



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

**BUDGET WORKSHOP MEETING**

**Thursday, July 24, 2014**

**9:00 a.m.**

**PRESENT:**                               **Brian M. Barefoot, Mayor**  
                                                  **Gerard A. Weick, Vice Mayor**  
                                                  **Thomas W. Cadden, Councilman**  
                                                  **Richard M. Haverland, Councilman**  
                                                  **Thomas F. Slater, Councilman**

**STAFF PRESENT:**                   **Robert Stabe, Town Manager**                               **Laura Aldrich, Town Clerk**  
                                                  **Chester Clem, Town Attorney**                             **Jose Guanch, Building Official**  
                                                  **Cpt. Mike Jacobs, Public Safety**                           **Mark Shaw, PSD Lieutenant**  
                                                  **Shawn Hoyt, PSD Sergeant**                               **Tony Dudley, PSD Lieutenant**  
                                                  **Darlene Wiltzius & Heather Christmas, Finance Department**

**OTHERS PRESENT:**               **Jerry Solin & John Porta, Finance Committee; Janet Begley, Press Journal**

1. **Call to Order**

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

Mayor Barefoot called the meeting to order at 9:02 a.m. with the Pledge of Allegiance and Invocation, followed by the roll call by the Town Clerk as reflected above.

2. **Town Manager's Discussion**

Mayor Barefoot thanked the Finance Committee for their comments, hard work and comments. He asked if no one had objections, we would go right to the Public Safety budget. Any separate questions other than Public Safety would be discussed first.

3. **Council Discussion**

**OPEB.** Councilman Haverland asked if OPEB was an expense this Fiscal Year Ms. Christmas explained that it was not, but rather moving from an unreserved fund balance to a restricted fund balance as a budgeted line item, but not an expense. Councilman Haverland said he thought we would expense the \$100,000 and then set it aside in a trust fund as an asset on the balance sheet. She said the funds are set aside now for expensing later.

Mayor Barefoot asked if setting the funds aside and investing them changes how it is reflected on the books. Ms. Christmas said it is moving cash to cash, and it becomes an expense when it is expended. The \$100,000 will be issued next week for investments, not as an expense. It's still accessible, Mr. Stabe added, since it is not in an irrevocable trust. It takes an act of Council by resolution to remove or use the funds, which have to go back to General Fund as unrestricted. It is set up as an assignment for OPEB purposes, not to expense it unless it is an irrevocable trust. There was some discussion regarding how it is set up, with the consensus that it would have to be eventually set as a trust in order that only the beneficiaries would have access to the funds, available when people are ready to use it, properly funded over a 10-year period. Mayor Barefoot suggested this be accomplished next year.

Councilman Slater said the money is actually at risk now since the funds are invested, and he would feel more comfortable if it were in an irrevocable trust. It's been placed in an investment account, Ms. Christmas said, which would have to be closed if this were to be decided.

*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.*

Mr. Solin, Finance Committee, said these funds were accumulated, and now they are encumbered. They are still "on the shelf." Councilman Slater said he just wants to make sure they are protected for the purpose for which they were intended.

Councilman Haverland said the \$100,000 for next year wouldn't cover the cost for additional staff, which would be about \$10,000 per person. Vice Mayor Weick said there are too many unknowns, such as departing employment prior to retirement, and the difference in general and Public Safety employee's retirement age. Councilman Haverland suggested using certain percentages based on historical data. Discussion regarding how to include accountability for the liability for non-PSD and new employees ensued. Councilman Haverland quoted actual cost for the last 3 years as over \$200,000 with 25 current employees. Today the average general employee adds \$5,000 and PSO's about \$12,000 is added to the liability and should be added to the trust. We may earn more on investments to defray the cost, Mayor Barefoot added.

Vice Mayor Weick noted that it is acceptable accounting procedures to pay as you go, which would be untouchable in a trust fund. Councilman Slater said the purpose should be to reduce the unfunded liability to make sure the employees are properly funded at the point of retirement based on an estimate now and adjust it next year. Vice Mayor Weick said we may be unnecessarily putting money away and locking it in. With no access to these funds, and we may be setting too much aside for the future. Councilman Haverland said this is very much like pension, which pension accounting requires you to set aside and this is the same obligation. Vice Mayor Weick said with the extreme expenses coming up, this does not seem the right time to go above the \$100,000. He is not against setting the funds aside, but maybe not right now.

Mayor Barefoot asked **Ms. Christmas to "guestimate" the additional amount to set aside if the Council should decide to increase the amount set aside to prefund Other Post Employment Benefits.** If it's \$10,000 it won't matter much either way. The discipline suggested to set aside is wise, he added.

**GENERAL** questions: Councilman Haverland asked if the **salary line items** included projected pay increases. Ms. Christmas affirmed it did and was not a steady number because of anniversary dates are used throughout the year to award pay increases.

The **Capital Improvements** Program for the General Fund was discussed by Councilman Haverland as different from last year, and it would help to have historical data. Ms. Christmas said last year was the first time we did capital equipment plan, and offered to provide last year's information.

Councilman Haverland continued with **legal expense**, which shows \$250,000 for this year and \$250,000 for next year. Councilman Cadden said we used unassigned reserves for legal expenses this year, and funded it next year. Councilman Haverland said the estimate from the attorney was \$250,000 for this fiscal year, and for the next year fiscal year \$250,000. Councilman Cadden said we should pay back \$350,000 to rebuild the reserves, which could potentially increase the budget by \$100,000.

Clarification on **updating the (Town's Land Development) Code** was provided by the Town Manager, who said it was discussed last year with plans to start it this year but it was removed from the budget. It is now broken into two parts for this upcoming year and the following year. The estimated cost for updating was provided by the Town Planner, Les Solin, which has been explained as in serious need of updating. Building Official Mr. Guanch said Planning/Zoning/Variance Board Chairman Mr. Beardslee has identified over 30 items and he also has identified the same amount. For instance, there is nothing in our code for compact parking spaces, and we have a commercial project planned for across the street that would like to include some. This was last updated ten (10) years ago Mr. Clem added, and after the State backed off on annual update requirements it has fallen by the wayside. Building Codes change all the time and ordinances that we have adopted have not been merged into the LDC. Councilman Haverland thought it was a high amount to pay for a town our size. Mr. Stabe said based on the information we gave our Planner, he gave an estimate of no more than \$50,000.

Mayor Barefoot asked what Mr. Guanch's recommendation is, and he said that it needs to be updated not only for building code but for Planning and Zoning issues. Councilman Haverland asked if someone else could provide this service, and Mr. Clem said Mr. Solin has the history of originally writing this code. He has represented many other communities that are similar, and will be adding pertinent areas to our code.

Mayor Barefoot asked why this was brought up now and not done sooner, like the emergency vehicles and other large expenses. Vice Mayor Weick said it has been postponed since the recession, and we have put things off and cut too far. Councilman Haverland suggested that others could do it for less. The **Town**

**Manager was instructed to conduct an RFP.** For budget purposes, we will leave \$25,000 in this year's budget, Mayor Barefoot added. Vice Mayor Weick said this has been delayed even since he was the PZV Chairman.

In the General Administration budget, \$25,000 for **derelict vessels** was questioned by Councilman Haverland. The Town Manager said with the last derelict vessel we had land on our beach, he was fortunately able to negotiate with DEP to get the 45' vessel off our beach. Vice Mayor Weick added that they collect for damages from other people to fund the effort. Ms. Christmas said she was trying to plan for expenses. The Town Manager added we have never budgeted for this previously, but have received Council approval for using reserves in the past. We have paid for it, Ms. Christmas said, with Public Safety Department budget before. Vice Mayor Weick asked that we cut it out of the budget now, and the Town Manager said other coastal municipalities are also planning for this. It was **agreed to remove it from the budget** and use emergency reserves if necessary.

**Road repair and maintenance** were also discussed by Councilman Haverland, page 20, at \$250,000. With no expenses in the past, he wondered if they were recent events or tolerable to delay. The Town Manager said there are several expenses, one of which is the **serious flooding hazard in front of the PSD**. He has researched it and it will be costly to utilize the DOT underground drainage along Fred Tuerk Drive, about \$70,000 - \$100k. Also there is an issue with the **canal on Seminole and Indian Lane**, and whether the Town will dredge the canal. Because of the unknowns we could transfer the fund balance as a contingency, which will require Council approval before using the funds, which will be accessible in the budget from a specific account. The Vice Mayor Weick asked about the drainage plans across the street being a possibility here, and Mr. Guanch explained it takes a special soil condition.

Councilman Slater asked if some of the canal responsibility is caused by the State, with some of the dredged material is coming from A1A. The Town Manager said he has met with DoT representatives, and while they have permission to use the stormwater drainage system, the entire length of A1A, most of their drains do not enter into our system. It's budgeted until we work out the details, Mr. Stabe added, and it is in the **Roads, Bridge and Offsite Drainage** fund apart from the General Fund. Mr. Clem advised that roadway-related funds could be used for the Public Safety drainage issue, but not for the canal. Mayor Barefoot asked who determines when it is appropriate to use the funds, and Mr. Clem said the auditor will definitely look at this, to see if we adequately track appropriate expenditures. If we have a study that shows 90% of the problem in the canal comes from the roadway runoff, it might be justified. Mayor Barefoot asked how much is in the fund, and was told it is projected to be \$631,500. It was **determined to put \$150,000 in for Fred Tuerk Drive**.

Councilman Haverland asked about the **PZV funds for the pension** costs being much lower than last year, and Ms. Christmas said Mr. Guanch will be fully eligible to be included for pension next year.

**Capital Expenditures** were discussed by Councilman Haverland, who was reminded by Ms. Christmas that the Council will still approve the expenses for anything over \$5,000. We have never planned for the future, she added. Councilman Haverland asked about portable radios, which updates are required when technology changes. Older style radios are not even repairable now. It's about \$4,000 or \$5,000 for each police, fire and medical radios. They have about a 5-year lifespan. We have three different sets of radios that are replaced as needed. As part of the Capital (expenditures), we are planning for the future to stay in compliance. Patrol vehicle radios are not mobile; the car radios are permanently affixed in the vehicles. We have been pulling old radios to use in new vehicles.

The L3 cameras are the eyewitness video tape cameras, and we have some that are not working in three vehicles. It records any emergency call. The radars are also replacements. The Town Manager said the new system will automatically upload data to the server in the station so it can't disappear.

Under **Road and Bridge**, the capital expenditures grant was explained to Vice Mayor Weick, page 20. The St. John's Water Management District grant was identified in the budget.

Mayor Barefoot asked if the **Postal Center** customers are happy with the changes, which Ms. Wiltzius said it has been running very smoothly. We do charge an extra dollar to transport packages. The Town Manager said on numerous occasions he has had residents looking for us staying open after 4.

**PUBLIC SAFETY DEPARTMENT.** Mr. Stabe introduced the PSD Budget, Pages 12 and 13, with the **number of staff** reflecting 7-man shifts. Using per diems for vacations will cause some increase in overtime.

Pension figures provided are estimates. Insurance costs are based on the proposed new hires coming in at family coverage, which could be lower depending on what coverage level they elect.

Mayor Barefoot pointed out that the draft of the minutes of the Finance Committee, and considering shifts, triple training and ISO standards it is complicated. Just considering Fire and ISO standards, the budget was proposed as being accepted as presented pending staffing levels. Most in the Finance Committee seemed to put a lot of time and effort into evaluating this after examining the additional information Heather provided, and believe that we could get by with 6-man shifts. The Mayor said the information provided was based purely on ISO standards, not considering if additional staffing is required for EMS or police needs, which could put an additional staffing burden on Public Safety.

Ms. Christmas said she was asked to compare ISO standards from earlier to current, rolling forward from 2007 today. Mayor Barefoot said the analysis she did as requested was acknowledged for the time and effort the Finance Committee spent in analyzing the budget.

The Town Manager asked for specific questions of the Council. Vice Mayor Weick had no questions with any of the Public Safety Budget, and saw no place where it could be evident to cut. He was in agreement with the 7 man staff, suggesting that they adjust after ISO ratings are received.

Councilman Cadden agreed with 7-man staff, regardless of ISO rating. It is most important that we have qualified people in our patrol cars with the equipment to react to a 9-1-1 call. There was an incident with a resident at Pebble Bay with no heartbeat lying on the floor, and the police car with a paramedic respond to the call in about a minute and a half and brought him back with the heartbeat, and transported him to the hospital breathing on his own. It's what PSD is all about. saving lives.

Councilman Slater said he understands the 7-man shift, but questioned if it is possible to do a 6-man shift with more highly trained per diems. If we request that ISO rate us with this higher level of per diem and the rating is acceptable, it may suffice. Vice Mayor Weick said he suggested the same but in reverse, start with a 7-man, then possibly go to 6. Both admitted they are not sure what is best.

Capt. Jacobs said the ICMA recommendation was for 8-man shift, and when we spoke with the Council, determined it could work with 7-officers without lowering the current level of care for our residents. It is a minimum required to effectively man PSD safely. Since last Council meeting, we sat with Michael Morash who is the SE Regional Director and asked how we can track training hours for ISO. He told Mr. Morash that the recommendation was 8, and we will be working under the assumption of 7, which was sufficiently acceptable to the ISO.

Mayor Barefoot said if Mr. Morash was here in an official capacity, would he go through specific steps. Capt. Jacobs said he is trying to prevent having a police abandon law enforcement to be a member of a departing fire truck on a call. This is why we need 7 officers to avoid degrading the current level of service. Mayor Barefoot asked if it would work or would there be a disadvantage if we have a 6-man shift with full time triple trained employees and add a per diem. Capt. Jacobs said the one category he will not be able to satisfy is training our officers, who may be fully trained by another agency. They will not have our training requirements met for ISO. Even though they are certified by the County, it is not accountable for the Town's requirement. We can't double dip the hours they spend in training with another agency since we use the same software to capture training hours as the County. Capt. Jacobs said they train over a 4 day period, 3 shifts and a make up day. They also work elsewhere and are loyal to their full time employer. Capt. Jacobs said he was not sure how many points would be deducted.

Councilman Haverland said if we were downgraded on training, it is irrelevant, because we meet the standard on fire hydrants and number of officers responding (five). He did not see that there would be any penalty at all. The Town Manager said the water system analysis is accurate, we would meet that requirement, and the number of firefighters on the scene also. The requirement we may not be able to meet is the required offsite training, which must be met, and if you don't, we would not meet the standard.

Mayor Barefoot questioned if we could fill in with per diems that would be required to have duplicate training with our folks. If we hired for 7-officer shifts and found that we didn't need them, would we lay off? *(Mr. Guanch left, 10:30).*

Councilman Cadden asked how often the ISO inspection comes up, and was told it has been 7 or 8 years. He suggested that we staff for 7 now and then we could go to a lesser shift through attrition. Councilman Haverland agreed with Mayor Barefoot about training the per diem person with our staff. Vice Mayor Weick

questioned if they are allowed to train twice on the same course.

Councilman Slater said manpower needs to be stronger than it is today, and the discussion is whether to go with 7 or 6 plus a per diem. ISO is important, but overall safety is most important. Fire, police and ambulance service is the issue, along with the change in our taxes. We have to increase manpower; we will have an increase in taxes. He asked how much less is it with 6 permanent staff with a 7<sup>th</sup> per diem officer, which Ms. Christmas said is \$115,000.

Councilman Haverland doubted that we would be disqualified due to the rating. Mayor Barefoot said there is 12 months to remediate for ISO. Vice Mayor Weick said not to concentrate on the rating, but the service.

Mr. Porta, Finance Committee, said he was a beneficiary a few years ago of the Public Safety Department, with quick and quality response who got him to Holmes within a very short time. He assumed that we are arguing for 7 or 8 officers, and all of the comments he has heard have not included that there is any quality or timeliness of service issue. He said he didn't think we'd ever be able to satisfy a huge crisis in a quality or timely way, or respond to multiple calls simultaneously. He concluded that we have been operating on a certain basis and are arguing to increase dramatically, rather than ease into it. He was not in favor of starting at a higher level and move back, as it entails eliminating positions.

Mayor Barefoot thanked him for this insight. Councilman Haverland added that his experience with PSD responding is borne out with statistics. Adding more staff does not necessarily make us more exceptional, and is of the opinion that we could operate fine with 6 officers. He asked Councilman Cadden, who was Mayor for many years, why we cut back to 5 from 6, which was not discussed with the elected officials at the time. The Council allowed staff to run the department. We try to keep qualified (triple trained) people in a patrol car, which if we have 6 or 7, is a very important service. Residents were almost shocked that someone in a police car were not all triple trained. Councilman Haverland agreed with having triple trained officers, and we will continue our extraordinary service with 5 or 6.

Councilman Haverland continued with questioning the **pension costs**, which should be 61% of the salary. Ms. Christmas said we are using a different number to cover the unfunded portion due to a more employees. The Town will pay the \$471,635 regardless of how many employees we have. The variable is whether we add or subtract employees and have costs associated with their salaries. Councilman Haverland asked her to run it past the actuary to be certain it was a close estimate. Ms. Christmas said it is higher than what the actuary has as the unfunded liability.

Also Councilman Haverland noticed a footnote showing the average PSD employee used 5.5 **sick days**, based on historical average, and questioned if it was a management problem. The Town Manager noted there is no incentive to not use sick leave, and that maybe the employee doesn't feel quite up to par and may decide not to go to work that day. He is not insinuating anything with this statement.

Councilman Haverland asked how the police academy for our employees works. They are hired and we pay them as their job, Mr. Stabe said, and they do it and come back certified. We pay the cost of their training and use per diems while this is in process. There is a commitment for one year of employment following training, or costs for all training and hiring expenses would have to be reimbursed if they left.

Vice Mayor Weick asked if the **medical insurance** assumption for all new hires being on the family medical plan could be reduced. The Town Manager said between now and September we will have four new employees, so before the budget is finalized we will have a good figure.

#### 4. **Audience Discussion**

There was no comment.

#### 5. **Recommendation**

##### a. Tentative Millage Rate Ceiling

Mayor Barefoot **recapped** that we have cut \$25,000 for derelict vessel from General Fund. Ms. Christmas calculated the millage rate of 1.6697 which is 13.35% increase over last year. Vice Mayor Weick said set that as the maximum for now, which Mayor Barefoot said does not include Councilman Cadden's suggestion. Councilman Cadden asked for it to be set as 13.95 rather than 13.35, which would be 1.6786 is 13.95% increase. We cannot go higher, but we could go lower. Mayor Barefoot agreed. Councilman Haverland asked if this is with 7 man shifts, which was affirmed as the worst case scenario. It may not be

done day one. We have worked very closely with Ms. Christmas to determine when to hire the four on August 8. He suggested at the August Council meeting, the Council address whether to bring it to 7 or 6 man shifts in September.

Mayor Barefoot said we have talked for months about staffing, and he will not be at the August meeting. It's one thing what is in the budget, and another how we implement the optimum service level. Whether we have perfection from day one or by incremental steps is the question. For pension it would be more beneficial to hire them this fiscal year. If they are hired, they will be counted for next year's actuarial study, if they are not hired this FY, it won't be built into the employee and Town's contribution requirements. It is significant, 20% of their salary, and it would increase next year's budget. Ms. Christmas said she would confirm the impact number.

The **Council recommended to set the maximum millage rate at 1.6786 as the, a 13.95 percent over last year's rate.** Mr. Stabe pointed out that the millage rate in the draft budget is 1.6803, which is higher. Vice Mayor Weick asked for an updated budget for this afternoon. She will not have OPEB calculations ready this afternoon, which has to be transferred from one contingency to another and counted as an expense.

Councilman Cadden asked if there was a consensus to continue with going with 6 man officers on shift. We can go ahead with four in August and the two additional officers in September. Mayor Barefoot said that Mr. Stabe has 30 years experience in this field and an FBI Academy graduate, Capt. Jacobs and others have an abundance of experience. They are a first class department with the ability to recognize our concerns, and he said he trusts them to know what they are doing. The Council has a responsibility to the taxpayers, not to be frivolous with tax payer dollars. If it ends up being 6 or 7, a surplus would be great to replace reserves or unfunded liability issues. Mayor Barefoot and Vice Mayor Weick expressed complete confidence in the management team.

b. Approve Tentative Budget

The changes agreed to were: dropping the Contingency for Road and Bridge to \$150,000; the Road and Bridge Fund reduced by \$100,000; and removing the derelict vessel of \$25,000. The Council **reached a consensus to approve the tentative budget with changes listed above.**

6. **Adjournment**

Hearing no further comments, the meeting was adjourned at 11:05 a.m.

Respectfully submitted,

/s  
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Laura Aldrich, Town Clerk

(Approved by the Town Council at the 8-29-14 meeting)