Barefoot called the meeting to order at 9:04 a.m. with the roll call by the Town Clerk as reflected above.

2. **Town Manager's Discussion**

A written executive summary was provided on pages 1-3 of the Draft Budget. The Town Manager invited the Finance Committee Chairman to comment.

Mr. Bob Auwaerter reported that the Finance Committee held two meetings to review the budget with the Town Manager and Town Treasurer. The primary recommendations were centered on the litigation expense and Public Safety staffing. They did not address items associated with the union negotiations as that is the Council's purview. Of the \$630,000 budgeted for utility litigation, the Committee recounted their initial suggestion to have it all funded from the Reserves and suggested that the Council consider that half be funded from the Reserves and the other half from the General Fund. They had one member out of town, and a new permanent member at the meeting.

Second, the Committee believed that budgeting \$100,000 for the OPEB trust fund was important, but the actuarial contribution prompted \$250,000. They agreed that enough stress was on the budget with utility litigation costs. Mr. Auwaerter said that his business experience involved looking at hundreds of municipalities from a bond standpoint, and he was shocked that we had any funds set aside for OPEB. The Council discussed this briefly.

Third, he asked the Council to purchase a license plate reader camera. There was an article in the paper that prompted him to think about the Town having one, and with the uniqueness of the geography of the Town, it is almost a perfect solution for thwarting crime. This is included in the Capital section. There is also transferring Capital funds to Maintenance for general repair of the Town facilities.

Regarding Public Safety staffing, Mr. Porta had asked for statistics on calls that was distributed to the Council. It was revealing in that there is not so much of a difference with seasonality, and to ensure proper staffing, by 4-1 vote they decided to recommend keeping 6 full time until the ISO results are received around the fourth quarter of this year, and we have a 12 month period to react to their recommendations.

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. Council Discussion

Councilman Haverland began with comments, that three years ago there was a significant debate about how much to keep in the emergency fund. Councilman Ochsner said that it was designed for hurricane reserves. Councilman Haverland and Ms. Christmas discussed Unrestricted funds. He also addressed using the line of credit to help in case of emergencies, so we could lower the reserve fund so long as we replenish it as we go. Ms. Christmas said there is no impact on modified accrual, and we will recognize \$266,000 for the pension net position liability for this year in the next year financial statements. The net pension liability should be about \$216,000 for end of FY 15. This is a decreasing liability over the next 5 years. The OPEB issue in 2018 will have no impact on the cash, Ms. Christmas said.

Mayor Barefoot asked to bring the discussion back to the issue of people. The discussion for the last couple of years about the right level to staff the Public Safety Department was to budget for 7 shifts, but Council approval is required to staff higher than 6-man shifts. We could reduce the budget about \$250,000 to reduce staffing to 6 officers per shift in the budget. Vice Mayor Weick was in favor of budgeting for 7 and using 6 as we did this year, since we are facing attorney fees of \$720,000 budgeted for next year, with \$600,000 of that for the electric lawsuit attorneys.

Councilman Ochsner said the staffing is driven by ISO, and since the electric litigation is so expensive, he suggested that they budget for 6 and use some of those funds for electric litigation. Councilman Haverland said he heard from the ISO presentation that they are 98.7% sure that we are properly staffed. Mayor Barefoot said he had a conversation with Commissioner Zorc, and the County will be piggybacking on the ISO review in a way for the County's capabilities, with mutual assistance rather than mutual aid according to Councilman Haverland. This could address concurrent events that we can't staff. It costs the Town additional funds to participate in this type of immediate aid, and asked if the County is trying to get us to help their budget or is this beneficial to us. Automatic aid, Chief Rosell said, equates to the chances are slim to none and no chance according to the County. Councilman Haverland said by negotiating with Commissioner Zorc we have a better chance to get a good agreement. Jupiter Island has this type of agreement with Martin County. Mayor Barefoot said there are two possible outcomes, the valuation of their ISO and the outcome of our ISO valuation. Consider the needs of our homeowners and the county homeowners, Mayor Barefoot said. Commissioner Solari said they are reaching out to us.

The Town Manager explained that mutual or automatic aid would require that the Town has to have adequate staffing, which is a 2-way street for us to respond a full complement of a firetruck and our staff, we would have less than skeleton crew. Councilman Haverland said their staff is 3 people, which is a one-way deal.

Automatic aid from the Town to West County could have our truck very far away from our residents. Mayor Barefoot said this may be somewhere down the road, but not for this budget. We know we have to have 6 full time staff on our shifts. The ISO visit is August 22, and it will be two to three months before results are received. The Finance Committee recommendation was to budget for 7 and staff at 6. He asked the Council how they choose to pay for the electric attorneys. It would increase the millage rate if we paid half of the electric litigation expense from the reserves.

Councilman Slater said that ISO should be a very important part of our decision. **A motion to budget at 6 officers per shift was made** by Councilman Ochsner, supported by Councilman Haverland.

More discussion ensued. Just from the increase in the appraised value of existing homes, our budget increases by \$190,000. If nothing else changes, we have that increase. Vice Mayor Weick noted that we have 23 new homes that will come on the roll. The other taxes are going up for the County, school board, and other facets of taxes. Mayor Barefoot said if it is critical to increase staffing, we could take the money from the Reserves. He expressed concern about the 20% of the residents who get no benefit from the lawsuit, which makes funding out of the reserves make more sense, but funding with the General fund impacts those who derive no benefit.

Vice Mayor Weick said he would prefer to work backwards, and cut the budget and keep the millage rate. This budget has \$550,000 of litigation expenses funded by the Reserves. The Vice Mayor had several small considerations, such as surplus equipment may yield a little more, there will not be a charter amendment costing \$1,875, and 10% rather than 5% of the Town Manager's salary could come from the Building Department (Ms. Christmas said he would have to justify the hours), etc.

Mr. Stabe added that the Town Engineer/Town Planner budget should have the annexation removed for now and instead we need to get started on the update to the Town's Comprehensive Plan. He also mentioned the cell tower, which we do not know yet if we will own it. The condition of the Community Center was mentioned, which now has serious flooring issues as it is not on a concrete slab. A decision will have to be made soon whether to tear it down or fix it up, which will not be until 2017. There is a line item to replace the Town Manager's vehicle, which will result in \$6,000 savings to not have a vehicle equipped as for public safety officers. The bid came in lower for Cemetery paver parking at \$12,500. The age of the patrol boat as 20 rather than 13 years old was questioned, as was chairs for the Town Manager's office and the new phone system.

Councilman Haverland suggested a placeholder of \$100,000 rather than \$195,000 for the union contract, which is 5% compensation and 10% pension, Ms. Christmas said. He also has a problem with OPEB, and noted that the unfunded liability goes up every year. He questioned the theory behind a Maintenance Reserve, which was explained as roof and general repair and equipment replacement. He questioned the necessity of repairing Fred Tuerk Drive, and the "nice toy" license plate reader, requesting more information. He was against purchasing rifles for PSD and against buying a boat. Chief Rosell said the AR-15 replaces sub-machine guns, which are impractical but highly desirable, and may be sold by online auction

Mayor Barefoot brought them back to the 6-man shifts, electric costs, a salary placeholder, and staying current with OPEB funding.

The **question was called on the motion to budget for 6 man shifts, which passed 3-2** with Councilman Haverland, Councilman Ochsner and the Mayor voting **aye** and Vice Mayor Weick and Councilman Slater voting **nay**.

Following implicit and explicit cost discussion regarding the OPEB funding with taxpayers paying today pay the costs incurred today, a **motion made by Councilman Haverland that on the assumption the annual cost for OPEB benefits is \$200,000, and we have already set aside \$12,000 and have planned to budget \$100,000, that we add \$88,000 for a total of \$100,000 to go to the OPEB trust.** The motion was supported by Mayor Barefoot, which **passed 3-2** with the Mayor, Councilman Haverland and Councilman Slater voting **aye** and the Vice Mayor and Councilman Ochsner voting **nay**.

A **motion to use \$100,000 as a placeholder for the PSD contract contingency for negotiations** was made by Councilman Haverland, with a second by Councilman Ochsner **passed 5-0**.

Ms. Christmas said at this point, they would have to fund \$213,000 from Reserves if the Council chooses to keep the millage rate as it is.

4. **Audience Discussion**

Mayor Barefoot asked if there were any comments, and Mr. John Porta said his only concern is with the legal expenses. He wondered how long it will go on, and how reasonable \$630,000 is for electric litigation costs. Mayor Barefoot said no one has any idea where it will go. The issue of franchise agreements versus territorial agreements has to be determined. This is potentially large, not just about Vero Beach and the Town of Indian River Shores. There are 30 other municipalities watching that have franchise agreements.

5. **Recommendation**

- a. Tentative Millage Rate Ceiling. A **motion to recommend setting the tentative millage rate ceiling at 1.6786** was made by Vice Mayor Weick and seconded by Councilman Haverland, which **passed 5-0**.
- b. Approve Tentative Budget. The Vice Mayor, supported by Councilman Haverland, made a motion to **recommended approving the General Fund budget at \$5,970,050**, which was reduced from the initial \$6,307,949. The **motion passed 5-0**.

6. **Adjournment**

Hearing no further comments, the meeting was adjourned at 10:45 a.m.

Respectfully submitted,

/s
Laura Aldrich, Town Clerk
(Approved by the Town Council at the 9-11-15 meeting)