

MINUTES OF A BUDGET WORKSHOP OF THE CITY COMMISSION OF THE CITY OF FORT PIERCE, FLORIDA, HELD IN HISTORIC CITY HALL, 315 AVENUE A, FORT PIERCE, FLORIDA, AT 11:00 A.M. ON TUESDAY, MARCH 25, 2008.

Those present were: Mayor Benton; Commissioners Rufus Alexander, Edward Becht, Christine Coke, and Reginald Sessions. Those absent: None.

Mr. David Recor, Deputy City Manager, said today is all about strategy, all about discussion, it is all about potential alternatives. What they want to do is evaluate the current fiscal condition of the City and present a picture to the City Commission as to where they are. And based on their best guesses - and realize that is what they are talking about right now are projections - develop strategies for how they may deal with various scenarios based on those projections. In light of the fact they are dealing with projections, they have asked Jeff Furst, the St. Lucie County Property Appraiser, to speak to them first and hopefully alleviate much of their fears. They have their fingers crossed that a lot of the decisions that the City Commission and the FPRA Board will make, that a lot of good things they have done in the community will have paid off and that the impact of the passage of Amendment #1 will not be as significant and great as what they have projected. He and Mr. Beach were fortunate enough to attend the Florida City & County Managers Association in February. Mr. Anderson was there as well. So if they look at their Agenda and they see the framework for their discussion today, they will see what is commonly referred to as a CPO (Context - Purpose - Outcome). He knows that Mr. Anderson had locked in as well on the County's agenda, because he looked at theirs and it followed the same framework as well. They want to make sure today's discussion is productive and valuable. So what they need to do is bring the discussion in the form of a context as to why they are here. They are here to discuss the decrease in revenue, resulting in a projected budget gap. Of course they all know what the budget gap resulted from. And the next purpose, what are they going to accomplish today? They are going to discuss the budget gap reduction options and other policy alternatives. The Department Heads have been working hard the last few weeks to develop a scenario based on those projections that will show the impact on programs and services if the projections were to come through. What do they hope to accomplish? What they want to do is to reach a consensus on which of the programs and services will require reductions or adjustments, or which new increase in revenue will be necessary to balance their current fiscal year's budget as well as the anticipated budget gap for FY 2009. What it comes right down to, it is that simple. They have two choices - they either increase their revenues, or decrease their expenditures. So this morning they will hear from Jeff Furst as well as the St. Lucie County Administrator, Doug Anderson. This afternoon they will hear the presentations from their Department Heads on the strategies and the potential impact on programs and services. On the Agenda they have identified and listed a number of options. They are going to ask if there is consensus from the Commissioners to evaluate those options further. Staff will then do so and they will be able to project more accurately the potential savings or increase in revenues that may obviate the need for some of the adjustments they will hear about this morning. With that, he will turn it over to Mr. Furst.

Mr. Jeff Furst, St. Lucie County Property Appraiser, said it is interesting to him because this is different than any time since he has been here. They all know that it is not the easiest of times. The easiest of times was 2004 or 2005 when the money was rolling and the good times were rolling - the property values were going up, assessment rolls were going up, millage rates were basically staying the same, and the system was flush with money. Their customers, the taxpaying public, really didn't mind because they were pretty euphoric about all their values too. One thing he can say about the real estate profession, it is ever changing. He has never seen a change quite as quick, but he has seen a lot of changes. They are going to get through this just like they have with every other one. He was telling a group this morning who came to see him and that was 20-something people from the Seasons at Tradition, which is that very nice development that Levitt & Sons started. It was going to be a retirement community with a 38,000 square foot clubhouse, an

indoor/outdoor pool, and all the amenities. A lot of nice people came in and paid big bucks for small houses because of all the amenities they were going to have to go with it. Unfortunately, Levitt & Sons pulled out because they are bankrupt. And those people are left with none of the amenities they paid good money for and houses that wouldn't ordinarily sell for the prices they paid except for the fact they were going to have all these wonderful amenities. Of course, they wanted to know what he is going to do about that, because they want somebody to do something. He spent an hour with them, convincing them that one of the things the County is going to do is treat them fairly and it is concerned with their situation and trying to remind them that Traditions is still, if not the nicest, it is one of the nicest developments he has ever seen done in this part of Florida. He related to them a story about where he lives, which is in St. Lucie West Country Club Estates. He was with Thomas White, Sr., when he bought the old Peacock Ranch and its cows and animals. He had this vision of what St. Lucie West could be if it was properly planned. At that time they had never had anything quite like that in St. Lucie County, where somebody had a vision to take and do the whole thing. Thomas White had that vision and the wherewithal and the expertise to do it. But he had, like they are now in, some difficult financial times. And during the course of those times, between his wife getting critically ill and dying, which pretty much decimated from estate tax purposes all their planning, and the real estate market going to crap, their family fortune went from about \$200 million down to about \$4 million before they were finally saved from bankruptcy. It was all in the timing. If any of them have ever seen where the schools park all those buses along I-95 in St. Lucie West, if they have ever wondered why that magnificent piece of industrial property in the middle of St. Lucie West where there is not much commercial and industrial, if they ever wondered why they have school buses parked on that, he can tell them. Because at the time, they had to raise some serious money to save St. Lucie West from the banks taking it back. They had put down the word that if they didn't have \$1 million by 3:00 p.m. on Friday, they were taking it out. The only people who could come up quick enough with that kind of money to write a check that he could think of was the School Board. He got the School Board to take down that piece of industrial property because it was a huge steal and he knew the School Board would never get an opportunity to buy a piece of property like that. They didn't know it was going to be used for school buses at the time; they just knew it could be something. They wrote the check and delivered the check and St. Lucie West survived. God knows what that property is worth today. If he wasn't in this job, he would be out trying to sell it for the School Board and move them somewhere else because they shouldn't be parking school buses on that property. The point of all that is, they have been through some hard times. It always seems like the worst one when they are in it, but it is not any worse than the last time. He can remember when he owned all kinds of lots in Country Club Estates, and there wasn't anybody there and there wasn't anybody who wanted to buy them, and he was really wondering about the wisdom of trading his services for lots in St. Lucie West that weren't going to be worth much for a long time. He kept hoping it would work. And when it finally started working and those got worth something, by then the deer were gone and the sandhill cranes were moving out; and most of the things that he really liked about living out there were changing pretty quickly around him, and he had golfers and people with golf carts running all over. Everything he had was worth a lot, but it wasn't quite as nice a place to be. So they have to always just kind of deal with what they have got and kind of remember that for sure whatever it is now it is going to change; and it will probably change for the better or worse, depending on where they are. At this point the cycle they are kind of at the bottom. It is going to get better. They have been at the top. They are just coming through. His job is simply to determine where they are. He is trying to mirror this market. It is kind of like trying to talk to those people this morning from the retirement community in Tradition. It is kind of hard to know what their value is. Some of those people paid \$500,000 for a 2,000 square foot house out there. Now what he is buying isn't there. He wants to know from him how much he is going to appraise it. He knows he paid \$500,000 and he is pretty sure it is not worth that. So all he is trying to do is figure out what it is. Once he figures out what it is, they are going to come up with a tax roll. When that happens, people like Mr. Bergalis and Mr. Beach and Mr. Anderson and everybody else is going to figure out how much revenue it is going to produce. But the thing they want to keep remembering, and he always reminds them when

he talks to these people, is those people are sitting there telling him their stories. Those 815 foreclosures Judge Buck Bryan was talking to him about the other day, there is a whole bunch of real estate speculators, there is a whole bunch of those. They are all trying to figure out where they are going. So they all think they have problems dealing with the budget crunch. It is a bigger problem if somebody just told them they have so many hours to get their stuff and get down the road and they have not figured out where they are going.

It is not just tough for the government; it is tough for everybody out there. He sees them in his office every day. Before he could get out of there this morning he had an elderly couple in there. He had to stop and get somebody to help because he had to get down to the City.

By now this woman was standing there with tears in her eyes and she has a problem. The problem is related to her taxes. Some of the answers lie in his office and they are going to try to find out whatever answers they can to fix it. So unlike the past years when he comes here and he had all kinds of good news, when he gets the numbers this time, the numbers he has been giving everybody so far are not looking very good. If they saw the paper this morning, it said the good news is the sales are picking up in St. Lucie County. That is great. Wonder why? Because somebody cut the price from \$239,000 to \$170,000. If they cut the price enough, they will find a buyer. Somewhere there is a market. Because if they go outside today or go outside in January or February in the winter and they see the kind of weather they still enjoy down here, they know why people still want to be here. There isn't any question they will come and there isn't any question they are going to keep coming. The question is, how long is it going to take to fix the dilemma they are in? They had a meeting in Tallahassee about a month ago, it was Property Appraisers from around the State, and they did an informal poll, it was right after they passed the amendment allowing the portability. They did a little poll to see where they were getting inquiries from. They wanted to find out the people that were planning to go somewhere other than the County they were in. Where were they going? Do they know where the number one destination was? St. Lucie County. Now the interesting thing is, the other day he got his first request for a portability number from a taxpayer who was going to Broward County. But he has got a stack of stuff faxed into his office the first couple of weeks from Broward County people that were obviously coming here. Because the deal is, they have to go to the Property Appraiser where they reside, get the number and send it to the County where they plan to be. He can tell them he hasn't been sending very many out, but he has been getting them in every day. So for all the gloom and doom out there, somebody is planning to be here in a big way because they talk to them every day. In the room with people this morning he was talking to, he said he was curious and asked how many of them are from Florida? Out of the 20 people who were there, probably 6 of them were from Florida. And they all lived here last year. So somebody is coming and lots of them are already here somewhere in Florida. The portability thing is going to be a big help he thinks in some of this inventory, because there are tons of people that, whether they believe in Save Our Homes or they like... It doesn't matter. The fact of the matter is, all the studies were telling them that people wouldn't move because the Save Our Homes kept them from being able to leave their existing circumstances because of the tax impact it would have on them. Once they allowed them to take that benefit with them, all of the studies tell them that a bunch of them plan to move. That move will cause good things to happen in the economic circle. Now again, they can argue all day long about whether Save Our Homes is a good idea or a bad idea, but they have it and it is here to stay. Because of that, they have been in this odd situation. It was keeping people who found themselves in a home in Florida from moving as they historically have. That very movement has now been altered to the point that now people can take the value they have and move it somewhere else either within the county or to another county somewhere in Florida. Every study he has seen says that will be revenue positive in the long run. He is convinced that it will be in this County, because he is convinced there are a lot of people bringing value here from somewhere who wouldn't come otherwise. As he looks at the numbers around the County, they are in the early stages. They start this tax roll process in January. They spend all year looking at what is going on and gather the data. January 1st they shut down the tax roll for that year and start on a new database. But on the old one, they take all of the data from 2007 and start looking at it to determine what that number will look like by January 1, 2008. That is their tax day. So every value they look at is based on that day. That information is the sum total

of what they saw happen in 2007. Now there are a couple of things going on that are important to each of the Commissioners and certainly to the City going forward, as it is to Port St. Lucie and as it is to the County and the Fire Board and the School Board. What is going on? Everybody is pretty sure it is not good out there. But what is happening? What they saw was this huge buildup of inventory. They saw all kinds of property that was being speculated on that really didn't have an owner in a historical sense. In the past years most of the inventory that was created was residential, someone lived there. Now they have literally thousands of homes created in this boom. They didn't have anybody to live in those homes, they just imagined sooner or later somebody would want it. So they have this big inventory out there. The last time he saw what they were looking at was about four and a half years worth at the current rate of sales. One of two things is going to happen. It is going to be a long slow spell, or they are going to keep dropping the price until they attract people in here who want to buy this because they have a price rollback. He suspects they won't spend four years selling this inventory. He suspects that, as they saw the price decline that was in the paper today of 28%, they are going to keep seeing that price decline until they get some of this inventory out of the system, because it is simply too expensive to hold. In the worst case, they have Levitt & Sons who simply throw in the towel and turn it over to the court and go into bankruptcy. That is the worst case. In other cases, the builders who are able to hold on, they are not going to hold on to inventory. What they have, they are going to get rid of. That is causing their prices to keep deteriorating. Every month in 2007, if they check their records, they were going down. Every month in 2008 thus far, they are still going down. If he were to give his best guess, he would believe that sometime by the summer of 2008 they are going to find where the bottom is. They are not going to know it until some time afterward. But some time in 2008 his crystal ball says - and a lot of economists agree with him - they are probably going to see the end of the down cycle. But they are not going to see it go back up. They are just going to see it quit going down. The best estimates he has seen and the thing he believes based on what is out there and what he has been told by people a lot smarter than him about the economy, they are probably looking at 15 to 18 months, once they get to the bottom. So if he is right and it happens some time this summer, they can figure the rest of 2008 and most of 2009 they are just going to be sitting there watching these numbers and wondering when or if the prices will ever come back up, because there is just too much out there to be sold to have anything change in the pricing. The only thing that is moving this inventory is the deterioration of pricing. Because they are doing their work on a computer, unlike the old days where they had to have people out there talking to the people and finding out over a long period of time what was happening, they can measure almost weekly. So as it comes down, they take it off. At the moment, at the last look in the overall County, including what they will take off the roll for the new homestead exemption, if he takes that value and the deterioration of the price value, countywide he is down about \$3 billion. That is a huge number. And he is not done. Most of his work has been in Port St. Lucie. Now that affects the County because the County gets a piece of everything. But he really hasn't worked that hard yet on the unincorporated part of the County and he hasn't worked that hard on Fort Pierce and the other areas. But they are in the midst of doing that. And of that amount that they are off in the unincorporated County, about \$2.4 billion of that came out of Port St. Lucie, which tells them how little they have done in the rest of it. Now that is the bad news. The good news is, the rest of them are not in as bad shape as Port St. Lucie in terms of value, because the run-up down there was much more than it was anywhere else. The run-up in Fort Pierce was much less than it was in Port St. Lucie. The run-up in the County was less than Port St. Lucie, although in most cases more than Fort Pierce. So it is going to be less dramatic in the rest of the area than it is in Port St. Lucie, but it is going to be big. Because again, there is just not much good news out there as it relates to the real estate market. Like he said, he has been through these cycles. He knows that what they have has not changed. He knows from talking to others that the number of people trying to be here hasn't changed. But until the cycle straightens itself out, there are factors that are going to keep them in this situation for some period of time. And the best guess is, it is going to be a year and a half to two years. What he thinks everybody in government has to remember, that he is reminded of by these people every day, sometimes it is very frustrating for the public because they get the feeling from listening to the government that

they seem to think they are the only ones having a tough time, that somehow they are getting to miss out on this little downhill. He talks to people who come to his office. He had a guy in there the other day, a third generation Floridian who has a \$300,000 house, not a poor guy. He is still putting together money for his 2007 tax bill. He is going to make it, he told him he is; but he is not sure how he is going to make it through next year. So the stories they are hearing over and over are very real. Yes, the government has some issues; but their customers have some issues. This is just a tough time. The only way they are going to get through this thing is collectively together. There is no question in his mind that government is not going to be excluded from the pain of this process, because the only place they can get their money is from those people, and if they are hurt worse... So he told all the people who deal with finances this year that he will keep them as informed as he can, he will keep them up to date with the numbers. They keep trying to refine those as they see them. They are not seeing any bright spots in this thing. They are not likely to see any bright spots in this thing. They are just going to have to get through it, that is all there is to it. Again, remember what the run-up is. The amount of money that have added to these rolls in the last years has been just tremendous. And when they are all done with the process, they are still going to be way ahead of where they were. Everybody's best guess is, when they are done, this thing is probably going to look like prices the 2003-2004 numbers, that is what they are imagining. Because the value going on is very real. That is what is happening in the market and that is what they are reflecting. If they can think back to when he became the Property Appraiser, one of the pet things everybody wanted to watch in the City of Fort Pierce was the Port. Everybody from the county to the city to the public, everybody was always coming to his office to talk about the Port. He can remember way back when the Port was being sold to the MacArthur Foundation and he was trying to find a buyer for \$4 million. He can remember when Mr. Bell was buying it and he actually at one point wanted to try to partner with the government and that was about \$6 million. When he came to office and everybody was getting it appraised - they did an appraisal and the county and a couple of private appraisers - and he thinks at that time the number came in at about \$10.5 million or \$11 million. The value now is anybody's best guess, but they got it on the roll for triple those numbers. It goes up every time they look at it. There are all kinds of rumors out there of what amount of money somebody would pay - \$50 million, \$60 million, \$70 million, \$80 million. He doesn't know what it is, but it is a big number. So as bad as it seems like things have gotten, in all this period of time there are some very fundamental things in this community that keep getting more valuable. Things like that are going to keep getting more valuable. Florida Power & Light's investment in this community in terms of that nuclear plant and the potential they have there with the additional reactors, it is probably the most valuable thing they own in the State of Florida, and that is here. The last Port that doesn't have anything on it, as small as it may be, that is here. When they look at all the things that are still here, those are going to have value, it hasn't changed. It is just where they are in the cycle. Again, they do the best they can to get the numbers to the people who have to have them. There is no doubt in his mind that some time when they look back on this in five or six years from now, everybody will decide they should have borrowed all the money they could and bought something during this cycle. But it takes real nerve to do it.

Commissioner Becht said the Fire Board got numbers from the Property Appraiser's Department that are crystal ball and best guess, but those were in the neighborhood, if he recalls correctly, of a countywide falloff of roughly 14% to 15% in value. Is that close?

Mr. Furst said yes, that is accurate.

Commissioner Becht said the rumor he is hearing is that the impact within the City limits of Fort Pierce will not be that dramatic, so their falloff will not be 14% or 15%, again his best guess.

Mr. Furst said that is true.

Commissioner Becht asked does he have a best guess with a range of 2% to 3% on what they might experience in the City of Fort Pierce?

Mr. Furst said no. But he will tell them why. At this point it is because he hasn't worked Fort Pierce yet. They started where the problem was and the problem was in South County because of the sheer size of it, and the numbers there directly affect the County. So he could take what he knew about what was happening there and project it into the County.

Commissioner Becht said this is a planning workshop, but they may need to expand it beyond just this year's horizons to next year. And the further out they go, the less reliable it becomes. Both Mr. Furst and he thinks the economist Hank Fishkind projected that the bottom would be reached this year. He is going to play Chicken Little with Mr. Furst. Mr. Furst obviously doesn't know what went into Mr. Fishkind's analysis, but he knows what...

Mr. Furst said he does, because he talked to them.

Commissioner Becht said okay, then that probably factors into his. What troubles him is the number of foreclosures they are seeing. He doesn't see that they have peaked with the number of filings. Based on the people they are seeing, he sees that number going up through the summer. If his crystal ball is correct on the foreclosures continuing to go up, those properties that are in foreclosure won't reach market in terms of being listed... Let him give his hypothesis here. He doesn't think they are going to see the height of the foreclosures until maybe this summer. Hopefully that will be the height and it will fall off after that. If that is true, the height of foreclosure properties hitting the market will occur not in August of 2008 but in August 2009. They will hit the market. They won't immediately be sold. And if the banks have properly priced them, those will be sold three months after that. In his hypothesis, those foreclosure properties are going to drag the market further down. So if he is allowed to play Chicken Little, the bottom is not this summer, the bottom is the end of 2009. When the foreclosure properties, these 815 today which will be over 1,000 by the middle of summer, when those hit the market and are actually sold in late 2009. What is the flaw with his negative thinking other than it is negative?

Mr. Furst said there is a flaw in it; and that is, they have gotten so caught up in the whole subprime and the foreclosure thing, and that is certainly an indication of how ill the market is, but it is real minor part of the market. He says it is a minor part because think back to what was happening in 2004, 2005, and 2006, and the numbers that were being generated. In this County they are dealing with 160,000 parcels and all of them getting driven higher. The number that were really ridiculously bad in terms of the foreclosure thing was the part of the market where people were being sold property in many cases that never should have, at prices that weren't very good and under financing terms that never should have happened. They were doomed to fail when they started. But that isn't going to make up 5% of this real estate market. So when they clean up the mess, the fact is the impact that is having on his tax roll in value is not as significant. Although it is a significant psychological problem when they have the highest foreclosure rate in the state, it is not a good situation; but it is minuscule in value in comparison to the tax roll. What they believe is going to happen is the value they are taking off that tax roll, that were kind of repriced out of it from what they saw occurring in 2007, they think that pricing will stop sometime by this summer. They are guessing. If the economy keeps getting worse or there are things they cannot see... But the amount of homes that will be foreclosed is kind of a predictable number. There was a percentage of people that were sold property that they know make up the market, they are imagining that is all going to go bad. But the other part of it is, they never had these values. Some of that stuff that was being foreclosed at the numbers being foreclosed, it is on the tax roll at half that number, it never had that kind of numbers. So it is not that it is coming off, because it was never put on. That is part of it. The one thing that worries him the most, as long as they are talking about next year. If he is right, the deterioration of pricing, they will find that in this roll. The problem he is seeing for next year's roll is, when he looked at the number that he is looking at right now, which is a big item in what taxing bodies look at going forward, if he looks at the number he is looking at

for Fort Pierce for new construction, that is the stuff they get to add brand new, it is found money. They had nothing the year before, so now they get to add it. The number he is looking at this year is like 10% of last year. That is a huge fall. Nothing he would have ever imagined. If somebody had asked, in the worst case scenario, what is the construction fall off? He would have said 60%. He would never have said 90%. What is going to happen with their foreclosures and everything else that is inventoried is, it is unlikely they will see a lot of new construction while they have this situation. That is what they are seeing out there now. Everybody that is in the business of adding things... The developer the other day on Becker Road said no, he was going to pass on the mall. Everybody is saying they are going to pass until they see where this thing is going to end up. So new construction is going to really disappear from his numbers at a pretty rapid rate. That is the number that they have been... Last year, as he explained to both the County and Port St. Lucie, both of their rolls would have been negative last year except for the fact that new construction was over \$1.5 billion. It took the negative number that the real estate market was falling and pulled it positive and gave it a positive number. That is gone, it is not happening. When that number disappears, every time he is taking value off, it is directly hitting the bottom line and there is nothing pulling against it. To him, next year's roll in 2009, the difficulty is going to be the lack of new construction. There is not going to be anything there based on what he is seeing. And he is not thinking that can turn around in a hurry. If it doesn't, the longer they do not have it, the harder it will get to deal with what they have to deal with. Commissioner Becht said they can turn it around by expediting permits. They are working on that right now, expediting permits. That is one of the things they can do.

Mr. Doug Anderson, St. Lucie County Administrator, said he is here with the Chairman of the Board of County Commissioners, Mr. Joe Smith, and with Debra Brisson, Director of Parks & Recreation Department. (Mr. Anderson gave a slide presentation.) This is basically a synopsis of what he had talked about with his County Commissioners a few weeks ago, based on projections given to him by Jeff Furst, together with the property tax reform given to them by the Department of Revenue in Tallahassee. By the way, he is headed up to Tallahassee later today to find out the latest on what is going on. This is his 38th year of budgeting and it is his 27th year of governmental budgeting. He was in private industry prior to government. He has never been faced with the three following challenges all at one time: (1) A sharp decline in property values, that Mr. Furst talked about; (2) A national economic downturn affecting all revenue streams; and (3) Others controlling the amount of property taxes that can be charged and collected by taking it out of the hands of local control. And not only that, but they are also faced with inflation at the same time. All of the County revenue projections are down - their gasoline tax, their tourist tax, their State Revenue Sharing - everything is down. Then finally, others controlling the amount of property taxes that can be charged and collected by taking it out of the hands of local control. That is the property tax referendum that was approved by voters this year. Over 70% of St. Lucie County voters voted in favor of that. They have done a 24-month budget. This has become so complex. They tried to do a fiscal year 2008-2009 budget, but it just didn't work. Because of the complexity of this, they actually have prepared a 24-month budget for the first time ever. Their ad valorem revenue projections, using the same millage rate as the current year, they are showing that their revenue is going to be down - this is because of the property tax reform and the decreased property values - over a two-year period of \$50,973,861. That is just a huge hit on the government. They went into Board of County Commissioners policy issues. He is going to go over this morning the ones that affect the City of Fort Pierce. The first one came from Parks & Recreation. The question was, should the County institute an automated parking system throughout the entire downtown parking garage, with the option of to lease the spaces? The parking garage is three floors with 189 spaces. The first floor has 59 parking spaces. Currently 28 are leased spaces to downtown employees, 18 are reserved free spaces for County Judges, 6 handicap parking spaces, 3 spaces reserved for county maintenance staff, three spaces reserved for the State Attorney, and there is one unused space where they keep sandbags. The 2nd floor is 65 free public parking spaces. On the 3rd Floor there are 39 free public parking spaces, there is 24 reserved free spaces for the Public Defender. He has informed the Public Defender that if they want to continue those spaces, they are going

to have to pay for them. And there are 2 reserved handicap spaces. An automated parking system in conjunction with lease options will provide parking on a first come first serve basis and generate additional income. Currently they are renting out 28 spaces at \$549.80 per month. That is about \$45.83 per month, which they are looking at increasing. Their cost savings from an automated entry fee for the downtown parking garage could generate as much \$95,000 or probably more, compared to \$15,000 they are receiving now. This money will go directly into the parking garage for maintenance, cleaning the garage, replacement items such as the elevator. They were directed to discuss this with the City to let them know what is going on and what their plans are. To be honest with them, he has parked in parking garages in a lot of areas around the country, and this is one of the very few that is free.

Commissioner Coke said it is her understanding that part of the Interlocal Agreement they had where the City gave \$1 million toward the Clerk of Court building was that the parking garage would be open for public parking on the evening of Sunrise Theatre events.

Mr. Anderson said that is correct.

Commissioner Coke asked are they looking to change that?

Mr. Anderson said no, they are not. This will be a charge during the daytime hours. The initial cost for installing an automated system in the garage is estimated at \$50,000. Jurors could be issued a one-day parking pass, as they are issued now, to park on the streets in Fort Pierce, upon receiving a jury summons and if they are called back to serve on a jury. Leases are renewable for a term of one year beginning October 1st. The Board direction was, what would the hourly charge be? And bring that back to the Board after he discussed it with Dennis Beach. This would have an effect on the downtown. A suggestion has been made, it came from Staff, that it be \$1.00 per hour or \$5.00 per day for people going into the garage. He just wanted to inform them that he has been working with Mr. Beach. They need to start receiving revenue for this garage over and above the \$15,000 per year they currently receive.

Commissioner Alexander asked has he put in the numbers on, by their charging what they are charging, how much of that is going to force the public to use the City's parking garage?

Mr. Anderson said no, he has no idea. He is not sure the City is going to charge for parking.

Commissioner Alexander asked but the County is going to send all of their excess to the City to park in the City garage for free, right?

Mr. Anderson said that is up to the City, if they are going to charge for the parking.

Commissioner Alexander said but he is leaving them no choice. They are taking the prime parking for the jurors and the courthouse system; and for the City not to support the courthouse system, that does not seem right. But the City garage is going to be free and that is a five-minute walk.

Mr. Anderson said people will go where they are not going to pay. The County in the past, while working on a relationship with the City, if they are interested in the County deeding this garage over to the City... He has had all kinds of agreements today that the Mayor could sign.

Mayor Benton said he has the shredder with him.

Mr. Anderson said seriously, they could talk about it. They really need to charge. This garage is an older facility, and it costs more and more money to operate. If they don't get a revenue stream, it is too much to maintain it.

Commissioner Coke asked didn't they talk a couple of years ago where the City said they will take the garage, they will pay to put the top two floors in?

Mr. Anderson said that is correct. But it came in a lot greater than the budget allowed for construction fees at that point. They don't need to decide this today. These are items they need to work on. They can have a joint meeting set up and they can discuss it again then, if they so desire. They have a lot of issues they need to talk about at this point on other items. The next one is the library. This is just for their information. They are going to do some operational changes in their libraries. They are going to close each library, except the one in Fort Pierce, one additional day per week to reduce operating costs and staff workload. The Morningside Branch is going to go from three nights per week to two nights per week to provide staff to allow the branch expansion to proceed. To expand their libraries, they need more staff. They are not hiring any additional staff. In fact, they are in a hiring freeze. They are down to 123 overall positions in the County as of today. In order to do this, what they are going to do is shift staff around, close the Morningside Library one night per week. Instead of three nights, it is going to be opened up two nights. They are going to discontinue the bookmobile service and transfer that staff to the Hurston Branch to allow that branch expansion to proceed. They have books by mail now the public can use. So they will discontinue the bookmobile and try to sell it. Due to budget reductions, new positions cannot be approved. In addition, six full-time and two part-time frozen positions may have to be eliminated or remain unfilled. This is the library. It is difficult to predict the additional funding proposed positions and new staff may not be available in the next two to four years. As a result, current staff is having difficulty providing for all these services and keeping the shelves, books, and facilities in order. Without additional staff, the planned expansions of Hurston and Morningside could not proceed. The recommendations to address these issues was by changing the hours and selling the bookmobile. The bookmobile right now has 1,494 registered users. The book by mail service is free to anyone with a temporary or permanent disability that owns property in St. Lucie County, and they can expand it to other people. They are going to keep their Port St. Lucie, Lakewood Park, and Hurston Branches open five days per week instead of six. All would be open three nights per week. Morningside Branch would be open six days instead of seven and for two nights per week instead of three. The closed days would be alternated. The plans are to keep the Fort Pierce Branch open seven days a week. They are going to do this so they can expand Hurston and Morningside. They do have the money available for Hurston. Closing one additional day per week is going to save them \$20,400. Total savings because of the bookmobile is \$24,000. Central Services, which maintains the facilities, is \$24,000. And they hope to get \$20,000 for the bookmobile.

Commissioner Coke said living and working downtown for the last 32 years, she really feels very foolish, but she had no idea their library was open on Sunday. Does he have the usage figures for the downtown library on Sunday?

Mr. Anderson said yes, but he doesn't have that with him. They have the numbers for every day of every week of every month. They began that service probably five or six years ago.

Commissioner Coke said so she didn't miss it for the whole 32 years.

Mr. Anderson said next is a Parks & Recreation question. This is just for the City's notification. Should the County close pools in the off-season, after Labor Day to May 15th? For the past couple of years, the pool at Paradise Park has been closed for the off-season. In December 2007 they closed two additional pools - Lakewood Regional Park and Open Space - leaving Ravenswood pool open. Closing all four pools in the off-season would require off season users to seek another pool provider, such as IRCC. The cost savings of closing these pools is \$40,000 for Open Space Pool, \$65,000 for Lakewood Regional Park Pool, and \$80,000 for Ravenswood in Port St. Lucie. Paradise Park Pool is already budgeted to close for off-season. The Board approved for them to go ahead and do that.

Next, should the County divest itself of non-regional parks and facilities within city limits through long-term lease agreements, sale, or other transfers to the cities and/or non-profit providers? Staff recognizes that the cities may not be in a financial position to absorb any or all of the parks and facilities. However, prior to the County closing or transferring operation and maintenance of these facilities to non-profit organizations, the cities would be given the first right of refusal. The table shown on the screen consists of estimated annual maintenance and operating costs, including personnel. If the cities and/or non-profit organizations are unwilling to accept maintenance and operation of these facilities and the County is unable to locate alternative maintenance and/or service providers, parks and facilities could be closed, mothballed, and/or sold. Personnel and operating costs for parks within the City of Fort Pierce per year, excluding equipment and capital improvements: Elks Park - \$202,900; Horatio Grisby - \$157,400; Illous Ellis Park - \$218,000; Open Space Pool - \$104,317; MLK / Dreamland - \$101,200; and Maravilla is \$80,100; Museum Pointe (grounds only) - \$185,500; Fort Pierce Community Center - \$46,300; Lincoln Park Community Center - \$40,200; Paradise Park - \$29,100; Paradise Park Pool - \$62,160; and South Causeway Park - \$38,500. Total personnel and operating costs is \$1,265,677. They are going to be transferring staff from the Fort Pierce Community Center and Lincoln Park Community Center to the Fenn Center, which is the new special needs shelter. The operating costs of \$46,300 for the Fort Pierce Community Center, right now they don't have staff for that. They are planning on closing that facility.

Commissioner Alexander asked what did Mr. Anderson say he was going to do to the Lincoln Park Community Center?

Mr. Anderson said they are transferring staff to the Fenn Center. However, they are trying to come up with a way... He and the Mayor had a brief conversation yesterday when they ran into each other. Would there be a way that the City would be able to give funding assistance to support staff to keep that facility open? Their goal is to keep it open. They also have along range plan of replacing that facility. Because of everything going on, they have pushed the capital, over \$2 million, out about five or six years. They are planning on keeping Lincoln Park Community Center open, but they need financial assistance.

Commissioner Coke asked South Causeway Park, did they not just finally sign the Interlocal Agreement wherein the City is taking over the maintenance of that?

Mr. Anderson said they have not signed the Interlocal Agreement yet. They are in the process.

Ms. Debra Brisson, Director of Parks & Recreation Department, St. Lucie County, said she believes the Board approved it. This slide was done prior to it actually occurring.

Commissioner Coke said so the City is already taking care of that \$38,500.

Mr. Anderson said as of right now, the City is picking up the \$38,500. So the County's costs would be the \$1,265,677 less the \$38,500. So they are approximately \$1,200,000 for the costs for the other facilities.

Commissioner Coke said she would assume his next slide is going to show what monies are generated by the Parks MSTU within the City limits.

Mr. Anderson said no, that is not in his presentation. The Parks MSTU is for regional parks - Lakewood Park Regional Park and the Lawnwood Complex. These are smaller parks, so they are not using the Parks MSTU.

Commissioner Coke said she is not going to get into a major argument with Mr. Anderson today; however, the Parks MSTU was meant for parks in general. They have had this discussion for six or seven years. Initially, 50% of all monies was going to be spent on the regional parks, the other 50% was going to go to Fort Pierce parks. All of the monies

ended up going to regional parks. She understands Port St. Lucie got a direct allocation in excess of \$29 million for their parks, which came out of this Parks MSTU. She was not as concerned, so long as everyone kept saying she had to just go with the flow because the County is running their parks. But now if the County is not going to...

Mr. Anderson said because of the decrease in property values, right now they are at a \$965,000 budget gap in the Parks MSTU. They are re-doing that entire budget.

Commissioner Coke said she understands what he is telling her. But what she is telling him is...

Mr. Anderson said these are operating costs, these are not capital costs. They can't use that money for operating costs.

Commissioner Coke said these parks need capital improvements.

Mr. Anderson said they can look at the capital improvements. It is just operating costs, they are asking for City assistance in operating these.

Commissioner Alexander said he can't leave Lincoln Park Community Center. He brought that to Mr. Anderson's attention, he is seeing him transferring staff, and he says he is going to try to work out something with the City to keep that building open.

Mr. Anderson said they are going to keep it open. They are going to ask for City assistance to keep it open.

Commissioner Alexander said also, he was getting some feedback from a meeting concerning purchasing other property across the street.

Mr. Anderson said the appraisal on that property a year ago February, in 2007 they had that property appraised at \$310,000. County Commissioner Smith and he both went to the lady who owns the property on several occasions, asking if she was willing to sell it. At the time, she was not willing to sell it, or she said the property is worth much more than that \$310,000 appraisal. They both told the lady who owns to the property to please go out and get her own appraisal, because they can't pay any more than the appraised value. The County has the money set aside to purchase the property at the \$310,000. They have not heard anything back from her. They are going to touch base with her one more time. But now he is concerned that the \$310,000 appraised value they have has dropped.

Commissioner Alexander said his understanding that appraisal was on the property and not the structure.

Mr. Anderson said it included the structure.

Commissioner Alexander asked for \$310,000?

Mr. Anderson said yes.

Commissioner Alexander asked how much an acre is that?

Mr. Anderson said he does not recall the number of acres.

Ms. Brisson said around 10 acres.

Commissioner Alexander asked they are telling him 10 acres of prime property in the northside is only worth \$310,000?

Mr. Anderson said he is not an appraiser.

Commissioner Alexander said Mr. Anderson has two eyes, he can go out there and see how beautiful, how it has come out of the dust.

Mr. Anderson said he understands. That is why they asked the lady to go out and get her own appraisal.

Commissioner Coke asked can Mr. Anderson tell her how many of these proposed closures, assistance, etc. are located physically within the FPRA district?

Mr. Anderson said Mr. Ward would have to answer that. He is not sure where the boundaries are.

Mr. Jon Ward, Director of Fort Pierce Redevelopment Agency, said he thinks they all are.

City Clerk Steele said no, not Maravilla and...

Commissioner Alexander said he has never heard of that one. Paradise Park and Paradise Park Pool is not in the City limits. In Paradise Park, what would the County have an interest in \$29,100 in doing, what is that?

Mr. Anderson said that is the operating costs.

Ms. Brisson said for the park itself, the triangle. It is for the triangle, the basketball courts, the garbage collections. The pool is separate.

Commissioner Alexander said but it is right next door. Step out of one, step into the other.

Ms. Brisson said right; but the separated it for budget purposes.

Commissioner Alexander said that is not in the City of Fort Pierce.

County Commissioner Joe Smith said he knows there have been some new changes as far as the boundaries of the City of Fort Pierce in the Paradise Park area, but he is not 100% certain if that has been included as of this point or not. He thinks maybe between the City and the County they can figure out who has that area now as far as annexation is concerned. But it could potentially be the City of Fort Pierce.

Commissioner Alexander asked so what is going to happen to those properties?

Mr. Anderson said that is something the County is going to have to decide. They simply don't have at this point funds available to keep those going on their own.

Commissioner Coke said her solution to this is, if all of those are in the FPRA area, then they certainly... She is going to say it loud and clear for everybody. What she heard from the voters was not to cut services, but they were fed up with bureaucracy and wanted them to cut government, not services. She understands that the two go hand-in-hand. But if they are asking her to make an intelligent informed decision on the City either assisting or taking over these areas, she has a problem. If there are areas not within the City, those should not be on the scope of things they should be discussing. But it would be much easier for her to make an informed decision if she had a definitive answer on exactly what is in the FPRA area. Because the same as Commissioner Alexander is going to stand up and yell that he does not want Lincoln Park Community Center closed, she is going to stand up and yell she does not want the Fort Pierce Community Center closed.

Mr. Ward said everything except Paradise Park and Maravilla park is within the CRA.

Mayor Benton said Mr. Anderson had touched on a brief discussion they had yesterday about the City partnering with the County.

Mr. Anderson said right, the Lincoln Park Community Center.

Mayor Benton said some of these other facilities, maybe the County could put some numbers together. He thinks it would all work out better if they partnered in this. He thinks what the public said in that referendum was consolidate, things work better. So come up with some numbers.

Mr. Anderson said yes. The County is reorganizing all of its departments. They will be announcing that in the next few weeks.

Commissioner Coke said she does not want to be argumentative with Mr. Anderson, but she is going to go back to that Parks MSTU. Although they are talking about operating and personnel costs, for the City to partner and/or take over these facilities that are within the City or the FPRA boundary, there are different fundings available whether it is the FPRA or the City. Her concern is number one, service to their citizens, and number two, to try and keep as many of their city employees employed and working as humanly possible. So if they are looking at not only the personnel and operating costs, but on an annual basis there has to be maintenance and capital improvement costs to these parks. And if 100% of the money that is coming from their part of the Parks MSTU is flowing to the County for regional facilities, most of which are quasi-moneymakers because those facilities are leased out to different events, her concern is that if they take over personnel and operating expenses or partner with the County, it still leaves them a shortfall for maintenance. And they don't have a commitment that their Parks MSTU money is coming back, any portion of it, to the parks that are located within the City that are in desperate need of attention.

Mr. Anderson said they just invested \$600,000 in Illous Ellis Park for a basketball court.

City Manager Beach said he wants the Commission to understand that this is what the County is currently considering. This process requires two Boards to make this happen. The City is just now working on its own budget and he has several things he is shifting to the County, so they will work all those details out.

Commissioner Coke said she understands that. But did he hear what Mr. Anderson said, that the County is either going to find a way that the City or the FPRA is going to assume these costs, or the County is going to sell their parks.

Mr. Anderson said he did not say that. He said that is one of the options.

Commissioner Coke said that should not even be an option, in her mind.

City Manager Beach said he thinks they are considering various options. And before they follow through with these options, he thinks everybody will have the opportunity to weigh in.

Mr. Anderson said yes. There are no decisions to be made yet, they just have to put all the options on the table, whether they like them or not. To continue, another benefit is, it will allow the County to continue developing a solid foundation for the future while providing quality facilities and services. The Board direction, divesting of non-regional parks to cities, is authorize staff to sit down with the cities. That is what the Board told them to do. Today is the beginning of that process. The next one is public safety and marine safety. Should the County continue to fund lifeguards at City beaches? Do they keep lifeguards on six ocean beaches and one river park? Decrease lifeguards from six ocean beaches and one City beach to a total of three beaches? Back in the 1960's or 1970's, it was agreed that the County would have lifeguards at the City beaches because there was not a parks department or any other department in the City that could do that. Staff recommends continuing to guard only County beaches - Pepper Park and Waveland beaches - with a cost savings of \$300,670. The Board has agreed to that. City beaches are Kimberly Bergalis & Surfside Beaches, Jaycee Park Riverside, South Jetty Beach, and Boardwalk Beach. The Board of County Commissioners has directed Staff to sit down with the City

and have the City determine which of these City beaches they want to have a lifeguard on. They are going to keep the beaches open, but they are going to have a sign saying this is a non-lifeguarded beach. If they want to go to a lifeguarded beach, which makes all the sense in the world, they go to one of the other beaches. So they need to hear from the City which of these beaches they want to have a lifeguard at.

City Manager Beach said there was a statement prior to this indicating that the reason they had lifeguards on City beaches is that there is not a recreation department in the City. Actually what occurred was, there was a determination that the beaches up and down the coast are used by everyone in the County. That is how the County wound up providing lifeguard services, is there is not a distinction between a beach that is in the City and one that is in the County, because everybody uses all the beaches.

Mr. Anderson said thank you for that clarification. But at this point, they are going to have lifeguards on two County beaches and one City of Fort Pierce beach. He knows the City is putting a lot of time, money, and effort into Boardwalk Park. That is one suggestion perhaps to the City, would be the County continue providing lifeguards there. He does not know if they want to decide that today or not, but it is something that the County needs to know.

City Manager Beach said they will discuss that later.

Mr. Anderson said County beaches that are currently not guarded are Dollman Park, Normandy, Walton Rocks, John Brooks, Blind Creek, Middle Cove, and Herman's Bay. The Board direction was to ask Fort Pierce which beach they want the County to have guarded.

Commissioner Coke asked regarding the beaches that are located within the City limits, whose liability is that if something happens and there is no lifeguard?

Mr. Anderson said the person swimming. They have unlifeguarded beaches, they can't and don't provide lifeguards at all beaches now.

Mayor Benton said all it takes is a sign.

Mr. Anderson said they will have a sign up. Anyone in their right mind will go to a beach and swim where there is lifeguards.

Mayor Benton said state parks are doing it now too.

Mr. Anderson said next is Lincoln Park Community Center, which they talked about earlier. They had budgeted \$459,000 for that piece of property. The appraisal came in at \$310,000. They still have that \$459,000 in the budget. The latest project status is, the owner was not willing to sell the property at the fair market value. Board direction was to direct staff to call the property owner one more time to see if the owner is willing to see the property. He and Commissioner Smith will do that.

Commissioner Alexander asked is he willing at the \$459,000 to purchase that property?

Mr. Anderson said they set \$459,000 aside before they got the appraisal.

Commissioner Alexander said they had allocated monies for that project out there, the Lincoln Park Recreation Center. That money was \$1 million, right?

City Manager Beach said they actually have \$1 million in their Capital Improvement Plan for that park; however, it is one of those unfunded projects. It is something that the Commission has agreed to do, but it is in the unfunded category.

Commissioner Alexander asked would that be to assist in purchasing the land, or is that just for the capital improvements?

City Manager Beach said that would be a decision of the Commission.

Commissioner Alexander asked but it could possibly?

City Manger Beach said yes.

Commissioner Alexander asked if they buddy-up with the County, they can pay that amount? The City pay a portion and the County pay a portion.

City Manager Beach said he does not know if that is necessary at this time because the County has allocated more money than the property has appraised at. He does not think the County is looking for resources to buy it.

Mr. Anderson said what they stuck on now is, they can't pay above appraised value. Appraised value came in at \$310,000. That appraisal is over a year old. He has talked to County Attorney Dan McIntyre. There is a time limit on an appraisal. If they have an updated appraisal, he is afraid that value is going to decrease from the \$310,000, based on what is going on. So it doesn't matter how much money they have, it is really concerning what the property appraisal comes in at. He does not know what the City's rules and regulations are dealing with paying above appraised value.

Mayor Benton said 10% maximum over the appraised value.

Mr. Anderson said so in this case, another \$31,000. Like he said earlier, the capital monies have been pushed out into future years. It is still in their capital improvement program, but pushed off to future years to do a facility there. Next is other issues. This is a Duke Nelson issue, he came before the Board of County Commissioners while he was still in office. Commissioner Nelson asked for sidewalks on Avenue D from the Hurston Branch library to Angle Road. County staff has been directed to get a cost estimate to install sidewalk on Avenue D. He believes the City is installing it on one side. Is that correct? And want the County to do it on the other?

County Commissioner Smith said to the east of the canal.

Mr. Anderson said anyway, they are going to work with the City on trying to get estimates. They don't have money budgeted right now for it. But they have some ideas where they can take money from some other project to do that. But that is on the table, it is a promise to Commissioner Nelson when he was still a Commissioner.

Commissioner Becht said code enforcement in the County is an interesting animal. Code enforcement in the County where it is immediately adjacent to the City, specifically on the north side of Avenue D and Angle Road, what is going on there? Because the property owner is bringing more and more junk in, not less junk.

Mr. Anderson said that is one of their pet peeves. He knows they are ready to go before the Board again.

Commissioner Becht said he drove by there yesterday and was appalled. For those in code enforcement, the guy is in their face saying he does not care.

County Commissioner Smith said that property is now in foreclosure and will be sold on the steps of the Courthouse tomorrow morning at 11:00 a.m. The County Attorney has been working diligently to remedy this situation. They have worked with the County Judge to help remedy the situation. They had not been very successful. There are code

enforcement liens. And there is a \$1 million lien on the property for tax purposes. So they hope to get it sold and get someone in there immediately to begin to clean it up.

Commissioner Alexander asked why wasn't that property deemed a Brownfield, knowing all the conditions that were going on there? Then that way the State would be involved. Why is it that it has to come to the point of selling that property on the Courthouse steps when it could have been deemed a Brownfield and they could have all gotten this headache off their shoulders? It is so close to the City limits. He has never known why the City has not extended their reach those few blocks.

County Commissioner Smith said he believes the property owner has to apply, has to choose to make it a Brownfield.

Commissioner Alexander asked was that made available to him?

Mayor Benton said the property owner wanted to be annexed into the City, but the City told him no, because of the liens.

County Commissioner Smith said there were lots of opportunities where he sat down with the property owner and talked about issues.

Commissioner Alexander asked Brownfield?

County Commission Smith said he did not say Brownfield himself. But he spoke with him many times. They said to him on multiple occasions, clean up your property, and then they could talk about anything else. That never occurred.

Commissioner Alexander said he was overwhelmed.

Mr. Ward said the owner that owns it now, Mr. Porter, can't have it designated as a Brownfield because he is considered as the party responsible for the pollution. It has be transferred. Mr. Porter will not qualify for a clean-up.

Commissioner Alexander said that makes sense. So with the sale of this property, can they have an application for a Brownfield right there with it?

Mr. Ward said if it is sold to somebody, they can apply for a Brownfield designation.

County Commissioner Smith said that has been a struggle for him ever since he took office. That is a four year fight he has been fighting. Unfortunately, his Board has not been able to get that successfully completed. But tomorrow morning at 11:00 a.m. at the Courthouse, they hopefully are going to see the beginning of the end for that.

Mr. Anderson said the next item is a very serious item. In the budget they are in now, the Sheriff's \$60 million budget - and the County funds the Sheriff's budget 100%, just like they fund any other department - they do not have funding in this year's budget for School Resource Officers. What the County did during the public hearings in September, they pulled \$1.3 million from other County budgets such as their Retiree's Insurance Fund, the Orange Avenue Post Office Museum, the Airport, and other areas. To come up with \$1.3 million to fund school resource officers, they pulled it out of the County's budget this year, with the understanding to the School District that at the end of this year that money is gone, it was one-time money, and they have no money in the future for School Resource Officers.

It is a serious problem. They have been working with the School District, who say they don't have the funding. It is something they all have to address. At this point in the County budget, they don't have money for the School Resource Officers for their match. The School District has discussed cutting the program in half. Even in half, the County's share would be \$650,000. The Sheriff doesn't have it because they told the Sheriff to freeze his budget. By freezing his budget, because of increased costs in health insurance and fuel

and everything, just to have his budget frozen, he is going to have to lay off Deputies if he does not get an increase in his budget. And this is before the School Resource Officers. He just wanted to let them know where they stood on that.

Commissioner Coke asked isn't Tallahassee going to pay for those?

Mr. Anderson said the Governor told them that public safety would not be affected by the property tax reform. What is the first thing St. Lucie County did? They sold their helicopter. It is affecting them in all kinds of ways.

Commissioner Becht said the thing he would like to get on the record here. He met with Kathryn Hensley (St. Lucie County School Board) on this and it appears that the officers that are being used as School Resource Officers are not the lowest paid deputies. Some of them are the higher paid deputies, so that cost is being shifted over to the School Resource Officer budget. Perhaps a younger and lower paid Deputy might be able to do the same thing, a may be able to do it better. This is very important to all of the City Commissioners. Chief Baldwin can talk to this better than he can. The School Resource Officer is one of their weapons in keeping the gangs from getting entrenched in the school system. It serves a whole host of other productive uses that keep the youth focused on school, rather than worrying about getting cut or having drugs shoved down their throat. The City has asked its grant writer to look and see if there are any grant programs available for School Resource Officers.

Mr. Anderson said so has the County. They can't find any money.

Commissioner Becht said so the County can't find any money either. He does not know where they are going to find the money. But Mr. Anderson started off by saying this is a serious item. They could shortchange the youth this year; and doing that, five or ten years from now, they don't graduate from high school. It is just a host of problems they don't want to create. He will pledge to work with him. He does not know where they are going to find the money. But between that and the summer programs this summer, they have got to do that, particularly in this County, as sensitive as they are to the gang problem that is trying to take a foothold.

Mr. Anderson said he agrees. What the County has in this budget now is, they have no new capital projects. And the only capital projects that remain, they have some money in there for the purchase of property over by the Lincoln Park Community Center and some things that are a match already in the budget. But they have no equipment in the County budget, they have no capital projects in the upcoming budget, no new money. Which means the only place the County has to move now is employees. And they are coming up with their first layoff list in the next month or so. They are working on the reorganization of departments. White collar workers are going to be the first affected. It is very difficult, but that is where they are at. So when they need to come up with money for School Resource Officers or whatever, about the only place they have to move is employees. It is really a tough situation they are in, because they have to fund the Sheriff's office out of the tax dollars they receive. They receive about \$186 million in tax dollars in St. Lucie County. 61%, or about \$100 million of that, goes to either Constitutional officers such as the Sheriff or unfunded mandates. So at the end of the day, they don't have a lot of money left over for operating. That is what they are faced with. They need to work together on the School Resource Officers. He agrees, if they don't deal with their youth today, they are going to end up in the jails in the future, and that is going to cause another problem in their community. He will be honest, it is going to be a tough nut to crack.

Commissioner Sessions said when he looks at Mr. Anderson's list of parks - Elks Park, Horatio Grisby, Illous Ellis Park, MLK Dreamland, and Lincoln Park Community Center - when he starts talking about cuts, it is somewhat ironic that this particular item is probably going to have one of the biggest impacts as far as their juvenile delinquency rate is concerned. Until they can provide their young people with an alternative to crime, which is

supervised recreation, these are the types of matters that they can not take lightly in terms of cutting budgets. He can assure them, when he looks at these parks and see how these parks are over-utilized, they need to talk about expanding them, not taking away these parks. This would be a serious problem in the northwest section of town if they take away this supervised form of recreation. As they all know, this area has one of the highest juvenile delinquency rates of a city of its size on the east coast of the State of Florida. So again, this is something they can't take lightly. If it means partnering up with the County, so be it. But these are major projects that he thinks they should not even consider doing away with, let alone cutting.

Mr. Anderson said he can't disagree with what he is saying. But at this point, everything in the County is on the table. They are looking at every single thing, because they are losing an estimated \$50 million over the next two years roughly. They are not going to make that up without cutting costs and services. They have not decided what they are going to cut just yet.

Mayor Benton asked now that law enforcement in the County is unionized, does he know what the Sheriff might be negotiating? Also, County employees, are they freezing wages or are they looking at an increase?

Mr. Anderson said he can't go into what they are discussing in negotiations. But last week, he and Commissioner Smith sat down with the Sheriff's union. They have never done that before. The Sheriff wasn't there, it was Commissioner Smith and himself. They actually sat down with the union and explained to them what they are explaining to the City today, the situation they are in and the need to hunker down over the next couple of years. The next couple of years are going to be tough. He agrees with Mr. Furst, they are going to start pulling out of this sometime in late 2009 or 2010, that is what it looks like now. But for 2008/2009 and 2009/2010 budgets are going to be extremely difficult. As they explained to the union, they have to work with them because they are going to be losing employees. The more negotiated increases they get, the fewer employees they are going to have. And they need to save as many employees as they can in their budgets. So he and the Sheriff are working on it. If it is going to be a zero percent increase or some type of increase, they have agreed that they are going to work on that together. Then the plan is, whatever is proposed for the Sheriff's union will be proposed for the County's union. But he can't go into any details. He will be meeting with the County's union also.

Commissioner Alexander asked do they know how many schools there are in the City of Fort Pierce?

Chief of Police Sean Baldwin said there are two middle schools, one high school right now - Fort Pierce Central, and...

City Manager Beach said there are nine in their immediate vicinity, but he could not tell him what those are.

Commissioner Alexander said in trying to work with the Sheriff's Department, that would mean nine Deputies. Right?

City Manager Beach said he does not know how they staff it.

Mr. Anderson said some schools have more than one, if it is a large facility such as Fort Pierce Central.

Chief Baldwin said there are some schools that have more than one officer, like the high schools. There are some elementary schools that actually share an officer. That was talked about last year as a way of meeting the gap. Recall that in the Fort Pierce Redevelopment Agency Community Policing Project, there are provisions for three Fort Pierce Officers to work in the schools in the CRA area. But that money has to be matched.

They are providing \$100,000 that the School Board is intending on contributing to that program. Honestly at this point, he does not know if that is still on the table.

Commissioner Alexander said so if they provide them with three, the School District has to match three, and they will be on more of an even playing field.

Chief Baldwin said no, actually they were going to provide three officers and the School Board was going to pay \$100,000 towards those salaries for those three officers, and the Fort Pierce Redevelopment Agency was going to pay the balance. It still only gets them three officers.

Commissioner Alexander said he is just trying to see how they can buddy-up, whether it be on school grounds or city grounds. He does not think they have had any kind of success in considering it.

Chief Baldwin asked what are they doing about school crossing guards?

Mr. Anderson said school crossing guards is another issue they are still addressing. He is working with the Sheriff on that. He meets with either the Sheriff or his Chief Deputy Gary Wilson every week. They are addressing a lot of issues. Law enforcement is in a heck of a position, just like the rest of them. Commissioner Sessions said they have to keep parks open. But they are going to have to prioritize. Do they fund law enforcement? Or reduce law enforcement to fund something else? That is what they are up against now. It is a very difficult decision. This is probably the most difficult time for elected officials in the State of Florida. He does not envy any elected official at this point. It does not matter what they all do or what decisions they make, they are not going to please a group of people out there. It is a very difficult time.

Mayor Benton said once a month the two Mayors and the Chairman of the County Commission and the School Board will all get together for lunch the first week of April on Thursday. He would ask if Mr. Anderson, Mr. Beach, Mr. Cooper, and Mr. Lannon be at that meeting so they can discuss many things.

Mr. Anderson said that is a great idea. Have someone call his office. He would be more than happy to go.

City Manager Beach said if there is nothing else, he thanks Mr. Furst and Mr. Anderson for joining them and Mr. Anderson. They appreciate the information. They will continue to work on these issues.

(The City Commissioners had a break for lunch at 12:30 p.m. and returned at 1:00 p.m.; except Commissioner Sessions, who returned at 2:30 p.m.)

City Manager Beach said let's see if he can get some consensus out of the Commission in regards to a time frame for their discussion today. Someone asked how long they were going to be here. Of course the answer to that is, how long how long they want to stay? What they probably need to do is put a specific time on it and work until that time and then they can reschedule for further discussion. Does everybody agree with 3:00 o'clock, or do they want to go later?

Mayor Benton said 3:00 o'clock would be fine. He also feels that until they get some accurate numbers from Mr. Furst... It is great to be discussing some of this stuff and knowing what they might have to do, but it appears Fort Pierce is on the back burner getting these numbers from Mr. Furst.

City Manager Beach said they are clearly working without information. But he thinks it is safe to assume that they are going to have some level of difficulty here. As Mr. Recor indicated when they started out, their attempt here and what they hope to accomplish here

is to have the Commission thinking early on about alternatives they are going to consider to make this work. What they are going to try to hash through is getting some consensus out of this group as to what they are willing to consider. As they make those decisions and as they make that determination, then staff is going to take it back to the drawing board and put dollars and figures and numbers to it, and then bring it back to the Commission for further discussion. They are not trying to get firm direction out of anybody, because they simply don't have the type of information that would allow them to make those decisions. They are going to work until 3:00 p.m. They are going to go ahead and get started. Mr. Recor is going to share some more information and they will go from there.

Mr. Recor said the value in the discussions they are going to have today is the information that they generate and leave here with. On the screen is a slashed-up dollar bill. It is simply a depiction of their General Fund and how the dollar bill is sliced. It is just a different way of looking at the information they generally see on either a pie chart or a table. It shows them the percentage of each department's percentage of the General Fund. And they use this as a foundation for this strategy for addressing the potential budget gap. Listed are all the City Departments that are funded by the General Fund. In this column is the FY 2008 approved budget. Again, how the dollar bill is sliced shows the percentage of the General Fund. These columns represent the projected budget gap based on what they are calling the worst case scenario, which is scenario number four. Back in February when they had their CIP workshop, they had projected a worst case scenario based on the early information from the Property Appraiser's office of the 10% to 15% reduction in their evaluation, equating to a 6% to 8% reduction of ad valorem tax revenue. That combined with about \$1 million for union negotiations, salary adjustments for non-bargaining employees, then about \$800,000 in anticipated increase of cost for health insurance, and then combined with reduction in ad valorem tax revenue, they are in the neighborhood of between \$6.1 million and \$6.3 million. That is the basis from which they projected the worst case scenario. The three other alternatives that follow that are simply SWAGs - sophisticated wild-ass guesses. But basically the \$6.3 million equates to about a 19% reduction. The \$3.1 million is 9.56%. How they arrive at this figure is... They are all aware they have in the General Fund budget an Administrative Account. They froze it because those are basically fixed expenses. There is some flexibility there in a couple of the lines; but for the most part, those are fixed expenditures. So the Departments percentage of the General Fund was calculated based on that \$32 million number. So each of the Departments have now prepared four scenarios that addresses their percentage of the General Fund. This is one strategy. In the interest of time, what they thought they would do is have some of their larger departments... For an example under Scenario #1, the worst case scenario, their General Fund budget would reduce from \$41 million to \$34.7 million. And these are the resources that their Departments would have to work with, recognizing that the Administration Account has been frozen at this year's level. So as the Department Heads make their presentations, they will be presenting scenarios that show a certain amount of resources and the programs and services that will be impacted given each different scenario.

Commissioner Alexander asked before they start going through these different scenarios, when did they put a freeze on hiring and a freeze on any administrative work that is not to be done? How long ago did they do this?

Mr. Recor said when the budget was approved on October 1, there were 20 positions that were frozen, those were not funded as part of the FY 2008 budget. Beginning on October 1st, as vacancies occurred in the organization, they allowed those vacancies to be filled. There was no hiring freeze in effect per se beyond the positions that were frozen as far as approval of the budget, i.e. they were not funded. As of March 1st, they now have a mechanism in place that as vacancies occur in the organization, Department Heads have to justify the need for filling that position. If they are not satisfied with the initial review, they can appeal that determination or discuss that determination further with the City Manager, who ultimately would make the determination whether the position is filled.

Commissioner Alexander asked they have a position in a Department that was already budgeted, that would be fine that position be filled?

Mr. Recor said prior to March 1st, unequivocally yes. After March 1st, subject to an additional layer of review.

Commissioner Alexander asked but it would come by the Commission?

Mr. Recor said no.

Commissioner Alexander said in the back of his head he is knowing they are not supposed to be making any more judgments as far as putting money on the table for someone else, even as a raise, after March 1st.

Mr. Recor said there are always situations in the organization that warrant review - an employee taking on additional responsibilities, the job is changing. They are still a working organization.

Commissioner Alexander said he is just saying, he as an individual Commissioner, he thinks he has had one mind set; and then three or four different things come in from different directions, he doesn't have a problem with it, he can adjust to it. But he just doesn't want if someone has something to say, for him to carry that, and then he carries that and then he has egg on his face because it is not what was said and they do it anyway. So he is going to sit back and say nothing. But he won't be told to shut up.

Mr. Recor said he wouldn't let anyone put him in that position. If they ask specific questions about what kind of action was taken regarding personnel, he would simply refer them to the City Manager's office and they would address that.

Commissioner Coke said as they are moving on here, she knows they all need to start... She hates to use that outside the box phrase because it has been so overused. She knows they have recently gone through a difficult time, she considers it as difficult anyway, with the Utilities Authority. Have they considered at all having a meeting at the management level between the City management and the Utilities Authority management? She knows the U.A.'s purchasing is basically done through the City's Purchasing Department. She is concerned they are not looking to consolidate other departments. There are some things the Utilities Authority does that the City wants no part of. She doesn't want to know anything about putting underground utilities in or how they do it. But there are some things that are merely a duplication of services, such as Human Resources and Finance. She is wondering, since they already have a combined Purchasing Department, have they not explored the possibility of how much money it would save both organizations by joining together some of those Departments?

Mr. Recor said if the Commissioner will note, in one of the policy questions (Option #8) that staff posed to them as part of the Agenda - are there opportunities to consolidate out there? Staff believes there are. Are those worth evaluating? Staff thinks they should. And they are asking for the Commission's concurrence.

Commissioner Coke said she brought it up at this juncture only because when she was looking over their Agenda today, it seemed to her that in this very preliminary phase - and she is not looking to reinvent the wheel - but she thought what they have on the Agenda for after 3:00 o'clock is easier or a more apropos discussion at this juncture in time than what they have listed as going on from 1:00 p.m. to 3:00 p.m. Because she hates to have Department Heads trying to make commitments on what they can and cannot do when they don't know what money they are going to have.

Mr. Recor said then let's talk about those Other Policy Options/Alternatives now.

City Manager Beach said if the Commission is willing to do that, they can do that.

Mr. Recor said the format of today's discussion is not set in stone. The value of this discussion is in the information. If they think it would be more productive to talk about those policy options and alternatives, they can certainly do that.

Mayor Benton said that is good.

Commissioner Coke said she is okay with that. Is Commissioner Becht voicing an opinion? She was requesting that they talk about policy rather than particulars. But she didn't want to run over everybody.

Commissioner Becht said he likes that. He thinks there are several policies they could task Staff with trying to implement. Then when they get hard numbers... Is it in July they get the hard numbers from Mr. Furst?

City Manager Beach said he thinks so, June or July. The purpose of carrying the Commission through all of this budget discussion was to get them to these policy options. But as they all know, they just five months ago completed their budget, so they are all pretty familiar with where they are. He thinks they can safely go into these policy discussions without going through these detailed budget discussions. He thinks it would be helpful.

(The Commissioners agreed to skip Budget Gap Presentations by General Fund Department Heads and to discuss Other Policy Options/Alternatives.)

Mr. Recor said the very first question is obvious; and that is, what can they do right now to help save money, both in the current fiscal year and in anticipation of increasing their fund balance? Which by the way is healthy. When he heard the word healthy from their Finance Director, he asked what is it? It was healthy, is what he was told. The Fund balance is \$4.8 million and it meets the 10%. But keep in mind that it changes based on the obligations, commitments, and whatnot. Option #1, are there opportunities for savings today that they can begin to implement that would save them money? Staff just threw out a couple of examples like management of overtime and curbing certain operating expenses. The floor is open, what do they think?

Commissioner Becht said he will jump in. He sent a memo to Mr. Beach about two years ago about putting a card system in, a time clock. There is not a whole lot of support for it, because a lot of them have to go outside the office and it is tough to put them on a time clock if they are coming and going; but he is not sure that applies to all of the employees at City Hall.

Commissioner Coke asked management isn't hourly, is it?

Commissioner Becht said he doesn't know if it would help or hurt. He doesn't want to spend the money to do it, to inconvenience everybody who would be inconvenienced by it, and then not have any savings.

Mr. Recor asked does he see that more as an accountability issue as far as employees being accountable for their time and whereabouts, as opposed to an opportunity to save money? Because the difference between an exempt and non-exempt position is one is salaried and the other is an hourly employee. Is he suggesting that by punching a time clock, the non-exempt employee would only be paid for the hours they clock in?

Commissioner Becht said he is looking for upper management to tell him whether this is going to achieve the goal of saving time and getting more productivity; or if it is just a waste and it can be cheated easier than any benefit they are going to get from it. He is looking for a report back from upper management.

City Manager Beach asked he would like to have that option evaluated?

Commissioner Becht said yes. And if Mr. Beach tells him he doesn't think it is going to work, he is going to believe him.

City Manager Beach said they have a number of Departments now that operate on a time clock. Does Public Works have a time clock? He thinks their Marina operates off one. He doesn't see anybody else out there raising their hands, but he thought some of the Departments were using it. They will evaluate that.

Mr. Recor asked any other operating expenses?

Commissioner Coke said she will bring one up. She was driving to work on what they all consider a holiday, but she was working. She noticed that no one had a trash can out on the beach, but the garbage pick-up truck was going up and down every single street, which is nice. She forgets what day it was, but she didn't even think to put her trash can out because she assumed it was a holiday and there would be no trash pickup. She understands it might create a bit of a burden the next day. But they are looking at - if she is reading this correctly - \$34,000 a year in overtime for eight holidays. She is wondering, do they want to continue that; or do they want to consider taking that overtime for holiday trash pickup and putting it toward saving another employee's job or funding another position?

Mayor Benton said he would agree with her there. Because he knows half of the people put their buckets out and the other half don't because it is a holiday. He doesn't think it is going to hurt any of them. There are certain holidays like Christmas when they do have a lot of garbage and they can make do. If people know it is coming, he thinks they can arrange for it.

City Manager Beach said they are having a discussion regarding cost saving measures. Would they all like to hear from the Solid Waste Director on this subject? Can Mr. Hopkins address this, just give them his take on the pros and cons of that issue. In other words, are his people going to work more the next day to overcome the down time with overtime the next day to catch up? He is not sure how that works.

Mr. Harold Hopkins, Director of Solid Waste, said there is some activity that requires them to make a commitment to overtime after the fact. There was a time when they did not work on holidays. The reason why they got into holiday collections was primarily because most holidays are on Monday, and South Beach and the north end are the ones that take the hit every holiday. From an operations standpoint, they can handle the...

Commissioner Becht asked can they get an analysis of how much money they would save by not doing it on holidays?

Commissioner Coke said \$33,888. They work on eight of the eleven holidays now. January 1st they accumulated 181 hours worth of overtime. February 18th, 172 hours worth of overtime.

Commissioner Becht said \$34,000 they would be saved on an annual basis.

Mayor Benton said also, the wear and tear on the vehicles.

Commissioner Alexander asked for the people who are scheduled for Mondays...? In his neighborhood, it is Mondays and Thursdays. So if they don't do it on the holiday, what day would they make that up?

Mr. Hopkins said they wouldn't. Solid Waste is a six day a week operation.

Commissioner Alexander said it is unfair for him not to get two pickups a week like everybody else does.

Mr. Hopkins said he makes a good point.

Commissioner Alexander said he is going to pay for two pickups. He is here to save the City money, but still be fair to the community. If the public is paying for two pickups a week, regardless if it falls on Sunday. Do they work on Sunday?

Mr. Hopkins said no.

Commissioner Alexander said he works on Sundays. So they are talking about a five day work week?

Mr. Hopkins said they operate on six days. There is a Wednesday/Saturday pickup and Monday/Thursday and...

Commissioner Alexander asked so if a holiday falls on Monday, then that person...? How many holidays are there?

Commissioner Coke said there are eight holidays they operate on during the year.

Commissioner Alexander said so that is eight times they expect for a person not to get their trash removed.

Commissioner Coke said those are not all Monday holidays. Thanksgiving is always on Thursday.

Commissioner Alexander said the zones are Monday and Thursday.

Mr. Hopkins said there are three holidays they don't work because the landfill is closed. July 4th, Thanksgiving Day, and Christmas Day are the days the landfill is closed that they can't run.

Commissioner Alexander said those fall on Monday and Thursday.

Mr. Hopkins said not always. Just Thanksgiving is always on Thursday.

Commissioner Alexander said there are more holidays on Mondays and Thursdays than there is any other day of the week.

Mr. Hopkins said that is right; and that is really why they started back collecting on the holidays, because it hit the same neighborhoods over and over.

Commissioner Alexander asked if they were to reschedule the routes excluding Monday, how could they do that?

Mr. Hopkins said they can't when they have a six day operation.

Commissioner Alexander said he is not going to be in agreement of saving the City that kind of money, because when the next thing they look at is trash on the road and in the yards. And then they want to say these are nasty people. But they can't get their trash removed like anybody else. When a person comes and dumps their trash in the road, then they are going to be looking at the person who lives there. That is not fair. Today when they talk about their budget, they are going to be fair.

Mr. Recor said they can evaluate it further. Obviously this is an issue pertaining to the Solid Waste Enterprise Fund. They are interested in saving money regardless of which

fund. But the focus of their discussion is primarily on the General Fund. One of the examples they used was management of overtime. Keep in mind they are not suggesting the elimination of overtime entirely. Obviously they are obligated by contractual bargaining agreements to pay overtime under certain circumstances. But to curb the use of overtime which increases salaries by thousands of dollars a year. Are there any other thoughts?

Commissioner Coke said when they are talking about overtime, she does understand that some of it is contractual, but she thinks some of it is optional. If they are looking at having to make choices, as difficult as the choices are that they are looking to make, she will tell them what she heard from people is not that they are looking to - of course there will be service cuts - but she doesn't think the intention was to cut service, the intention was to cut the size of the local government. She thinks one of the ways to do that is to cut back on non-contractual overtime.

Mr. Recor said obviously there are ways they could talk about managing their operating expenses. For instance, they can not go on that national trip, go to the more regional ones.

Commissioner Coke said they pay over \$1.2 million in overtime.

Commissioner Becht asked can they legally, instead of paying for overtime, offer the people a day off? Once they get to eight hours of overtime, give them the opportunity? Some folks might do it. He doesn't know if the cost of administering the program is going to be excessive. But if he had the option of creating eight hours overtime and getting the money, or the option of taking a Friday off, he might take his Friday off and not get the money.

Mr. Recor said he doesn't know if that option exists in either one of the bargaining agreements. He believes it essentially calls for pay.

Commissioner Becht said not everybody is under a union contract. So those who are non-union...

Chief of Police Sean Baldwin said to answer Commissioner Becht's question specifically, government employees fall under the Fair Labor Standards Act which requires payment of overtime for any hours over 40 hours a week. However, there are some exceptions to that. In the Police Department, where they spend a considerable amount of overtime, they do allow for up 44 or 46 hours, or 86 hours in an 80 hour work week, without overtime pay. That is an issue they may have to negotiate with the union, but he is looking at alternative work schedules that will bring some more efficiency to the way they work to make up for some of those... This is something they are working on right now.

Commissioner Alexander asked what is the overtime in his budget, just a round figure?

Chief Baldwin said approved in Fiscal Year 2008 is \$700,000 for overtime.

Commissioner Alexander said that is the Police Department, that is an exception. On the other hand, he remembers the Chief telling him he had discontinued the officers from... What do they call the pay where they go and work for some others? When they work for another company, what do they call that?

Chief Baldwin said that is the extra duty or off-duty detail program. They discontinued working for certain establishments. They have actually just gone through a process where they revamped that program so that the City can actually collect some overhead expenses associated with that; for instance, the use of uniforms and cars and that kind of stuff. So he expects the City will start actually seeing a positive recapturing of some of that money over the next year. So that will help some. He doesn't think it is going to generate hundreds of thousands of dollars, but it will certainly cover those for expenses for the taxpayers.

Commissioner Alexander said the Chief says certain establishments. Are there any particular ones?

Chief Baldwin said they are no longer working for establishments such as bars where they sell alcohol. That is the only restriction on the officers.

Mr. Recor said so generally speaking, he thinks there is a consensus from management's perspective what they should be talking about today to reduce the impact tomorrow. They will move forward in that regard. Option #2, would the City Commission support increasing user fees and other fees for services, such as development review, plans review, inspection fees, and instituting other new user fees for parks and whatnot, as ways of increasing the revenues? Is there a consensus of the Commission to do so?

Commissioner Alexander asked is there a feasible amount of return for them to go out there and put \$5.00 on a park? Is that feasible enough for them to say yes, go ahead and do it?

Mr. Recor said he thinks they need to look at this incrementally. There is no one magic solution to this thing. Hopefully at the end of the day, all incremental changes they have talked about will add up to a considerable and significant savings. He thinks \$5.00 could have an incremental effect, yes.

Commissioner Alexander asked hasn't Staff done this already to give them some kind of idea what they are asking the Commission to do?

Mr. Recor said Staff is saying they can do this. This is one of the many options for the Commission to consider.

Commissioner Alexander asked why haven't they put something together before now?

Mr. Recor said there is nothing concrete to put together.

Commissioner Becht said he thinks what staff is looking for is, they have 15 options, and if they have three Commissioners who tell them they would not consider increasing user fees, they are not going to waste Staff time reviewing it. So that is what staff is looking for today.

He thinks it would be a good expenditure of Staff time looking at the user fee structure. He would suggest they pick and choose once that comes back in. He jokingly on occasion has suggested they charge for boaters to use the ramps, because the boaters don't look at the other things they do charge fees for the same way, they say they shouldn't have to pay for that. Well, it costs money to run a boat ramp, and they are not recouping any money for that. He would like for Staff to look at the various ways they are raising money now where the public expects to be paying a fee. Is that fee paying for what they can best calculate the cost of delivering the service to be? And where are the glaring examples of where they are providing a service and they are not getting a revenue stream back? He is not saying he would impose additional taxes, he thinks that runs contrary to what the mandate is. The user fee is a tax. A tax is a tax. But when they show the public this is what it costs to run this service or deliver this service to them, before it was funded through their real estate taxes or other revenue streams. They will see how well the public tolerates it, they will see how well three of the five Commissioners will tolerate it.

Commissioner Coke said she would agree that they need to at least explore this as a revenue source. She will point out a couple of things. First of all they had talked a few years back about making some of the Departments that provide services to developers or home builders more self-sufficient when it comes to charging fees that would enable them to be the zero balance. The other thing is, she has been to lots of different places in the country and she thinks Fort Pierce is one of the few places she has been... She too has jokingly said they ought to put a toll bridge at the base of South Bridge, and anybody who is a resident has a pass and non-residents they charge \$.50 to go over the bridge. She doesn't know that they can necessarily do that. But she has never been any place where

they went to a public beach that they didn't pay something to park, whether there was a gate and it was \$.50 or \$1.00 for the whole day. She would think that the same thing would be true with boat ramps.

Mr. Recor said that is a good suggestion. If they recall, they had initial discussions about making the on-street parking in their downtown premium paid parking spaces to encourage folks to park in a free parking garage. There wasn't a lot of support for that, at least initially. But he thinks they may find that would be a significant source of revenue, should they decide to consider it.

Mayor Benton said he is going to respond to the boat ramps. Unless they build a grand facility the way the County has over on North Beach, for their half-used, half year open boat ramps, he doesn't know how they could charge. He has been to places where they can charge.

Commissioner Becht said he doesn't see that is viable. That is why he said it jokingly. He doesn't know which ones they control, but the ones they control are also used for parking for other things.

Mayor Benton said some have to do with grants. Like Jaycee Park, that was a FIND Grant. So there are certain things with guidelines. But the County, hopefully there will be one built over near Harbour Pointe eventually. But when they have a great facility like they have in Homestead where they can wash their boat off, people will pay \$5.00 to launch their boat.

Commissioner Becht said he doesn't want to spend all day talking about a boat ramps. But he saw one in Fort Meyers. It was smaller than anything they are talking about. People could get in and get out, there is no controlled access. But there was a one solar powered meter where they could buy a decal to put in the car window for a car with boat trailer for the day. If they didn't have it, they were going to get like a \$50 fine. And all they got to do is send somebody in there once a day. That is easy to enforce. If they don't have a boat trailer, then they don't have to pay a fee. But downtown parking, they have almost crippled many retailers and restaurants downtown with all the improvements they have done. The improvements are great. But the affect has been very hard, particularly on those who have struggled to get through. To immediately turn around and impact them with on-street parking charges, he thinks would be a mistake. They do have a two-hour limit now. He doesn't think they are issuing tickets for that now. What he would suggest is they talk about it, they come up with a consensus. This is the time period they want to re-educate the public that there is a two-hour parking time and they hand out warning tickets for maybe six months or a year. At the end of that year, then they start giving out real tickets on the two-hour parking time. And at the end of that two-year period, maybe then they will be in an economic situation that they really do want to put in perhaps solar powered parking meters, where it is not every parking space, but it is every half block. They go there, they insert their credit card, get their parking decal, they put their parking decal on their car. It is not expensive to run or maintain, it is a revenue stream, and it alters the way people park their cars. They are changing the way society uses their cars. Because now all of a sudden, maybe they will car pool because it costs whatever to park their car there, or they will park in the City parking garage and walk an extra half a block. But they are changing the way society does things. They do that over time, they have to do it gradually, and they have to do it through education.

Mr. Recor said he thinks the cost of a gallon of gasoline is going to change the way they all use their automobiles. One of the things he wanted to mention was, they may be aware that the County has significantly increased its development review fees. One of the things he wanted to mention and respond to, and it is actually in their favor. They heard Mr. Furst mention this morning that new construction is 10% of what it was last year. That is not necessarily the case for Fort Pierce. That is why they have their fingers crossed that the impact would not be as significant for them. Building permit revenue, they had projected \$1 million for the year. But after five months actual, they have taken in \$480,000. So they estimate at the end of the year with new construction and building permit activity,

recognizing some of this is miscellaneous existing construction, they are \$150,000 plus from their approved budget amount. Based on what they see, they don't have any reason to believe that it is going to slow down. He and Mr. Buchwald can tell them the number of developers that are taking advantage of the City's preapplication meetings. The Commissioners know because they all want to meet with them individually. That is not slowing down. The developers are still out there, they are still speculating, they are still circling the City and looking for opportunities. So their revenue forecast does not predict that 10% number they heard about this morning.

Commissioner Becht said but the City can expedite permitting. He is talking about both development permitting and permitting the developments that have been approved, so they have actual construction taking place and taking place now. Because this is one of the critical times where they need to expedite the construction so the stuff gets C.O.'d, so it gets on line, so it gets taxed, so that the jobs are created in those new buildings that are built.

Mr. Recor said they are going to hear a report maybe the next Commission meeting of results from the permitting workshop that was held earlier this year. They spent about a month working with the constituency group.

Commissioner Becht said he heard good things out of the public on that.

Mr. Recor said a lot of good feedback came out of those discussions. They are going to do the same thing for the Planning Department as well. This constituency group focused on the building permit process. They are going to focus now on development review and see how they can streamline development review, and come back to the Commission with some suggestions and recommendations for changes.

Mayor Benton said going back, they were talking about a fee to use the parks. He thinks they charge now, don't they?

Commissioner Coke said yes, but they never used to.

City Clerk Steele said they only charge for rental of pavilions. They don't charge a user fee for the parks.

Mayor Benton asked do they have a different fee for out-of-City residents versus City residents? He will use Jaycee Park as an example. There are folks who come from out of the County and have big functions there. They should be paying dearly for it, because they are using it for a fundraising event. So he thinks they should look at a user fee resident versus non-resident.

Commissioner Coke said that is the reason they come here, is because everybody else charges higher fees.

Mr. Recor said he is seeing general consensus for at least consideration of various user fees. They can certainly bring forward some alternatives for the Commission. Option #3, would City Commission support changing the basis for the local business tax - what they formerly referred to as an occupational license fee - from a flat fee to a percentage of gross sales? He will tell them, they are leaving money on the table.

Commissioner Coke said she is going to tell him, no.

Mayor Benton said he agrees. How about a half cent sales tax? Can they do a half cent sales tax?

City Manager Beach said he does not believe they have that option under State law. The counties have the option and he believes the school districts have the option, but the cities do not.

Mr. Recor said they have two vehement no's.

Commissioner Alexander said three.

Mr. Recor asked Option #4, would the City Commission support a 4-day 10-hour work week, i.e. closing City facilities for one day? Again, it is an incremental cost savings.

Commissioner Coke said she would not.

Mayor Benton said some uses, he thinks they could. Some they couldn't. But he would want to know what the cost savings would be as far as turning the lights off for the building.

Commissioner Becht said before he could respond to that, he would have to know what kind of money they are saving. There are a lot of people who can't... It sounds to him like they are looking at shutting things down on Friday. That may really cause a lot of havoc with folks when Friday is the best day for them to get off. They had a problem before he thought, when Mr. Beach was letting some managers take off on Fridays. It just wreaked havoc.

Mr. Recor said they curbed that.

City Manager Beach said there were scheduling problems associated with that.

Commissioner Becht asked are they going to save \$10,000 or \$100,000. Within the nearest \$10,000, does anybody have any idea what they are going to save?

City Manager Beach said this is before the Commission to ask whether or not they would consider it. If they would consider it, then staff will put the potential cost savings and the specifics together as to how it would operate.

Commissioner Becht said his problem in answering it is, if he knew he was going to save \$1 million a year, he would be in favor of it. His gut tells him that it is more like maybe \$15,000.

Mr. Recor said it is not \$1 million. He characterized it as an incremental cost savings.

Commissioner Becht said that is 52 days a year they are going to be closed that they wouldn't otherwise be closed. If they saved \$1,000, that is \$52,000.

Commissioner Coke said she is going to weight in, because she thinks people's productivity tends to wane when it gets to be that ninth and tenth hour that they are working and they are not making overtime, so they are not going to be happy with that. There are a lot of people who have different work schedules that work the 4 days/10 hours and they are off on Friday and that is the only day they could come to City Hall to conduct business.

Commissioner Becht said he appreciates staff bringing it up, but he for one would not be interested.

Commissioner Coke said neither would she.

Commissioner Alexander said neither would he.

Mr. Recor said Mr. Furst has some thoughts on the business tax.

Mr. Jeff Furst, St. Lucie County Property Tax Appraiser, said one of the things he wanted to point out to them that a lot of people are not thinking about is, part of the thing that was just passed in the recent election was, they eliminated all personal property tax for accounts of \$25,000 or less, which was a lot of small businesses. Part of the reason he and some

others lobbied for that was that it is a very expensive proposition for himself and the Tax Collector to fool with the smaller accounts. But in this County for example, with the 9,000 accounts they have under personal property - the largest being FP&L and Southern Bell and those people - they are going to eliminate six of the 9,000 accounts. So it is a huge number. It was administratively not practical. But the other interesting thing they heard over and over from small businesses was, they don't mind paying a fee, they don't mind being charged, they just don't want to do the paperwork and fool with filling out forms and be doing all this inventory and everything else. So charge them one time a year for an occupational license or something, they will pay it and do it, they just don't want to be fooling with it. That is what they kept finding out from people over and over. But if they are going to drop off six of 9,000 accounts in this community, a fair number he is sure would be in the City of Fort Pierce. He thinks one of the things they heard from the business people is not the unfairness that they paid something, but the hassle of how to do it. So they are going to be coming out from under that. So it may be something they would want to be looking at. But that is their call.

Mr. Recor said staff had estimated the additional revenue at around \$25,000 max for the first year. But more important, after that first year they could then begin to increase a certain percentage each year and rely on that. But it is an incremental step, it is nothing that is going to save the day. Option #5, would the City Commission support eliminating televising the City Commission meetings? It is roughly \$130,000. Recognize that FPRA pays for its portion. FPUA was surprised to hear they were being asked to pay for their portion. Again, it is an incremental step.

Commissioner Alexander asked that amount that Mr. Recor quoted, \$130,000, is that going to the County employee?

Mr. Recor said it is going to the County by the Interlocal Agreement.

Commissioner Alexander asked so how many City employees been trained enough by now?

Mr. Recor said Marjorie Gaskin and he have talked about having the City's staff shadow the technician who supports this program. But the answer is no, they have not.

Commissioner Alexander asked do they have the capability of doing that job?

Mr. Recor said he believes they have talent to do that job. He doesn't know that they have the resources to do that job.

Commissioner Alexander asked what resources?

Mr. Recor said staff. That Department is stretched very thin as it is. If they were to add additional responsibility, there is a corresponding level of services that is going to decrease.

Commissioner Coke asked how many people could they hire for that \$130,000?

Mr. Recor said they have the basic brains behind this program and they have one person who supports the program.

Commissioner Coke said she understands that. But currently they are paying the County \$130,000 to televise their meetings. The City owns the equipment. Could they not hire someone qualified to do that for less than \$130,000?

City Manager Beach said Ann Satterlee needs to weigh in on this. She has worked with those folks since they started off.

Commissioner Becht asked aren't they under an agreement for another year and a half?

City Attorney Schwerer said they have an Interlocal Agreement. He doesn't remember the term.

Ms. Anne Satterlee, Assistant to City Manager, said it is a five year Interlocal Agreement.

Commissioner Alexander asked then why are they discussing this?

City Manager Beach asked does the County provide equipment along with this televising? And does the County not also program the TV and other things? And whether or not the City can do that for that amount of money, that is...

Ms. Satterlee said what they currently have at City Hall in the Commission Chambers in the back of the room is for broadcasting live television. So when they have Commission meetings being broadcast live with Comcast, that equipment is just for that reason. They have cameras they purchased and the computer there that is the City's. Once it goes back to the County, the County has the editing capabilities, the recording capabilities. The City Clerk's office can make copies of the DVD's and that type of thing. But there is a lot more production that goes on at St. Lucie County.

Commissioner Alexander asked the City couldn't do that?

Ms. Marjorie Gaskin, MIS Director, said they have all the equipment in their office. The County is using the City's equipment.

Commissioner Alexander said the County is using the City's equipment, so it is paid for by the City of Fort Pierce.

Ms. Satterlee said also, when they have outside Commission meetings or anything of that nature and they take TV cameras, those would be owned by St. Lucie County.

Commissioner Alexander asked that is the City's station, Channel 27 with Comcast, right?

Ms. Satterlee said that is correct.

Commissioner Alexander asked the broadcast goes out over Comcast because that is the City's station affiliated with Comcast, right?

Ms. Satterlee said it is a government access channel, yes.

Commissioner Alexander said again, \$130,000 a year could be put in their department.

Mr. Recor said if they look at it in that regard, he thinks actually they are saving money. It is only agendaed as a way to reduce expenditures. By the time they would bring on additional resources to handle the responsibility, they are going to see a decrease in the level of service that the public has become accustomed to receiving. They all know without question that people watch that channel.

Commissioner Becht said he is going to need a bodyguard if they stop broadcasting, so that is going to increase the cost to the City.

Commissioner Coke said first of all, as much as she would love to not have her face plastered all over television, she doesn't think that is a viable option as far as keeping the citizens informed. But she would be interested in knowing what the additional personnel cost would be. Because obviously the City is going to make cuts. Rather than lose an employee or lay off an employee, she would rather train an employee to do another job that is facilitated here anyway. She would like to know what it would cost to hire and/or train one of their current employees to do that. And interestingly - although she doesn't want to be one of those people who starts watching Channel 21, St. Lucie County TV - but Port St.

Lucie City Commission meetings are televised over St. Lucie County TV. Are they paying the same \$130,000 a year that the City is?

Mr. Recor said they are paying, but he doesn't know what rate they are paying.

Commissioner Becht asked the State in its infinite wisdom also he thinks played with their ability to license Comcast. So how many more years are they going to be having a station free of charge through Comcast? Can anybody answer that?

City Attorney Schwerer said not today, he can't.

Commissioner Becht asked is he not correct, didn't the State give Comcast the ability to enter into statewide licenses rather than local licenses?

City Attorney Schwerer said there are changes to the telecommunications law, that is true. But there are certain savings clauses for types of franchise agreements. They happen to have a written franchise or licensing agreement, as they call it.

Commissioner Becht said but it dies in five years.

City Attorney Schwerer said yes, but it is renewable for additional years, and they have to have a certain type of provision in there he believes with their restructuring.

Commissioner Becht said he is not going to get the answer he needs today. He is not sure with whatever amount of research they do, they are going to know the answer to that. But he is bothered by that. The question he has for Staff, and they probably are not going to be able to answer this one either is, he doesn't think the Port St. Lucie meetings are live broadcast, he thinks they are video broadcast. He likes broadcasting, but he doesn't think they have to be broadcast live. If they videotaped and broadcast, would they have any cost savings if they did that? He doesn't know if they would or won't.

Commissioner Coke said they do broadcast some meetings live in Port St. Lucie.

Commissioner Becht said but he and Commissioner Alexander heard from Port St. Lucie that they would come to the Fire District and videotape a one-hour meeting. The Fire District seldom has one-hour meetings. But Port St. Lucie would videotape a one-hour meeting for \$400. It was a \$4,800 contract between the Fire District and Port St. Lucie. And it was an \$11,000 contract between St. Lucie County and the Fire District. That really is not apples to apples, because they didn't give them the same bid. But if it was \$400 to videotape it... Again, he doesn't know if they would save any money or not, because they are doing Code Enforcement Board, Planning Board, City Commission, and FPRA.

Mr. Recor said they will look at this further.

Commissioner Alexander asked but that is an additional cost for them to do outside City Commission meetings?

Mr. Recor said that is included in the \$130,000. That is, two meetings of the City Commission and he thinks one special meeting a year, the Planning Board meetings, the Utilities Authority, the Code Enforcement Board, and the FPRA.

Commissioner Alexander asked all that is included in the \$130,000?

Mr. Recor said the only one that is not included he believes is the Historic Preservation Board.

Ms. Gaskin said that is not televised.

Commissioner Becht said he is hard-pressed to think that they can hire sufficient people to do all of that for \$130,000.

Mr. Recor said right. This Option #5 was proposed as eliminating the service.

Commissioner Becht said then if that is the answer they need, he is not interested in eliminating the service. If they can save money by video, then they ought to do that.

Mr. Recor said they will look into it further. Option #6, would the City Commission support one-time incentives for payment of outstanding property liens, i.e. a percentage of forgiveness? They have \$2 million outstanding property liens on the books. If paid within six months, maybe 50% forgiven. Is that worth it?

Commissioner Alexander asked what would it cost to notify these people?

Mr. Recor said he couldn't begin to tell him.

Commissioner Alexander said but that is what they should begin to think about, what it would cost to assure that each and every person on that roll is contacted and given a fair and decent time to come and pay.

Mr. Recor said obviously they are dealing with projections as well. What would be the magic number for someone to take the bait, so to speak, to actually make the decision to pay the lien.

Commissioner Becht said he would weigh in and tell them that he tried this in his profession about five years ago. He sent it out to everybody. And he had one person take advantage of it. So he doesn't think they are going to get that many to take advantage of it. He thinks it is a mountain of work getting proper notices to everybody. He likes the idea so much that he previously tried it, but it just didn't work in his application of it. So he is not sure it is going to work in the City's application.

Mr. Recor said if Commissioner Becht has some firsthand experience, then that is what they need to hear about.

Commissioner Coke said about five or six years ago, they actually hired a collection agency.

Commissioner Becht asked did they get any money?

Mr. Recor asked does Mr. Bergalis recall the collection agency and the success rate?

Mr. George Bergalis, Finance Director, said it did not turn out to be what the City anticipated it was going to be, so they discontinued it.

Mr. Recor said it didn't turn out the way they expected it to.

Commissioner Coke asked does Mr. Bergalis recall, did they discontinue that because everybody came to the City Commission complaining? And they said okay, they won't pursue that. Or were these people just not successful?

Mr. Bergalis said they weren't successful in their attempts to collect.

Commissioner Coke said her recollection was more along the lines that people kept coming to the Commission saying they are tired of these people harassing them. And the Commission said okay.

Mr. Recor said that may be a different and better approach is to use the collection agency.

Commissioner Coke said they do nothing to collect these after they put them on properties.

Mr. Recor said they can evaluate the use of a collection agency and see what kind of response that generates.

Commissioner Becht said the real solution is to fire up legal and start foreclosing. But if they think they heard some complaining with a collection agency making a few phone calls to try to get some money, wait until they start taking somebody's property away from them.

City Attorney Schwerer said the problem with that is there are limitations on what type of property they can foreclose on. What they found in their experience is the vast majority, 95% or more of the properties that they could essentially foreclose liens on, had priority liens ahead of them, such as mortgages, outstanding taxes, and the like.

Commissioner Becht asked they can't create a super priority lien ordinance?

City Attorney Schwerer said not for code enforcement. For demolition liens, yes; those are elevated to the level of taxes and they are at the top. When they do demolition and lot clearing and they benefit the property, that is a different story. The code liens are in line when they are filed.

Commissioner Becht said fundamentally, he thinks unless the five Commissioners have the stomach to endure the complaints from the citizens about a collection agency or the complaints from the citizens about foreclosing those liens that they can foreclose, he doesn't think they are going to see... He likes their creative thinking, so please don't get him wrong. He likes thinking outside the box. He thinks that is thinking outside the box. He just does not think it is going to produce the results they are hoping it will.

Commissioner Coke said she would venture to say that a larger percentage of those people are not necessarily City residents who owe \$2 million that could be utilized to pay for the services that the vast majority of their citizens utilize. So she would love to find a way to push a button to try to collect that \$2 million.

Commissioner Becht said if she has the stomach to deal with the complaints, he has the stomach to do it.

Commissioner Coke said what they need to do is draft a policy that deals with the situation and it is not something that can be agendaed.

Commissioner Becht said they have developed a lackadaisical attitude. They come in with the most bogus reason, and the Commission grants them a deferral or half price or one-tenth price, and give them 60 days, 90 days, or six months to pay it; and if they don't pay it in that time frame, they come back in six months and say they need an extension. They are burning Staff time processing the lien waivers, they are burning Commission time processing lien waivers. If there are three of them who have the stomach to endure pushing it ahead, this is the time; except that, if it is a lean time for city government, it is also going to be a lean time for these people who they are going to be pressing. They are just going to have to have the stomach to say this is what they are going to do.

Commissioner Coke said first of all, if they think it is bad now, six years ago every single person who came in, they got 100% waiver. It wasn't like they had to pay 50% of the administrative cost. Anything that the Commission could waive, they waived 100% of it. They gave extensions for 3 years, 5 years, 6 years. There was one property he was asking for extensions for like 11 years before they started fining him. So she thinks they have made tremendous strides in starting to hold their own. They are in tough times. And to provide the services they need to, to the vast majority of their citizens, may mean that these small percentages of people need to pay up what they owe.

Commissioner Becht said let him remind them, they had a citizen come forward and suggest to them that, as these monies come in for code enforcement problems, that they put those monies in a fund so they could help people stay out of code enforcement problems. So if this money comes in, are they going to put it in the General Fund and be gone with it? Or are they going to talk about maybe allocating that to a special fund?

Mr. Recor said regarding Commissioner Becht's suggestion, they did research that. What they determined after consulting with the City Attorney is that they have the ability right now to allocate a certain percentage, a certain dollar amount, to a program of that nature. It didn't need to be tied to a successful collection, in other words. But it was a priority of the Commission, they could dedicate that through their budget process.

Commissioner Becht said he thinks it is an easier sell to three of the five Commissioners and maybe an easier public relations issue if they say they are pushing the issue with code enforcement to create the fund to avoid future code enforcement issues.

Commissioner Coke said she has no objections to that other than the fact that she thinks that actual costs, such as demolition and lot clearing, needs to go back to the General Fund. Administrative costs need to go back. And as far as the fines and penalties, she doesn't have any problem setting that aside to assist people with improving their properties.

Mr. Recor said Option #7, would the City Commission support the elimination or reduction of Contractual Services and the corresponding impact of the decrease in level of service to the public? If they recall during the last budget year they spent a good bit of time looking at and explaining the use of temporary employee services. The question here is, would they support the elimination of, for example, the contract for beach raking that they just initiated? That is \$75,000. That is an example.

Commissioner Becht said yes. As far as the overall package and let's put this on the record.

Mayor Benton said yes. That is an amenity that Boca Raton might be able to afford, but \$100,000 is a lot of money for Fort Pierce.

Commissioner Becht said he is talking about all contractual services. He has multiple people he is trying to take care of. He is trying to take care of taxpayers, he is trying to take care of existing full-time City employees. Contractual people that are not full-time City employees don't rise to the level of his taxpayer or his full-time City employee. So they are on the table.

Mr. Recor said he wants the Commissioners to understand that staff is not suggesting that by eliminating the contractor services that it is something they can pick up in-house and provide the same level of service. This would be a decrease in the level of service.

Commissioner Coke asked are they talking General Fund Line Item 3490 Contractual Fees of \$1.497 million?

Mr. Recor said yes, they are talking about certain contracts for service.

Commissioner Coke said no. If they want her to say they are going to do that, then she needs a break down of this \$1.497 million. Because if they are going to cut contractual fees, then they need to cut them across the board. They can't just cut beach cleanup, which she is going to oppose. She would like a list before she would agree to that of the \$1.497 million that is budgeted for 2008, then everything needs to be cut straight across the board.

Mr. Recor said he doesn't think it is easy for them to agree today that they would bring them \$1.4 million. There may be contracts for service that they are obligated to continue. But they will bring a list of recommendations for the Commission to review.

Commissioner Coke said except that is not really what she is asking. So before anybody wants to tell her that she is not asking the right question, let's back up. What she would like is a listing of the \$1.497 million broken down - this is what they spend and this is the contract. Because although she is going to appreciate Staff's recommendation, she would like the overall picture. So if they are going to cut contractual fees 80%, whether it is across the board, but they are not sacrificing what they all agree that they need to keep.

Commissioner Becht said he would put it in this perspective. If the worst case budget scenario evolves, they are going to be out of the what we want discussion, and they are going to be in the what do we absolutely have to have discussion. So they will see the contractual services at the time they come in and they will evaluate what they need and they will have to eliminate probably what they want.

Mr. Bob Hood, Director of Public Works, said he just want to make sure they are all clear on something with contractual services. When he was looking at the budget and looking at some of the deep cuts they were going to have to make, it is important to remember they have specialized contractual services, things like elevator maintenance, inspections, spraying, and that sort of thing.

Commissioner Becht said they need those. They have to have the elevator thing done. But there are things they want done, that they could do in a flush economy, but they don't have to have them done, they are nonessential. They are going to have to boil this down. If they get into slashing \$7 million out of the budget, they are going to get down to what is essential and they are going to lose some of the things they want.

Mr. Hood said he agrees - drastic times, drastic measures. One of the things he must point out though is, Public Works has not gained any additional employees. In fact, they are working with the same number of employees they have had for the last ten years. At the same time, the City has had a very aggressive annexation program going on. The City has grown physically almost 30%.

Commissioner Becht said it is going to get bigger.

Mr. Hood said they are victims their own success, because they have more projects coming on line, they have more landscaping, and that sort of thing. So there is more to do. Management cannot ask their employees to continually take on greater burdens, they have to give them some assistance, whether that is in mowing or some of these other areas. They are trying to reach that balance where they get the job done for everybody, but they are not all in contracts or all in new employees.

Commissioner Coke said she thinks what Commissioner Becht is trying to point out, although they want to get the job done, if they end up with a \$6 million budget deficit, they are just all going to have to learn to live with not getting the job done the way they are accustomed to.

Commissioner Becht said they are going to get the essential job done. Mowing may have to take place once a month. They are going to deal with it. When they get hard numbers, they will make hard choices.

Mr. Hood said he can show some of the details on that too when he makes his presentation.

Mayor Benton said he saw they have one with the FPRA, a contract on architectural services for the Linear Park. Isn't that something they can at least look into tasking IRCC

or FAU, their engineering department or architectural department, to come up with something? They do it in Gainesville, they do it in Tallahassee. Is that something they can do here?

Commissioner Coke said that is FPRA. They are talking about the General Fund here.

Mayor Benton said he knows. But they do things out of the General Fund the same way. There is no reason why they couldn't task some of these other organizations around here to do it. It might not be as professional, but it might be better. Who knows?

Mr. Recor said Option #8, are there opportunities to consolidate operations with other agencies that the City Commission would be willing to consider?

Mayor Benton said most definitely.

Commissioner Becht said yes, but he is looking to Staff to tell him how they want to reorganize. Everything is on the table as far as he is concerned.

Mr. Recor asked are there opportunities with other agencies?

Commissioner Becht said yes, if there are opportunities to consolidate. He doesn't know what those are. He is looking to Staff to come back and tell him how they want to consolidate with other agencies. They have talked about a fuel tank farm. He doesn't know how they get off dead center with that. The fuel tank farm where they would consolidate with the County and probably the Fire District, there is an opportunity there. They say consolidating, but maybe coordinating. But he is sure there are other opportunities.

Commissioner Coke said she knows she mentioned it earlier, but she is going to mention it again. She would hope that everyone sitting over at the Utilities Authority is also looking for some drastic budget cutting measures so they can avoid raising rates yet again. With that being said, she would think they should be open to a discussion of how can they share some of the work of the departments that are mirror duplications, such as Human Resources and Finance. Not that she would want them to have to eliminate, but maybe they could have a shared department.

City Manager Beach said there was a study conducted back in the 1970's or 1980's. It was a consolidation issue, but there was also another effort made to combine some of administrative functions of the Utilities Authority with the City. By administrative functions, he is referring just to the service activity, the things that Finance has to do so they could have a Police Department, the things that Personnel has to do so they can deal with Human Resources. Those are all duplications. They do it both in the Utilities Authority and they do it in the City. His belief is, there is a real opportunity for making those work more efficiently from the standpoint of an organization. His attempts at it about four years ago were completely unsuccessful because people didn't want to talk about it to start with. For example, they were absolutely not going to have the City's Finance Director make financial decisions about the Utilities Authority or their Human Resources Director or vice versa. It was a very difficult issue and he was unable to overcome it in terms of trying to show people how this would work. It seems to work fine with Purchasing. For whatever reason, they have always done that, they have always consolidated those operations. The other agency has its own people involved in it, but they use the City's Purchasing Agent to deal with all of their acquisition issues. So he thinks there are opportunities there. But getting the players on board is a real struggle.

Commissioner Alexander said for Mr. Beach to consider having the Fort Pierce Utilities Authority as a Department, they is not even going to look at that direction, are they? There was a request and they are not going to even consider that?

Mayor Benton said that is a Charter issue. That is not something the City Manager does.

Commissioner Alexander said he thinks that was brought up in front of the Commissioners, it was brought in to the Legal Department. He is just funneling conversation that is going on. They are not even going to consider looking at that.

City Manager Beach said at one time the Utilities Authority was a Department of the City until 1975. But there were very specific reasons they changed that. From his own perspective, those were very valid reasons for doing it. But he still doesn't understand why that keeps them from combining those administrative support functions that they both have.

Commissioner Alexander said just something in that direction, some mentality saying whatever they do over there is no better than what the City is doing, and what the City is doing is no better, so why don't they do it together. So again, the worst scenario would be to phase that out and make it a Department. But it doesn't have to go that direction. Go in the direction they are speaking and willing to go with the Fort Pierce Utilities. Ask why don't they do some of these things together, to save whose money? Not the City, not the Fort Pierce Utilities Authority, but the citizens of this town. If they don't think that way, then they don't need to be discussing this.

Mr. Recor said the time to hold FPUA's feet to the fire with that discussion was last Monday.

City Manager Beach said within their own organization they have to make some decisions and some sacrifices to make something like that work.

Mr. Recor said they can initiate and have those discussions; but he doesn't think they are going set up any meaningful cuts as they were encouraging.

Commissioner Coke said now is a very valid time to put to the Fort Pierce Utilities Authority that economy of scale, both for the City and the Utilities Authority, is going to be a necessity. They as a City are going to do everything humanly possible other than raise the millage rate. She thinks at this juncture, although there were not four of them to say that the Utilities Authority needs to start doing everything humanly possible to only raise their rate whatever this CIP or 75% of that is. She thinks if they understand the fact that there will be four of them hopefully the next time around who are not going to approve 9% rate hikes after a 16% rate hike next year that they are going to have to examine their budget. She thinks until they put their feet to the fire and say it is time to consolidate... It doesn't have to be a tomorrow thing, but if the City has a hiring freeze on and the Utilities Authority has a hiring freeze on, let these departments come together and start working as one. As the department people leave, then...

(Commissioner Sessions returned to the meeting at 2:30 p.m.)

Mr. Recor said they have already given the City a schedule of rate increases.

Commissioner Becht said back to this Option #8, the opportunities to consolidate operations with other agencies or with other governments is only limited by their imagination and political turf. Actually the environment they are in now, the desperation that the County says it is in and the dismal outlook that the City is looking at with finances, he thinks encourages them to create some bridges that may allow for some consolidation. It is purely hypothetical, but if they were able to consolidate the City of Fort Pierce with the remaining unincorporated County, there would be essentially no millage to speak of for any City resident across that entire area. They would be able to consolidate and have a uniform development of the County, whereas they are not having that now. What is happening now is the City lays out a plan for what it wants to have itself look at, and then they annex an area that the County has already permitted that has dead end streets, cul-de-sacs, no interconnectivity, gated communities, and they annex that. Developers come

in to see him who are saying they want to come into the City now, even though they have their County permits, because they are going to have their buildings, their sidewalks, their utilities approved through County inspectors, and then they are going to get annexed in and the rest of it is going to be done by the City. There is no uniformity. So now is the time to at least put the feelers out, to see if there is a willingness to consider consolidating. Even if not consolidating departments, do what Jacksonville did. Just go all the way across to say it is now Fort Pierce or St. Lucie County or Fort Pierce/St. Lucie County with everything but Port St. Lucie, and have the cost savings there that would be achieved with the efficient use of...

Mr. Recor asked countywide, as opposed to using the boundaries of the retail service area?

Commissioner Becht said yes. The problem with that is, he thinks it is thinking too big for everybody to accept. They are doing what they are talking about now with little tiny joint planning agreement steps, the regionalization of utilities they tried to push forward. But every one of these little steps bumps into turf wars. The regionalization of utilities becomes a problem because of the City's annexation policy won't be recognized unilaterally by the County. So he doesn't know how to move this concept forward other than to tell them yes, there are opportunities to consolidate operations. But it needs a discussion and a dialogue between the County and the City for where can they agree to surrender some of their power, or consolidate the power equally in saying they have equal control over the development department that is going to review anything that happens in the County.

Mayor Benton said he can tell them there has been some discussion amongst friends when it comes to consolidation, because Port St. Lucie doesn't buy into that. But if they look at unincorporated St. Lucie County and Fort Pierce, like the Parks Department, the County does nothing in parks and recreation in Port St. Lucie. With the exception of the Fairgrounds and Lakewood Park and the Mets Stadium, everything else is done almost in the City limits of Fort Pierce. So it would make sense for the County, especially if they can get a grip on Port St. Lucie going to Okeechobee, to get them from the western boundaries to partner with Fort Pierce and come up with something that would become Fort Pierce and St. Lucie County would go together and Port St. Lucie would do their own thing. That might be worth talking about. He knows there are people in the County willing to listen. How they get there with retirements and everything else, it can be a nightmare.

Commissioner Becht said it is a big idea, but it is the hard times now that have them even talking about it.

Mayor Benton said in Jacksonville it works very well. In his opinion, that is what they have heard from the public is there is too much government. Government can work together.

Commissioner Coke asked are Commissioner Becht and the Mayor proposing that the City of Fort Pierce become St. Lucie County?

Mayor Benton said no.

Commissioner Becht said he is talking about consolidating the two governmental entities into one governmental entity; and there will be some sacrifice out of both of those governmental entities.

Commissioner Coke said she will tell them right now, she would agree wholeheartedly to work together with the County to consolidate whatever areas they could; but she would absolutely vehemently oppose joining the two governments. With all due respect to the people at the County, Fort Pierce has gotten the short end of the deal, to put it as politely as she can, every single time they turn around. The City wanted to partner with them in the utilities, the County wanted to merge. The City should take their 300 and something person successful Utilities Authority and join it with the County's four people non-successful utilities department? The City has talked about annexation by legislation and the County has

knocked them down every step of the way. She really doesn't want to get into a spitting match with the County, but she is absolutely not going to support anything that is going to put control of what happens in this City. Fort Pierce has been more successful than the County and Port St. Lucie together to formulate a Downtown and a City and a Redevelopment Agency that is growing throughout. She thinks that looking to do that is going to do absolutely nothing but set them back 25 or 30 years.

Commissioner Becht said he may not have made the concept - and it is just a concept that is very amorphous right now - but it is the concept of the City of Fort Pierce city limits would be all that it is now and everything that is within the unincorporated County. So the City of Fort Pierce would be that big. But in order to do that, the County unincorporated residents are going to have to be represented by elected officials too. So it is a big idea. It would save money for all of the taxpayers in his opinion. But there are going to be some problems making it... The only reason it is even possible to talk about it is because of the straits they are in.

Mayor Benton said they are comparing it to Jacksonville, which is the big city. They are not talking charter counties here. They are in the driver's seat because they have the utilities. And that is the thing, there are so many issues to overcome. But he thinks the public and he thinks the State Legislature, as they keep going the direction they are going, is telling local government it is time to take a look at that option.

Mr. Recor said he is hearing a resounding yes. Obviously it is a discussion they will continue to have. He thinks Mr. Beach has some thoughts on it. So they will continue to research this. Option #9, would the City Commission support redefining the existing policy pertaining to sick leave accrual and payout upon separation from employment? That is kind of leading up to the next topic they are going to talk about; and that is, incentives for early retirement.

Commissioner Coke asked can they cover those one at a time?

Mr. Recor said they can. But the reason why he brought the next question up is, if they were to offer some incentive for early retirement, it could be to pay out sick leave according to existing policy, it wouldn't be subject to any new policy or...

Commissioner Coke said anybody who is going to retire is going to be grandfathered in under the old policy. She thinks they cannot change a policy retroactive.

Mr. Recor asked are there four Commissioners for changing the policy?

Commissioner Coke said to clarify it for Commissioner Sessions who wasn't here when they brought this up originally and who is now sitting on the Retirement Board. Wait until he sees some of these retirees who come in and they want several hundred hours worth of accumulated sick and vacation pay and it is all paid out at their current rate of pay. So her concern is they either need to start tracking it and paying it out on an annual basis; or allowing it to accumulate, but it should be paid at the retirement time at the rate it was earned. Because they are having some people who start working for \$10 an hour and then when they retire they are getting paid \$20 an hour, and all that vacation and retirement pay is getting paid at the \$20 an hour level. So she had great levels of concern that they were spending money that they shouldn't have been and they needed to re-examine the policy.

Mr. Recor said one of the suggestions they talked about in addressing that further is to basically have a maximum carry forward amount and just pay people off today, and then begin to pay the amount according to that cap on an annual basis, so it doesn't ever reach the point that it is and they are paying them out at the existing rate.

Commissioner Coke said she thinks there is a concern from the employee that if they ever needed to have that accumulated sick and vacation time, it would be there for them.

Commissioner Alexander asked have they gone out to any of the surrounding entities like the School Board? He is sure they are having difficulties. Have they found out what they have done?

Mr. Recor asked with regard to specifically sick leave?

Commissioner Alexander said he is speaking about the sick leave and how they deal with the days that have accumulated. When a person knowing they have days accumulated, then they can utilize those days as they wish whether it is comp time or take a week of vacation. They can go back and use those days, right?

Mr. Recor said they haven't done any research yet as far as how other jurisdictions or organizations are handling that.

Commissioner Alexander asked why?

Mr. Recor said because they are just now having the initial discussions.

Mayor Benton said a lot of times they have union contracts. There are certain stipulations in the contract how that works.

Commissioner Alexander said they have been in battles with contracts for he doesn't know how many years. Since he has been here, every year.

Mayor Benton said but they haven't done anything but wages with most of their contracts. Mainly it is all those other items that...

Commissioner Coke said she has reviewed all those contracts. It specifies the number of sick time hours that can be accumulated and vacation hours, but she doesn't see where it specifies the rate of pay it will be paid at. She thinks that is a flaw in their system.

Commissioner Alexander said he heard her say she read what can be accumulated. So if they say 50 days of sick leave can be accumulated over a period of time, he wouldn't mind paying them for whatever. But if they have 350 days, then he would have some concerns. There should be a cut-off date.

Commissioner Coke said she doesn't mind paying anybody for any of their accumulated sick time. She doesn't mind allowing them to accumulate sick time. Her concern is it should be paid at retirement date at the rate it was earned, rather than at the retirement salary.

Commissioner Alexander asked again, have they gone out and explored other peoples that have went through dealing with this in a serious manner and find out what they did? They don't want to reinvent the wheel, because right now they are saying they know nothing about it.

Mr. Recor said he doesn't think they have to reinvent the wheel, even if they decided not to contact any other organizations, and he is not saying that is what they should do. They have a similar methodology in place for their vacation accrual. Employees are only allowed to accrue x-number of hours of vacation. It is either use it or lose it. In deciding how to move forward, they could pay out the employees up to the maximum they would be allowed to carry forward, and then only allow a certain number to be accrued every year after that. Or they could study other organizations and see how they are handling it as well.

Mayor Benton said he would say, use it or lose it.

City Manager Beach said as he understood Commissioner Coke's issue - and if they all have different issues, let him know - it was that it should not be paid out at retirement at a

different rate than it was accumulated. At this point in time, they do not have that ability. However, if this Commission adopts a policy that says from this point forward they will have to monitor the accrued sick leave at the rate it was earned and keep up with it and account for it in that fashion, it will be a bookkeeping issue, but it is something that can be done. It can be done from the date they pass the policy and forward. However, from this date past, the other policy applies.

Commissioner Alexander said so that means if they are a 20-year employee, all they have saved in reserve is such, they would get it as such, but on the 21st year it is going to be... City Manager Beach said from this date forward, if they accumulate 40 hours one year, there would be a price per hour out beside it.

Commissioner Alexander said he is fine with that.

Commissioner Becht asked can they adopt that policy today?

City Manager Beach said let them define the policy first, because there are five people sitting up here and he will bet that all five of them have heard him say something different. So let them write that policy up and see what they can agree to do.

Commissioner Coke asked they will bring it to the Commission at the April 21st meeting?

City Manager Beach said if it is prepared, he will.

Mr. Recor asked would the City Commission support a mandatory retirement requirement once an employee reaches a certain age (Option #10)?

Commissioner Coke said no.

Commissioner Alexander asked what is that age?

Mr. Recor said that is to be determined. This is for discussion.

Commissioner Becht said he finds it interesting that the eldest member of the Commission asked the question.

Mr. Recor said the next question is, would the City Commission support a mandatory retirement requirement once an employee reaches a certain number of years of service (Option #11)? If they recall, they have employees with 30 plus years of service and they have a 3% multiplier. They have folks who are losing money every year.

City Manager Beach said the economic value of policies of this nature is that their higher paid senior employees leave the work force. That is the economic value of this.

Mr. Recor said combined with, if they elect to fill the position, they fill it at the lower entry level. That is the only economic value associated with this.

Commissioner Alexander asked is Mr. Recor telling him that any Department Head who has been here for... They don't have anyone who has been working under this individual who knows how to do their job, not to fill it, but to do the job?

City Manager Beach said they typically do.

Commissioner Alexander said so they don't necessarily have to fill that position.

City Manager Beach said if they have a backup, they do not have to fill it.

Commissioner Becht said he would consider the policy of mandatory retirement after a certain number of years of service because he thinks it allows for new growth.

Commissioner Coke said she would consider that.

City Manager Beach asked but they would not consider the age?

Commissioner Becht asked how old is Mr. Hopkins?

Commissioner Coke said some of her better employees are over 70.

Commissioner Sessions asked do they know the fiscal impact of Option #11?

City Manager Beach said they do not.

Mr. Recor said it would be easier for them to determine that if they were to discuss a number today. Is it 25, is it 27, or is it 30 years of service?

Commissioner Alexander asked working or age?

Commissioner Coke said let's retire at 25.

Commissioner Becht said 30, as a starting point.

Mr. Recor said he thinks 25 should be a starting point.

Commissioner Becht said they are talking about mandatory retirement. He thinks that might be a mistake to have mandatory retirement at 25 years. Mandatory retirement at 30 years, he thinks that is more consistent. Somebody who has been here now would have a 90% multiplier.

Mr. Recor said they can easily move forward with that 30 years.

City Manager Beach said they will evaluate that and get it back to the Commission for consideration. Once they put this out and it becomes known they are looking at it, then they start to get what the impact is.

Mr. Recor said Option #12, would the City Commission support one-time incentives for early retirement, i.e. city-paid health insurance premiums for the retiree, city-paid additional years of service, payout of accrued sick leave under current policy, etc. What they heard when they posed the question in previous budget years was if the City were to pay for health insurance, that employee would be interested in retiring. Or to buy additional years of service so an employee at 27 years, if they were to offer one or two years, would actually retire at 28 years or 29 years. Pay out their sick leave under the existing policy as opposed to a new policy that may be under consideration.

Commissioner Becht said he is agreeable to considering it; but for the City to pay health insurance for a retiree, he has to tell them up front he is not leaning that way. What he is interested in doing is curtailing the City's costs, allowing for some of the younger new folks to come up. Incentify some of the older folks who may be thinking about retiring, but they want another year in or something like that. He is not interested in creating another unlimited and unknown obligation on the City for health insurance going forward.

Mr. Recor said in the background he provided to them in their package, the City of Stuart is looking at this and maybe even Martin County.

Commissioner Becht said he is not looking at it.

Mayor Benton said not the way they are doing it.

Mr. Recor said what he is saying is, as opposed to providing health insurance coverage for the remainder of their living days, offering a three-year premium. They could either elect to take the three-year coverage or that payment in a lump sum.

Commissioner Becht said anything that is an identifiable known dollar figure to the City is worth considering. But an unknown for a life and health insurance premium, which is what he thought Mr. Recor was talking about, no way.

Mr. Recor said again, these are alternatives, these are potentials.

Commissioner Coke asked when they talk about the city paying additional years of service, how does that affect the Retirement Board? Do they need to get an actuarial report if they do it for City employees?

Mr. George Bergalis, Finance Director, said he talked to the Actuary who said buying additional years of service is the ultimate last resort, it doesn't work.

Commissioner Alexander said that is two out of three they are disagreeing with.

Commissioner Coke said she guesses Option #12, she would have to say no.

Commissioner Alexander asked so what is the incentive they may want to look at?

Mr. Recor said these were just some suggestions for an incentive.

Commissioner Alexander said that is what he is trying to give back to him, is direction. They do need some incentives. So what do they have in mind or what do they think the incentives would be?

Mr. Recor said what they heard from at least one Commissioner was, they are not interested in considering health insurance premiums for the remainder of their living days. However, they would be open to something with a definitive cost, similar to how he believes Martin County or the City of Stuart does.

Commissioner Alexander asked did they say they are not looking in that direction?

Mr. Recor said no. They would be open to consider it if there was a defined cost. And there would be. It would be the City's contribution times whatever amount they want to consider one, two, three, or x-number of years.

Commissioner Becht said or six month's worth of pay.

Mr. Recor said a lump sum payment.

Commissioner Becht said here is six month's lump sum payment. If they want to retire early, they get it today. The complexity here is that Stuart has been going around and around for two months now and can't figure out how to do it and get any benefit out of it. Mr. Recor said again, he will take them back to Mr. Beach's introductory remarks. The only economic value that associates with this is, when the position becomes vacant, do they need to fill the position? And chances are, someone is going to take advantage of it, someone who is at the higher end of the pay range. If they do decide to fill the position, they fill it at the entry level or below the mid-point of the position. That is the only economic way.

Commissioner Alexander said his concern is, they are going to ask the person who has been here for 27 years, instead of that person staying for that three years and making the 30 year mark, they are going to ask them to leave with a six-month pay back.

Mr. Recor said the Commission is going to have to decide what they offer.

Commissioner Alexander said what he is looking at now is to decide on that, because he is not going to ask a person to leave their job, their livelihood, with whatever incentive they have to go along with that, he is not going to ask that person to leave his job with a six-month pay.

Commissioner Coke said it would be optional, they wouldn't have to. If somebody offered her six months pay, she would be happy.

Mr. Recor said he would like to bring back three alternatives for them of one, two, and three year proposals. Then based on that financial impact, the Commission can decide what they would like to offer.

Commissioner Becht said there may be people that for personal reasons are fed up with their job, they are fed up with their co-workers, they are fed up with their City Commission; and they would check out and say if they don't have to work six more months... For example, they had a bad weekend, they just got diagnosed with this, their wife just got diagnosed with that, he has an opportunity to transfer to Fort Worth. There are a whole host of reasons. This is not mandatory. It is just an opportunity.

Commissioner Alexander asked if a person volunteered today to do that, he wouldn't get anything to go out the door with him?

Commissioner Becht said with this, he is going to get an incentive package.

Commissioner Alexander said he is not talking about what Mr. Recor proposes. He is asking, today what is the policy?

Commissioner Coke said he gets nothing.

Commissioner Alexander said that doesn't say a whole lot to their employees who work diligently to make this place more profitable.

Commissioner Coke said they do get their regular retirement.

Commissioner Sessions said the reason why they would even adopt these concepts they are proposing is on a presumption that these people will not be replaced. Is he correct? That is the cost saving to the City.

Mr. Recor said that is correct. That is the first question, do they need to fill the position?

Commissioner Sessions said so that is an issue that needs to be determined before they even address these types of buy-outs and things of that nature. Because if it is in fact a position that needs to be replaced, then where is the value?

Mr. Recor said the value then is, the replacement of that position at a much lower salary. The Department Head who has been here for 10 plus years decides to take early retirement and is making \$100,000. And they decide that Department Head needs to be replaced, the replacement Department Head is hired for \$75,000.

Commissioner Coke asked don't they have a policy that might have pre-dated Commissioner Sessions coming back to join the Commission on where they hired...?

Mr. Recor said not hiring positions at greater than the mid-point. But those are the two questions, how they can realize the economic value.

Commissioner Becht said he needs to add something here. There is an intangible benefit that he has seen in the private sector with some of these things. With no disrespect to the guys who have been on the job, because he has been on his job for 27 years now, which is why 25 years mandatory retirement kind of hit him a little hard. But in certain organizations, the person who would take advantage of the incentive package is a person who wants to get out, but is looking at three more years they would make this much more money. That person is probably the kind of person who is not coming to work at 7:00 a.m. excited and passionate about his or her job. If they have the ability to let that person out, because now they don't get penalized by not working another two or three years, what they do hopefully ideally is they fill that position with someone who is still passionate about their work and comes in at 7:00 a.m. and works hard and happily and not looking at that 30 year mark and anxious to get out. So there is another intangible benefit that is in addition to the financial benefit they get.

Mr. Recor said staff will bring back some alternatives for the Commission's consideration.

Mr. Recor asked would the City Commission consider a sale of certain City assets, i.e. capital and/or property (Option #13)?

Mayor Benton said certain properties, yes. He thinks the easiest way to get through this is maybe make a list, then they can look at it. Some are very valuable. Like 19th Street and Virginia Avenue, somebody might want it. It is just sitting there. It is a pile of dirt.

Mr. Recor said okay, they will bring a list.

Commissioner Alexander said they are talking about properties belonging to the citizens of the City of Fort Pierce. He doesn't think the five Commissioners have the right to do that without their input.

Mr. Recor said there are certain properties that the City may have acquired over the years by way of certain funds that have restrictions on them in the ultimate long-term use. Certainly, they will have to identify those.

Commissioner Alexander said it still is property that belongs to the citizens. Right?

Mayor Benton said they could take public input. But he knows a lot of these properties, they didn't take public input when those were bought. It could have been years ago.

Mr. Recor said he thinks they still have the ability to consider sale if they choose to, based on the list they will prepare for their consideration.

Mayor Benton said if it is a location where they need a park one day, they wouldn't consider it. But if it is a parcel downtown between two buildings that the private sector can invest in, he thinks they should look at it.

Mr. Recor said there is a reason why Options #14 and #15 are last, after they were supposed to have heard the feedback from their Department Heads on the reductions that would have been necessary to address the assumptions that they made in the worst case scenario. Option #14, would the City Commission be willing to use the Fund Balance to decrease that budget gap?

Mayor Benton asked what is the current fund balance?

Mr. Recor said \$4.8 million.

Mayor Benton said at 10% of their budget, they have \$700,000 over that 10%.

Mr. Recor said that is today.

Mayor Benton said to him, dipping under the 10% might not be an option. But whatever is over that, it is there to help out on a rainy day. So he would consider anything over that 10%.

Mr. Recor said that is the reason why they saved these two questions for last, is because they want the Commissioners to know they have looked under every rock, they have turned every stone. And if there is something they haven't looked at and haven't suggested, they are open to looking at that as well. These are the last two options in terms of decreasing expenditures and increasing their revenue.

Commissioner Coke said she needs some clarification. They know where the fund balance is at - everybody very clearly is saying - today. That is what the fund balance is, today. That would lead her to believe that there are already some known expenditures scheduled to come out of that money. So before she could agree to say okay they have worked pretty hard and Staff has done a very commendable job to bring their fund balance back up to the 10% that is mandated, she needs to know what have they projected already to be expended from that fund balance and where will that leave them?

City Manager Beach said if they look at their budget for this upcoming year and they look under the column where it says appropriated fund balance, they will see zero. They do not anticipate spending any of this on expenditures. However, what they have learned over the years is that they don't anticipate perfectly. Things can happen that they are unaware of. Things come in different than they anticipate. The only thing that will change this fund balance is if something they have not projected, accounted for, understood, or knew about occurs. Other than that, there should be \$4.8 million at the end of this operating year.

Commissioner Coke said in other words, just for her own peace of mind here, that does not take into account additional costs related to health insurance or additional costs related to any negotiations for wage increases.

City Manager Beach said they have not done that at this point.

Commissioner Coke said she understands that and she agrees with him. She just didn't want them to sit here right now and say they have an extra \$700,000, but slice that off the top and throw it in the mix to balance next year's budget. Because in her mind if they are looking at it realistically, that is one thing to consider. But if they already know there is going to be additional health insurance issues and there is going to be additional wage related issues and all kinds of other things, that they don't have a good handle yet in her mind on what that fund balance is going to be September 30th.

City Manager Beach said their decision as a Commission as to whether or not to use a portion of this fund balance will be made in July or August or September of this year. That way they will have a much better picture of what it is.

Commissioner Alexander he remembers the night when they met with FPUA. They said they were willing to slice off \$2.5 million toward the public for raising of rates. If the City has a Fund Balance that is over the 10%, why wouldn't they consider some type of monies going toward that to level off those rate hikes? Why couldn't they consider that? The U.A. said they have this \$2.5 million, they slice it off the top. And the City can put some monies in there and they can take care of those rates that are going to be raised.

Mr. Recor said he is going to borrow a phrase from Jon Ward. His granddaddy always told him, there is more than one way to skin a cat. If there are three Commissioners who are interested in supplementing the FPUA, they have the variety of mechanisms or a variety of ways to do that. That is a discussion for the Commission to have. If three of them say that decreasing the rate increase is a priority and they should use any excess fund balance to do that, they could do that. The Commission could say alternatively, they are projecting

\$200,000 more in the transfer this year, they would like to contribute that to reduce the impact. But what they have also heard from the Utilities Authority's Rate Consultant was that little incremental contributions like that didn't really amount to a significant reduction in the rate increase. It was more painful for the reduction than it was for what they felt in terms of the percentage of rate increase.

Commissioner Coke said this increase is wrong, wrong, wrong. That is the best way she can say it. But she has a problem with what Mr. Recor is talking about because if the Utilities Authority believes that the City is going to step to the plate every time, then guess what? The U.A. is going to let the City step to the plate. When she said to the U.A. that they have \$250,000 worth of - she forgets what expenditure she suggested - they looked at her and said that is just a drop in the bucket. To her, \$250,000 is a lot of money. To the U.A., it is a drop in the bucket. She is going to suggest that there will be a time when budget time comes and the Commissioners have the right to approve or disapprove, and they have a line item veto, it will be time to look at that very carefully. Because if they go in now to correct the wrong they have done, it will make no impression on them. When budget time comes and they exercise their line item veto, it will make an impression.

Commissioner Sessions said when he thinks about a fund balance, that is money set aside in his mind for emergency purposes. So in order to get a comfortable figure as to where they should be, what is the worst case scenario in terms of hurricanes in one year? Have they had to spend money from that fund balance? And what was that amount?

Mayor Benton said that is why they have that 10% policy. They didn't have a problem there, it was just getting that reimbursement because sometimes FEMA can take five years. But he thinks they were okay. The main issue was the debris pickup.

Commissioner Sessions asked do they have any idea with the worst case scenario? They had two hurricanes one year. How much money was expended from this?

City Manager Beach said they had three hurricanes in 14 months. The costs they entered into within weeks approached \$8 million to \$10 million. So they immediately got a letter of credit from a financial institution, he thinks it was as high as \$18 million. They actually went out and borrowed the money to immediately start recovering from the hurricanes. He couldn't tell them without researching it if they ever had to access their reserves for that purpose or not. But he sees this \$4 million, this 10% of the General Fund Reserve, to him that is the best cushion they have for doing dumb things and making big mistakes. That is what gives him comfort, it that amount sitting there.

Mayor Benton said that is why it is there.

Mr. Recor said Option #15, would the City Commission consider raising the millage rate to meet or reduce the projected budget gap in FY 2009? He thinks they all shudder to bring this to the table. However, it was mentioned by four Commissioners at their CIP Workshop as a last resort. They have made great strides over the last three years, he knows it is a great campaign slogan, they reduced it for three years. There is a reason why it is Option #15 as a last resort. They do have the ability to increase the millage rate.

Mayor Benton said absolutely not.

Mr. Recor said in terms of moving forward, how about they schedule another budget workshop in 30 to 45 days. The Department Heads were ready today and will be ready then. That will give them some time to evaluate the yes's from this list. And in the meantime, if they have any other ideas or suggestions, they can bring those forward.

Commissioner Becht said most of the ideas here are about cost cutting. There are opportunities for revenue enhancement, but not increasing taxes. For instance, Mr. Beach and he met with one party last week who wants to be annexed into the City. It will take

some creative thinking in order for that to happen. But that would add \$2 million to their tax base, roughly \$10,000 a year to the bottom line. There was another party who has inquired about coming into the City and that is another \$1 million piece of property. These are things they can encourage, these are things they can keep an open mind about, these are things they can make sure Staff understands their priority. The other thing he mentioned and he is going to reinforce it, is that they need to have the best permitting department for construction that they could possibly have. They need it to be as expedited as possible, so that building is easy in the City of Fort Pierce, so the improvements are done for the whole host of reasons that they create jobs in the building, they create jobs once the buildings are done, they create tax base after the buildings are done. That has to be a focus from this Commission to Staff, so they focus on getting those annexations done and they focus on expediting the permitting process.

Mr. Recor said the constituency group that they met with for the permitting workshop brought their thinking caps. There were some very good ideas that resulted from that month long series of workshops they had. He is real pleased with their recommendations and they are going to immediately begin to move forward with implementation. He thinks they will be pleased with those results.

Commissioner Sessions said one more thing comes to mind, he didn't see on the list, unless they all addressed it before he got here. The overtime for the Police Department. He knows that is a very big expense, about \$1 million a year. Has that been brought up in terms of trying to reduce that cost?

Commissioner Becht said it was discussed and it is \$700,000.

Mr. Recor said they did talk about the use of overtime organization-wide. They are going to approach that from a management perspective, they are going to manage the use of overtime, recognizing that they have certain contractual obligations to pay overtime in certain circumstances. But not to cushion a job with expectation for additional months because it is there. Bottom line, they just can't just say no more overtime and they are going to freeze it as of today. They are going through manage the use of overtime.

Commissioner Coke said last year they all listened to her scream every time they were at a budget meeting about leaving things until the last minute and how very unhappy she was about that. She wants to thank staff for not leaving things until the last minute and giving the Commission the opportunity for all of them and for the public to have some input and to start creatively thinking outside the box. She thinks the process will be much easier and less time consuming and they may end up getting through it without killing each other.

Mayor Benton said he is hoping Mr. Furst can have some accurate numbers for the City, similar to Port St. Lucie and the County, by the time they have their next budget workshop. What percentage, if it is 8%, 10%, 12%? Just so they have a better idea of what they are looking at doing here.

The Budget Workshop ended at 3:12 p.m.