

MINUTES OF A BUDGET WORKSHOP OF THE CITY COMMISSION OF THE CITY OF FORT PIERCE, FLORIDA, HELD IN THE FORT PIERCE COMMUNITY CENTER, 600 NORTH INDIAN RIVER DRIVE, FORT PIERCE, FLORIDA, AT 2:00 P.M. ON FRIDAY, JULY 10, 2009.

Mayor Benton called the meeting to order at 2:10 p.m.

Upon Roll Call, those present were: Mayor Robert J. Benton; Commissioners Rufus Alexander, Edward Becht, Christine Coke, and Reginald Sessions; City Manager David Recor; City Attorney Robert Schwerer; and City Clerk Cassandra Steele. Those absent: None.

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The purpose of the Budget Workshop was Updates on Fiscal Year 2010 Budget Reduction Strategies (Lien Collections, Parking Tickets & Video Red Light Enforcement, Health Clinic, RFP for Health Insurance, Defined Benefit/Contribution/Hybrid Plans, Pavilion & Park Facility Rental Fees, Furlough, Voluntary Separation Incentive Plan) and Fiscal Year 2010 Financial Operating Plan (General Fund and Enterprise Funds).

City Manager Recor said he would like to begin where they left off at their last Budget Workshop (May 28, 2009) and that is by thanking each of them for the manner in which they have approached this year's budget process. Unfortunately their Fiscal Year 2010 budget gap has increased considerably since their initial budget workshop in April. This has necessitated discussion of some very sensitive and emotional topics, including a reduction in the City's workforce, as well as the benefits offered to their employees. It should go without saying that none of them get any satisfaction of having to evaluate these options and alternatives. However, the voters and the current economic state here requires that they do just that. That is what leadership is all about. And the manner in which they have approached their budget discussions so far are a testament to why they were elected to office. Their budget workshop today is going to begin with some followup presentations and discussion on the options and alternatives that were identified at previous budget workshops. They will hear about the pros and cons of internal versus external collection of liens. They are going to talk about the collection of non-felony and parking citations at City Hall, as well as hear a followup report on the video red light enforcement. They are going to talk about the advantages and disadvantages of pursuing a health clinic for their organization or in combination with other organizations here in the City, as well as an update on the RFP for health insurance. At their June 20th meeting where the Commission decided to accept the 10.2% increase in the overall cost of their insurance for Fiscal Year 2010, the Commissioners also said they wanted to immediately go out for RFP to see if they could reduce that cost. So rest assured there is a 90-day termination provision in the existing contract and they are going to be moving forward on re-costing the City's current health program in an effort to reduce that increase. They have a followup report on the defined benefit plan versus the defined contribution plan. And updates will also be provided for everyone on the FY09 furlough, as well as the voluntary separation proposal and the economic model that demonstrates the potential net savings to the City by those who have picked up VSIP (Voluntary Separation Incentive

Plan) packets. There have been employees who have already returned their VSIP forms and there have been employees who have already separated under the VSIP. The background information that was provided to the Commission includes the first draft of an actual budget document. He wants to emphasize that it is not the City Manager's recommended budget. The budget document is still a work in progress. Additional workshops have been scheduled for the remainder of the summer which will allow them to hone their strategies for reducing the gap between revenues and expenditures. Staff is prepared to discuss in detail the budgets in each fund category if time permits today.

The City's taxable value has now been certified by the Property Appraiser. The final valuation represents a 17.37% reduction from the current fiscal year. That is significant. The roll back tax rate has been identified. They are prepared today to discuss the revenue that would be generated per a .25% increase in the millage rate if the Commission were to develop a consensus and there is interest in that consideration. The City's current millage rate is 5.4674 and the budget that is included for their review is based on a millage rate of 5.4674. As City Manager, he appreciates the collaborative approach they have used thus far in the budget process. They are at a point today where they need to make some decisions and they need to establish some direction on moving forward. He would like to encourage each of them to be candid and to be specific in their dialog so they leave here today with a clear sense of direction on where they are going. He can prepare a \$34 million budget for their consideration. However, the collaborative approach they have used thus far insures there are no surprises and that everyone's expectations are met. They are not out of the woods if or when they balance the budget for Fiscal Year 2010, although there is light at the end of the tunnel. At some point today he wants to show a table that demonstrates where they might expect to see that light at the end of the tunnel, as well as review a model with the Commission for achieving fiscal health in the future. In other words, he wants all of them to know that not only are they focusing on today, but they are going to be focusing on tomorrow and that light at the end of the tunnel.

City Manager Recor said he would like Ms. Arraiz to come up and lead the discussion on **internal vs. external collection of liens**.

Ms. Peggy Arraiz, Code Compliance Manager, said the City contracted with Alliance One (Accounts Receivable Management) between September 2002 and June 2003 to handle the collection of liens for the City. During that time 213 accounts were forwarded to them for collection and they only collected on 19 accounts during those 10 months. The average amount that was collected was \$3,000 a month. Overall, it was a very poor performance on their part. There was a lot of problems that resulted between lien reductions from the City being forwarded to them and the way they handled the collections and the criticism that everyone received from the citizens. It was determined that the benefit was definitely not worth using Alliance One, so they stopped sending any collections to them in June 2003. In 2007, the City actually initiated its own in-house collections. It was handled through the Finance Department. The first time was in June 2007 and it was

definitely a learning experience. Because of the way the computer program is set up, it took almost four months to prepare the mailings. They did the mailings all at one time, which they also found out was a mistake because it took a lot of Staff time to do the mailings and then the resulting calls that came in. However, the effort showed almost the exact same income as outsourcing, it was almost \$2,800 a month income they were making, which is just shy of what they got from outsourcing. They did do a second collection effort in February 2008. They did not get as much of a response; but it should be noted that was definitely a recession period and income across the board was low. There are several items that should be considered when deciding whether to outsource or continue to do in-house collections. When they outsource, it definitely is a relief on Staff time. When they do it in-house, Staff is required to do it on top of their additional duties. So there is that consideration. When they outsource, they obviously pay them for their service. The original contract, they paid 21% of any income to them. If they maintain it in-house, all the income is retained here. Again, there was that consideration also of lien reductions. When the City Commission reduced an amount, that information got forwarded to the collection agency and they weren't always happy with the Commission's decision. If they keep it in-house, the Commission is really the final decision maker on if and when to reduce a lien. Then there is how they handle collections. When it is done in-house with Staff, they are accountable to the City Manager who is accountable to the Commission. It is all handled right here. So the way it is handled is definitely where they have that ability to control it. They don't have the ability to control a collection agency. Staff is recommending the following: They continue in-house collection efforts and that they set up steps that are understood by everybody so everybody is playing on the same page. That goes from the time invoices are mailed out through if a reduction request comes to the City Commission, that they understand the process and everybody is together. She suggests initiating a payment plan. This has been discussed before. It is actually her understanding that the Finance Department does accept payments, they will accept a \$5.00 payment, a \$10.00, or whatever someone is willing to pay, they will accept. She thinks it should be a formalized payment plan so again everyone knows what they are dealing with. She also recommends making some corrections to the reduction request procedure they have in place now. Does anybody have any questions on the information she gave to the Commission in their packets?

Commissioner Sessions said she says obviously in-house is a better method because they get more benefits and they are not paying out as much. But she also mentioned it was more time-consuming for Staff. Is that for the Finance Department or is that for the Code Enforcement? Who is taking on this extra responsibility?

Ms. Arraiz said it would be for the Finance Department. Code Enforcement processes reduction requests all the time. It really isn't taking additional time, it is what they do on a normal day to day. But the preparation for the invoices is very

time-consuming on the Finance Department. She does make a recommendation that temporary staff be used for the initial process. The way the computer system is set up, when an invoice is originally created, it comes out with the name, address, parcel I.D., all the information necessary. But a year later when they go to print a statement as a reminder notice that they still owe this money, that information is not printed. So they actually have to take that card, match it back to the computer, hand-write that information on it prior to mailing. Plus they have to make sure it is still the proper owner, so they have to check the Property Appraiser's website. That is the time-consuming part, which is the part she suggests a temporary staff member take care of.

Commissioner Sessions asked when she talks about temporary staff and being as time-consuming as it is, are they better off contracting it back out? Does it balance itself off in light of the time they have to spend on it? Now she is talking about hiring additional staff too?

Ms. Arraiz said no. She still recommends using temporary staff. Temporary staff is from four to six weeks. It could be done in maybe four weeks. That is just for preparing the mailing, getting the information. Contacting the homeowners or property owners and dealing with the actual collections after the invoice is sent out is where the benefit comes in. That is where the problem was the last time. The collection agency did not handle the contact with the citizens very well. From her understanding, they came one meeting after the other and spent an enormous amount of the Commission's time complaining about the collection agency. They paid \$8,000 to the collection agency. She believes it would cost about \$3,500 for a temporary agency to help them do the preparation, between \$3,600 and \$4,000 depending on the amount of time it actually took. So there is a savings. They wouldn't put as much money out of pocket and they still maintain the communication directly between City Hall and the citizens.

Commissioner Coke said she sees first of all that Ms. Arraiz said it would take \$3,600 to \$4,000 for a temporary staff member to do this. And she was talking about it being so time-consuming because the second reminder notice doesn't print with the homeowner's name, address, etc. Would it not be more economically feasible to print an extra or make it a two-part or a three-part form, and then put a reminder letter that can go with that form, so they are not having to reinvent the wheel. They have the form there and they have the invoice there, it won't change if they haven't paid it off; and all they have to do is stick a little red reminder notice in the envelope rather than going back to square one. That would be her number one thing. Number two, during these economic times, she has a hard time thinking about employing other people when they are having a hard time keeping City staff employed. Finally, they have had the discussion before as part and parcel to this to provide the backup material when they have requests for reductions or elimination of liens that are on properties. It has always been her understanding and it was confirmed, but she thinks it sometimes slipped through the cracks, that people should not be

eligible to apply for a reduction in lien or a waiver of a lien unless the property is in compliance. If they do not have that in their ordinance now, she thinks they need to establish it there as quickly as possible.

Ms. Arraiz said she agrees. She believes that she had put that in her recommendation. If she didn't, she meant to.

Commissioner Becht said she did.

Ms. Arraiz said that would be part of the new procedure, that it has to be completely in compliance for any reduction request to be processed. Any reduction requests that are in-house now, they have started making those changes requiring backup information. If someone requests a reduction, they are asking for documentation of the reason, as well as making sure the property is fully in compliance. They have taken those steps already.

Commissioner Coke said this was a great report, by the way.

Ms. Arraiz said as for the double invoices, she has to ask Ms. Johnson if that is possible.

Ms. Gloria Johnson, Director of Finance, said they can always make copies if they don't have a form.

Ms. Arraiz said staff is capable of doing it, they have done it twice already. It was just a recommendation to go with temporary staff to assist because it is time-consuming. But they have done it twice in the past. They can do it. They learned from the first time not to try to do it all at one time, to do it in smaller batches, making it easier to process both on the front end of the mailing and the back end on the processing of the payments or if they come for reduction requests. So Staff is capable of doing it. It was just her recommendation to go with some additional help.

City Manager Recor said he and Ms. Arraiz haven't had an opportunity to discuss specifically the use of temporary staff. But he will tell them that he shares the concern that, in the event that they are talking about a reduction in workforce, it would behoove them to utilize either existing staff and staff that may be displaced by a reduction to keep this moving forward. So he would not be in support of employing temporary staff for this, but adding this responsibility to the staff that is left.

Commissioner Alexander said he has a concern with these liens on citizen's properties. How long can a lien be on a property? It can be the life of the property owner.

City Manager Recor said that is correct.

Commissioner Alexander said so his thing is the in-house effort. Today they are talking about their budget and how they are going to balance their budget. What he has seen has been collected with outsources and in-house sources, he doesn't think it is a

matter of concern to him personally.

City Manager Recor said it is not a lot of money.

Commissioner Alexander said they are talking about \$29,000 or something to that effect.

City Manager Recor said when they have a \$3.6 million budget gap...

Commissioner Alexander said he knows it is \$3 million out there, but that \$3 million can stay there for the life of any individual who owns property. They know it is there. The City tries to be a friendly kind of place. They ask them to come in and pay their fees. But it is not mandatory.

City Attorney Schwerer said Commissioner Alexander is correct.

City Manager Recor said obviously it is an incremental approach to reducing the budget gap.

Commissioner Alexander said very small.

Commissioner Becht said his suggestion is that they bring this before the City Commission at a later date, not the budget workshop. The reason he would like it brought up is that Ms. Arraiz has some recommendations in here that he would like to formally have approved by the Commission after discussion. She is looking for the Commission to set some guidelines on the number of years they might be in the dollar amount before they start foreclosure. His recommendation is, it is not going to balance their budget today, so why don't they bring it back before the City Commission and then they can give her direction. It is important later to deal with it because a lot of staff time is burned with processing reductions for liens and other things. If the City Commission gives direction, that time could be saved or reduced.

Commissioner Alexander said he agrees that it is very important, but not today.

Mayor Benton said he would agree.

City Manager Recor said if he didn't tell Ms. Arraiz, nice job on the report. It is very thorough and exactly what he thinks they were looking for.

City Manager Recor said next the Chief will lead them on a discussion on the **collection of non-felony citations and parking tickets** at City Hall, as well as the potential revenue for **red light video enforcement**.

Chief of Police Sean Baldwin said the Commissioners received in their package an update report on two projects they have been working on - one is an issue with parking tickets and the other is the video red light enforcement. The issue with the parking tickets, in their current system they are sending their parking tickets over to the Clerk of Courts to collect the citations.

The point is, they are losing the opportunity to collect some of their money. The Clerk is adding a \$10 service fee for the collection of parking tickets that are paid, so it is actually costing their citizens more right off the bat. And then if the citation is contested, there is a prevailing or non-prevailing fee. The City has to pay that if there is an adjudication on a citation. Plus there is an issue with the fact that their officers are going to court and that can cost them between \$30, \$50, or \$60 a parking ticket to prosecute the parking ticket. They have come up with a better solution. They will do most of the collections in-house, sort of a hybrid solution. If there is a contested citation, they will review the merits of the way it has been contested, and then send it over to the Clerk of Courts for a Magistrate to hear. Their belief is it is going to save them quite a bit of money. It is going to make the system better for their citizens who might suffer a parking infraction and of course improve their revenue stream. They will get this ordinance in front of them at a City Commission meeting to consider in full. He has submitted that to the City Attorney's office for his final approval and then they will schedule that for a Public Hearing. They are not talking about hundreds of thousands of dollars here. They are probably talking about tens of thousands of dollars, probably about \$30,000 or \$40,000 net. But incrementally, every little bit helps.

Chief Baldwin said he will move on to the video red light enforcement, which is something they have been talking about for about a year now. All of them are familiar with it, they have heard presentations and discussions about it. They are right at the cusp of being able to do that, if that is their will. He has run some numbers just so the Commissioners can keep those in the back of their mind as they are going through the budget, what this might mean to the City of Fort Pierce. If they were to install just five cameras on red lights and they issued three violation notices a day, that equates to about \$821,000. That is gross. There are some service fees and so forth in there and there may be some gaps in collection. Conservatively, five cameras would net about \$500,000 a year. Of course, the determination would ultimately be made by the City Commission as to whether they adopt this and go forth. He wants them to consider beyond the revenue, he knows they are all sensitive to that right now, but this is primarily a public safety issue. If they can get people to drive safer, there would be less crashes. Of course, that reduces the demand on the Police Department. Rather than responding to traffic crashes, they can attend to even more important public safety matters. This is a plus/plus all the way around. They have a copy of the draft ordinance. He believes it is in presentable fashion now and the City Attorney's office is reviewing that. He has spoken with Mr. Schwerer on this last week, who said he will expedite this review. He expects to have it in front of them within just a few weeks. They are also going to see - and they will discuss this at their City Commission meeting - he is sort of doing two things at one time so he can fast track this process. Normally they would go out to RFP to provide the vendor. There is an option to piggyback a contract from Vero Beach, which just went through the RFP process. Mr. Barnes was good enough to go with Police staff up to Vero Beach and review their purchasing

process earlier this week. Mr. Barnes said it meets their requirements, although he hasn't made that determination formally yet. But he submitted an Agenda request, so hopefully they will see that on their Agenda July 20th. If they are able to work through that and run both the review of the Code and the purchase parallel to each other, they could implement this real quickly. Are there any questions about either of those projects?

Commissioner Sessions said the Chief mentioned the contested tickets have to be sent over to the Clerk of Court's office for the Magistrate to render decisions. Is there any reason why they can't keep this process in-house totally? By that he means, is there any reason why they can't allow the Magistrates who handle Code Enforcement now to also handle contested tickets?

Chief Baldwin said yes, they could. Florida Statutes gives them what is called non-exclusive jurisdiction to enforce, prosecute, and collect for municipal parking citations. They can do that and that may be an option they want to consider. The problem comes on the back end of that once a finding is rendered, the collections. How do they collect on those parking citations if people don't pay after a Magistrate rules? The County Court has some teeth. In other words, there are things they can do, like hold someone in contempt of court and that type of thing. The City's Magistrate may not have that power. But he will be happy to have that discussion with the City Attorney. Of course, there is some cost involved. If they lose, they pay for the Magistrate's service at the County Court and there would be a fee. What he saw in many ordinances that do just what he is saying is, the fee actually goes up, so it covers... It is the fine plus the cost of the Special Magistrate. They absolutely could do that. If the Commissioners are interested in that, he will run through that scenario with Mr. Schwerer and see if they can work it out.

Commissioner Alexander asked the Chief said something about purchasing the cameras?

Chief Baldwin said no, working with the Purchasing Department. They have to contract with a vendor to provide this service, so there is a purchasing element to this.

Commissioner Alexander said he is going back to their last meeting when they had the presentation. Does the Chief recall what the mindset of the Commission was then? Because he was thinking something different.

Chief Baldwin said there has never been a vote on this issue. But it seemed to him the Commission wanted to move forward with this, at least bring it to them so they can consider it formally.

Commissioner Alexander said in his mind, he thought the presenter said there would be no cost to the City.

Chief Baldwin said it is not cost neutral because it actually

generates revenue. He is going to call it cost positive. There is no cost to the City for the equipment or for the service. The vendor takes a piece. In other words, if the City charges \$150 for a violation, the service provider keeps between \$25 and \$40 a citation for their services and their equipment. No, the City does not have to lay out one dollar to get this started other than their staff time.

Commissioner Becht said unless they cancel it within a year or two.

Chief Baldwin said actually the contracts he has read have a 90-day cancellation cost.

Commissioner Becht said the contract the Chief sent to them says if they cancel it within the first year, the City has to reimburse a certain percentage of the vendor's cost of installing the equipment.

Chief Baldwin said he will look into that.

Commissioner Becht said he can look into it, but he is telling him that is what it says. There is a hidden cost if they decide the program is not working. First off, he appreciates what the Chief has done trying to get the ordinance together. If the money back to the City is \$500,000, then it is something they have to look at. But the Chief is going to have to identify the intersections; because when he talked to them about it before, he said there is some issue about putting them on U.S. #1 and other State roads. Has that issue been resolved?

Chief Baldwin said he thinks they have resolved that.

Commissioner Becht asked yes, it has been resolved; or he thinks it has been resolved?

Chief Baldwin said it hasn't been resolved definitively. He is of the opinion they can put them on State roads, as long as they don't use FDOT's right-of-way or touch their equipment. This system is designed to operate in that fashion.

Commissioner Becht said the public will need to be involved before the ordinance is passed. He has heard some very strong opinions from some private citizens about it. They will need to ferret that out and find out whether there is some legitimacy to their concerns or not. He is thinking there is some paranoia about big brother and cameras. Again, they just need to flesh that out.

Chief Baldwin said he thinks there is somewhere in the neighborhood of about 80 jurisdictions in the State of Florida doing this now, including Orlando and Palm Beach, some bigger jurisdictions are doing this. Fort Pierce is behind at this point. As a matter of fact, Vero Beach will implement their process soon. He thinks they just signed their contract Monday and they will begin putting up equipment there in the next couple of weeks.

City Manager Recor said this is exactly the kind of revenue source they need to be considering. If there is a consensus of at least bringing it to the Commission for their consideration, staff will continue to move it forward. The Chief as always has been very thorough, very complete. He also appreciate his recognition of the expediency of this and getting this in a ready-to-go form.

Chief Baldwin said frankly he is hoping they can use this revenue to offset some of the damage that may be done here later in this meeting or the next meeting. If any of the Commissioners or the Mayor have specific concerns - Commissioner Becht mentioned some concerns that citizens may have - if they will just feed him that information so he can get ahead of that and start trying to find those answers. They will have a Public Hearing and he imagines there will be some public debate about this issue. So if they can give him those concerns, he will start doing that research and getting the information together. He thinks it is important for everybody to understand they have a choice whether or not they pay this \$150. If they will just simply stop at a red light, they don't have to pay the \$150.

Commissioner Coke said the first ordinance the Chief is proposing about collecting parking tickets, she is reading through this about operating certain vehicles on Parkway Drive between 4th Street and Georgia Avenue, also on Orange Avenue and Avenue A, as well as she sees they prohibit skateboards on Citrus Avenue Overpass. She doesn't want to get into a big thing about it now; but she is thinking if they are going to revisit Chapter 10, now would be the time if they want to expand and say there will be no operation of skateboards on South Beach or Tickle Tummy Hill or on public streets. There have been several incidents, not just on the Citrus Avenue Overpass, where it has become a dangerous situation. Also, if they are going to talk about limiting where they allow the big trucks. They have been talking about that for years. Maybe it is time to put those other streets that are not appropriate for those large trucks into the ordinance.

Chief Baldwin said when he and staff went through this ordinance and actually tried to write the parking ticket revisions and the video red light system, they found frankly that most of that ordinance was written back in 1960. There were so many conflicts. They got into the same issues they did with the animal control ordinance, where they basically had to change the whole thing. He can tell them that the State law allows them to put a sign up that says no trucks over such and such size or weight, and they don't even need an ordinance in order to do that. That may be a better way. He will talk to Mr. Schwerer about that. He thinks there were some Florida Statute issues with the skateboards, so he will look at that specifically.

Commissioner Coke said she wasn't looking for answers today. She just thought if they were going to do something with the ordinance, now is the time to at least consider what else they might need.

Commissioner Becht asked can he expand the camera ordinance to

allow them to take a picture of a truck's tag as it is going down a street it is not supposed to go down?

Chief Baldwin said he asked that question about six weeks ago, he thinks at a City Commission meeting. They did do the research. They found that the cameras can not only do red lights, they can do speeding, over weight, over height, wrong way, stop signs. The answer to his question is yes, they can put in a camera system that could enforce violations of weight and size of truck restrictions. Yes, they can expand this ordinance to do it. He is going to recommend to them that they not do that now. Let's get the red light ordinance in place. And if that is successful, let him go back and revise and put that in. He almost did it in the draft, but he really didn't want to get into the debate about all the other issues. The red light thing, there are going to be some people who don't like this and that is going to cause some concerns already, so he didn't want to confuse the issue. The red light enforcement is working around the State. They have jurisdictions that can show that it is working. He thinks one of the biggest things in the future is maybe speed enforcement. He could imagine on Indian River Drive or some of the other troubled areas they have, having a speed enforcement camera. But he didn't want to break that ground now. He can tell them nobody else is doing it in the State yet. He will be a leader if they tell him to, but he thinks they go with the safe bet first.

Commissioner Coke said her concern with that is, when they initially - and she is not being critical - talked about this, it was going to be six to eight weeks, then a few months, and now it is well over a year since they all thought it would be in front of them and they would be moving forward. Her fear with not at least when they have the discussion on moving forward with the red light enforcement of having the other options available for them to have the same public discussion and see what options they are interested in, is that they could be another year and a half down the road before they are ahead of the game and moving forward. This time last year they would have been the leaders in the red light program. Now they are the followers. She is a firm believer that the City of Fort Pierce should be the leader.

Chief Baldwin said with probably six to eight hours more work, they can revise the ordinance so they have those options. It is crafted so they can fit those in there if they need to.

Mayor Benton said he is going to back up Commissioner Coke. He would have been happy implementing this a year ago when they first heard about it. So if the City Attorney and the Chief can get that back in front of them. There has been enough press on it. He thinks they made it clear from day one before they looked at the numbers that they were doing this for public safety. Because these days when people are on their cell phones and other things, they are going through red lights. Another thing he hears is now that they have a seat belt law, if the driver is going slow enough they can tell whether they are wearing a seat belt or not.

Chief Baldwin said they are talking about new ground. He sat at a red light this morning where there was no turn on red and he watched two people go through it within 30 seconds. So it is dangerous, they are having crashes at those intersections, and they need to stop it. If it is the will of the Commission, he will draft it for the other things and they can go ahead and have the discussion.

Commissioner Sessions said he mentioned this before and he pretty much takes the same position now. While he is an advocate of public safety, by the same token they have to keep in mind that they want to be visitor friendly or citizen friendly. They have a list of things from speeding all the way up to almost if they don't have a windshield wiper, it can be taken on the camera and they get a citation. He thinks if they are going to implement this program, it is one thing for speeders and people who are running red lights. But there is a variety of things and these are restrictions. He just believes they are in a competitive force right now with other cities and they want to try to attract people here. They want them to come to their City and they don't want them to feel intimidated by their police authority.

Chief Baldwin said when Commissioner Sessions mentioned this a couple of meetings ago, frankly he didn't know how to respond to his concern. Then he read that Orlando has adopted the red light enforcement. Arguably, Orlando is one of the biggest tourist attractions in the nation. And he doesn't think that is having a negative effect on Orlando.

Commissioner Sessions said Fort Pierce doesn't have what Orlando has. They are trying to get to that point - he feels real good about Jetty Park - but it hasn't gotten to that point yet.

Chief Baldwin said they are going to have to give him some direction. Do they want to stick with just the red lights or do they want to try to do the rest?

City Attorney Schwerer said it would be his recommendation from a legal standpoint that they stay with a single subject. They know what the law is currently - although it may change - with respect to red lights. They don't know what is happening with the other issues. They can always later amend this ordinance to cover additional grounds. So he would think they might want to expedite just the red light enforcement for now. And then work on those others, because he thinks those others may cause more time and research, and it may be a little more uncertain out there right now with the status of law.

Commissioner Coke said she is going to respectfully disagree. Because once they finally as a Commission can get Staff focused on where they want to be, it is a year and a half later. The implementation of red light enforcement along with the other things will make their community and their streets safer, not only for tourists, but for the kids who are out there on the street. If people are not speeding and if people are not running red lights, the odds that the kid on the skateboard or bicycle getting run over and killed are diminished greatly.

Again, if everybody is focused on this now and they are looking at it, even if down the road other parts of it are needed to be amended, whether it is over weight or speed or whatever else, they can amend those parts of it. If they go forward now with red light and don't address the other issues and at least give themselves in this ordinance the opportunity three or four or five months down the road to implement these things, she knows from seven and a half years of sitting here, it will be another year and a half to get the Chief and another six months to get Purchasing and another couple of months to get the Legal Department on the same page the Commission is on again. She is one vote here, so if they get a consensus the other way, she will live with it. But she would prefer to have the ordinance written complete. Just because they have the opportunity to implement all of this, it doesn't mean that they need to implement all of it tomorrow. They could implement the red light enforcement and three months or six months later add the remainder of it. But the bogged down work comes from Staff, Purchasing, and Legal having to get together and do it. They have already gotten together and done it. So while they have them all on a roll, let's keep rolling. That is her opinion.

Commissioner Sessions said he understands what Commissioner Coke is saying; but he believes what the City Attorney is saying is, they are opening up a door where there are certain areas with regards to the things that have been mentioned that aren't precedent and therefore are going to be challenged. Individuals have constitutional rights. And if in fact there isn't any precedence that is in place, then the City Attorney's tab is going to continue to go up and up. They are going to be sitting here next year trying to figure out how to pay the City Attorney for all of the challenges he is going to have with ordinances that perhaps do not meet constitutional muster and can be challenged and they are going to be sued left and right. So that is the only problem he has with it. Mr. Schwerer is saying they have the green light with regard to the red light ordinance; but some of these other things, he doesn't think they need to pursue those until they can actually get over the hurdle of not being challenged in court.

City Manager Recor said for what it is worth, they had this discussion better than a year ago and there weren't but one or two jurisdictions that had actually implemented the red light camera system. But those 80 jurisdictions that have implemented it over the last year, they are already studying this issue of the other options and other alternatives. So if they wait, they are going to be behind again. He thinks they should continue to move forward and keep all of their options open, at least get the structure in place, and then learn from some of these other jurisdictions that may have already done some of that legal research. He guarantees that those 80 other jurisdictions have looked into other opportunities in this program.

Mayor Benton said he thinks they needs to get in front of the Commission as quick as possible. Whatever they are comfortable with, start there. If it means implementing other things later on...

City Manager Recor said he is hearing that it should be a priority.

Mayor Benton said it has been a priority for him for a year.

City Manager Recor said staff will continue to move it forward.

Chief Baldwin said he needs to know if they are continuing to move it forward with just the red light cameras, or do they want to put the other options in it?

Mayor Benton said let's get the red light cameras going. The other issues, it depends on where the City Attorney is, if he looks into it and is comfortable. If not, they can implement that in 30, 60, or 90 days afterwards. It is just a matter of adding it to the ordinance, right?

Commissioner Coke asked can they see what the consensus is?

Mayor Benton said he is good with everything; but he just doesn't see that they are going to be ready for it.

Commissioner Becht said the only thing he was interested in adding to it was the truck violations. The reason he wanted to do that now is, it seems to him that they might have to mount the cameras on the streets that they are worried about protecting from the heavy trucks and they would have a cost savings by mounting them at the same time. That is the thing he is interested in. He shares parts of what Commissioner Coke said and parts of what Commissioner Sessions said. He doesn't want them sending tickets to people for wiper blade violations or seat belt violations at this time. It is a red light device. He was going to expand it narrowly, because it seems that some of the intersections they might put the red light cameras on would be the same intersection they are worried about trucks leaving U.S. #1 and going down these streets they don't want them going down. The idea is, while they are installing the cameras on those intersections, to install them looking west down those streets. If that delays the implementation of an ordinance that has the potential of bringing in \$500,000 worth of revenue, he doesn't want to delay it. He does want to add it later, maybe after other communities have their experience and they see what that experience is. The number one goal today is to try to balance the budget. The Chief is giving them a device that will do that with \$500,000. If he can bring this back in two weeks or four weeks, and within five months or six months they have a revenue stream, he doesn't see the benefit of expanding it and delaying the income.

Chief Baldwin said just so they know, it is ready to go today. Mr. Schwerer just needs to take the time to look at it - he has to look at every period and every comma and make sure it is right. He is comfortable it is right, but of course they need Mr. Schwerer's blessing before he can present it to the Commission. He thinks they can do this in a couple of weeks, not in a couple of months, the way it is written.

Commissioner Becht said so in looking for direction, he doesn't

think Commissioner Alexander is in favor of it at all, but he hasn't cast a vote yet, so he assumes he still has an open mind. Commissioner Sessions is not interested in expanding it. He himself is only interested in expanding it for the truck traffic right now. So bring it back as fast as he can for the red light cameras and let's get a vote on it. If it is a positive vote, let's put it up and start the revenue stream. But he has to echo what Commissioner Coke said - he doesn't want to miss the opportunity of having the Chief, Engineering, and the City Attorney on the same page as the Commission in thinking about expanding this ordinance or modifying this ordinance to capture other things when that seems appropriate.

Commissioner Coke she is agreeing with Commissioner Becht because she thinks they need to move forward with this as soon as possible. They have touched on several points here of other things the camera can do. Not today, but at some point in the immediate future, could they get a presentation from the Chief enumerating the other things this camera system is capable of doing? That way they can have the time to evaluate if they want to add this into the ordinance or they don't want to, if the Chief would give them all their options and the pros and cons. But they should move forward with the red light cameras.

Commissioner Becht said his comments are specific to Avenue A. They have talked about turning that back into a two-way street. It seems to him that keeping some of the truck traffic off it, if they had these cameras, it might help discourage people from using it. That is where he was headed.

Chief Baldwin said in a matter of about six hours, he can redraft the ordinance, just literally changing some words and leave blanks.

Commissioner Becht said but then it has to go to Legal.

Chief Baldwin said what he is hearing, leave it as it is. They will let that run through its course. And then he will schedule a presentation, probably at one of the Public Hearings for the red light ordinance, for one of the vendors to show them what other capacity it has.

Commissioner Alexander asked the Chief is saying this is going to be a revenue to the City of \$500,000, whatever associated cost with the vendor that he wants out of each citation, and they still are going to get a revenue of over \$500,000? In the City of Fort Pierce, the Chief is telling him they can accumulate \$500,000 worth of tickets? How many tickets does the Police Department issue a month?

Chief Baldwin said 1,000 or more a month. These cameras can issue citations at the rate of about one every two or three seconds.

Commissioner Alexander said he knows what they can do. But he is just asking how can they not find a good way of raising revenue for the City of Fort Pierce than to just punish...?

Chief Baldwin said he appreciates his perception and that is one of the challenges. He is going to move forward as it stands as quickly as possible.

City Manager Recor said their Director of Administrative Services was tasked with evaluation of the **Health Clinic** as an option.

Ms. Mazella Smith, Administrative Services Director, said back in June she was asked to evaluate the City having a Health Clinic similar to what is now offered in Port St. Lucie. However, prior to being asked to do that, she was invited over to the County last year when they were going to a similar process. As they are aware, the County has moved forward and signed a contract with CareHere to provide that service. The Fort Pierce Utilities Authority has had a conceptual conversation with their Board. They do not have anything signed yet, but they are also considering the possibility of joining forces should the City decide to move in that direction in providing a health clinic. With her today is Ray Tomlinson, who is co-owner with Crowne Consulting Group, and John Watson, who is the Operational Manager. They have a presentation. Afterward she can come back and answer questions they may have; but she would encourage the Commissioners to ask them any pertinent questions they may have regarding a health clinic.

**Mr. Ray Tomlinson** said he wants to go through an overview of the health center concept. He is with Crowne Consulting Group. He is also with CareHere, the clinic administrator for the City of Port St. Lucie. Recently an agreement has been signed with St. Lucie County and CareHere. Crowne co-administers with CareHere for all of the clinic operations in the State of Florida. Port St. Lucie has just completed the second year of having their health center open. Crowne has been co-administrators at that clinic since inception, which was July 2, 2007. CareHere has more than 90 clinics open in 17 states. Eight of those are currently open here in Florida with the ninth being St. Lucie County, which they hope to have open within a few months, depending upon determination of site selection. In conjunction with the City, there are discussions in regard to the old Chamber of Commerce building. They do like that location. They have done site inspection of that facility. Depending upon the final official outcome of that, they are ready to begin some renovations. But that is something between the City and the County that will be worked out, he is sure. Some of their public sector clients include Palm Bay, Ocoee, Apopka, and Ocala. He is going to give them an overview of their health center concept. The employee health center is a voluntary model. What they mean by voluntary is, no one is forced to go to the health center. It operates in conjunction or alongside of their health plan. They are not a health plan. The health center is an option for employees. Typically how it works, the eligible members who have access to the Health Center would be employees, retirees, and dependents who are covered under the group health plan. But ultimately the employer determines who is eligible. Some employers allow the employees who are in their waiting period for health insurance to take place. Other employers allow part time employees who are not covered under

the health plan to use the facility. That is something that the Commission would determine.

Commissioner Sessions asked they still leave it up to the option of the employee to go either to the clinic or their doctor? What incentive do they use to encourage the employee to use the clinic as opposed to going to the doctor? Or else this doesn't work.

Mr. Tomlinson said there is a built-in incentive in that typically there is no co-pay, no co-insurance, no deductible if they go to the health center. So there is no out-of-pocket money for employees or any of the eligible members to access the facility. That is a built-in incentive. But there are a number of other ways they can encourage participation in it. The City of Ocoee opened their health center April 2008. The incentive for their employees to attend that is by not charging sick time or PTO if they go through the facility. The City of Palm Bay chooses not to do that. Their employees, if they go to the clinic, use their sick time or PTO. Most organizations will give someone up to an hour to go to a health center like this and not charge their PTO time. There are also monetary incentives. The City of Ocoee has reduced the cost of family coverage for those who go to the facility. They have actually been able to reduce the cost of all those with family coverage after the first year their facility was open, because the savings were so dramatic, the city wanted to share back with the employees who use the health center and the health plan. It is about a \$25 a month reduction for family coverage, but better than getting an increase.

Commissioner Alexander said the location he just spoke of, the old Chamber of Commerce building, he thought the City gave that up for some other reasons. That wouldn't be involved in this conversation, would it?

City Manager Recor said he believes what Mr. Tomlinson indicated was that the County was considering using the former Chamber building. Yes, the City is going to enter into an exchange agreement with the County for that corner piece of property and the Chamber building in exchange for the County's property at Jetty Park.

Commissioner Alexander asked did not the County agree that they would utilize that building for their skateboard park?

City Manager Recor said there was some discussion. It appears that the County is evaluating that as a potential alternative. But if the City partners with the County and the FPUA, that Chamber building would likely not be large enough to handle the number of participants. And the City has 30,000 square feet adjacent to City Hall that could accommodate this.

Commissioner Alexander said his concern is, this says the City would need to be fully self-insured; but it does not change their existing insurance program.

Mr. Tomlinson said he would like to address that, he didn't mean

to confuse him. What he is saying is, they don't have to change or do away with their health plan formally. It is true that a partial self-funded health plan is the ideal approach in order to maximize the savings. He will go over that in a moment and explain how that works. What he is saying is, they don't have to change carriers and they technically don't have to change their health plan. But if they are in a fully-insured health plan, which is what he believes they are in now, there will not be the reduction of cost that come directly to the employer, it would go to the carrier. Those claims cost would be reduced by those who come to the health center. There would not be a dollar for dollar savings under a fully insured model. If they were partially self-funded, for every dollar they save for folks coming through their health center, the City would save that dollar direct, 100% of that dollar.

Commissioner Coke said then their claims ratio would be less and that would affect the rates they pay the following year.

Mr. Tomlinson said that is true, there would be some realization... A couple of things in regard to that. One is, they have to wait a full year to enjoy the savings for which they were gaining during earlier in the year. And secondly, they don't really have a lot of control ultimately in how much credit the carrier gives them even though their claims are reduced.

Commissioner Coke said it doesn't appear that the City has a lot of control now, because their claims were significantly down last year from the previous year when they were self-insured; and rather than giving the City credit for reducing their medical expenses - at the expense, she might add, of their employees not receiving the benefits they were understanding initially they would - so rather than the City receiving any fiscal benefit from that and saving their employees money, they were given an option of either giving them a plan that would cover absolutely nothing for a 2.8% increase or to remain with the same plan for a 10% increase.

Mr. Tomlinson said he is not familiar with exactly those specifics, but he understands the concept they are in. There are some different options available that would get them those immediate benefits.

Commissioner Coke said she doesn't mean to pick on him. But the problem is, instead of having a consultant and a broker and an insurance company, they have a consultant and a consultant and no insurance company.

Mr. Tomlinson said to continue, the health center would be coordinated with their current risk management program so there is a consistency and continuity maintained with risk management. By that he means this particularly, the levels of insurance for malpractice and all that they have for their physicians and staff would coordinate with the City's requirements for risk management. They take on the responsibility as administrators for all the administration of a health center. They try to have that arms length distance between any exposure they can prevent

or mitigate as being the operators of the facility rather than the City operating it. Therefore in their agreement, they do have hold harmless and indemnification to prevent to the best degree the law would allow the City from being exposed for any medical services they provide, similarly to how their health insurance plan operates. Just a couple of other points. Everything they do falls within HIPAA (Health Insurance Portability & Accountability Act) and privacy compliance. They have never had a HIPAA complaint. They have never had a privacy issue. So the medical information for employees, dependents, and retirees is not shared with the City, just as their health insurance information is not shared with the City. The only information that can be shared with the City would be information in regard to workers compensation visits that might take place at the facility, and also occupational visits such as physicals and those types of things for pre-employment purposes or annual physicals. They have a disease management and wellness program that is integrated. This is a very comprehensive and robust approach to providing benefits to employees, dependents, and retirees. Not only do they provide primary and family practice services, they also do the lab draws on site. Most of their facilities, as does Port St. Lucie, have a digital x-ray facility on site. They have a dispensary on site. They dispense medications, provide medical services, give treatments, all of which there is no out of pocket cost to the employees and dependents. They do recruit physicians and the medical staff from within the local community. There are plenty of physicians and medical staff who would like this model. Once they hear about their model, physicians and other providers really enjoy working in this model because the administration is all done by them; and besides that, those professionals do not have to wait for 30, 60, or 90 days for reimbursement because they do not file health insurance claims. They have 100% success at every location they put a facility within 17 states. Within the first year, there has been a positive return on the cost and the investment that was net, it exceeded what the costs were in the return back just through the health insurance savings alone in that model he mentioned through the partially self-funded approach. Here is an example from the City of Port St. Lucie. After the first six months of their clinic operation, the City Council asked that they give a financial report. Just on office visits alone they can see that there was a significant savings. They put the average annual cost per member on the health plan. They can see how it was going. The solid red line is the actual cost. The dotted red line would have been the cost had they continued without opening the health center. When the health center was opened in July 2007, they can see the reduction of cost, the green line, of professional office visits. This is information directly from Blue Cross/Blue Shield.

Commissioner Becht asked could he get a copy of that report? Mr. Tomlinson is making several assumptions by saying that dotted red line is going to go that way. He had to make certain assumptions in order to do that.

Mr. Tomlinson said had that trend continued, yes.

Commissioner Becht said there is an assumption built into that.

Mr. Tomlinson said of course there is.

Commissioner Becht said he has a report that says there is a savings of \$1.1 million. He would like to see the report, because he would like to know what all the assumptions are.

Mr. Tomlinson said he would be glad to share that with him.

Commissioner Becht said he is not trying to be rude here, but his is the company that will be bidding on the health care clinic if they decide to go forward. Is that correct?

Mr. Tomlinson said yes, that would be correct.

Commissioner Becht said he just wanted to make sure everybody understood there might be a tendency to tilt the numbers in favor of going forward with the clinic, not that he would or not that he is, but he does have a bias because he wants the City to do this. So he would like to see the report that shows what assumptions were made where Port St. Lucie with over 1,100 employees is saving \$1.1 million versus the City of Fort Pierce will have, unfortunately soon, less than 400 employees. He doesn't know what their savings would be. He wants to see the assumptions that were made, because somebody had to make assumptions in putting that report together.

Mr. Tomlinson said any time they make projections, there are assumptions. He would be glad to share those with him. The assumptions are not tilted. The assumptions were based on the history of what has been happening in their health plan and their increases. That is the only assumption they made. The red dotted line, had there not been a change based on the last three years prior to this, had there been the same type of trend line, that is what that trend line would have shown. That was an assumption. It did not include increased claims. It included the trend that had already been developed. That is all it was.

Commissioner Becht said but they probably assumed there would have been an increased premium in the insurance Port St. Lucie was paying too. This is just one chart out of a long report.

Mr. Tomlinson said if they had been doing it on premiums, that is true, that is what they would have done. These are on claims. They are just saying the claims cost, not premiums, is what they are saying with the trend line.

Commissioner Becht asked was Port St. Lucie self-insured before they went to the clinic?

Mr. Tomlinson said they have been self-insured for more than ten years.

Commissioner Becht asked does he have any entity that has gone from Blue Cross/Blue Shield to the clinic, that has made the conversion?

Mr. Tomlinson said yes, they have a number of those. The City of Palm Bay. They have one that would be more of a model similar to where Fort Pierce is now, the City of Ocoee.

Commissioner Becht said but Ocoee has no track record. Didn't he say they just opened their clinic?

Mr. Tomlinson said they opened in April 2008. The City of Ocoee was fully insured with another carrier. They moved to a partial self-funded program in November 2007. They opened their facility in April 2008. So they have some relative, maybe comparative numbers that might be similar to where Fort Pierce is, if there were such a change made.

Commissioner Becht said he would like to see Ocoee and he would like to see Port St. Lucie, the backup data. This is all new and novel and it has a little sizzle to it; but before he bites into that, he needs to make sure they have seen all of the negatives.

Mr. Tomlinson said he understands.

Commissioner Becht said neither the Port St. Lucie nor Ocoee health clinics have been in existence long enough to have any track record for liability yet. Port St. Lucie is only two years. So it could be years before a mis-diagnosis reveals itself and some expensive West Palm Beach attorney gets ahold of it and tries to figure out a way on how to get into the City's coffers.

Mr. Tomlinson said CareHere has been operating for five years, since 2004, and they have never had a liability claim. But they can also say that is not enough time for...

Commissioner Becht said never having a liability claim actually is more disturbing because it hasn't been tested yet. It is when a claim has been made and it doesn't get through to the city, that is when he gets happy and more comfortable.

Mr. Tomlinson said next is an example of some medications. When they dispense medications, he has been asked, where do the medications come from? Those are from U.S. pharmaceuticals and are not made somewhere else in some other country. They buy these medications from wholesalers. Here is an example of some comparisons of medications. This is some actual history from claims data from the insurance provider. An example is Nexium. The average cost for that particular health insurance plan was \$183.54 after whatever co-pay was that the employees had to pay for that particular medication. If they were to buy that brand of Nexium, the purple pill, through their discounts, they get \$150.82. That would be the brand cost. That would not include any co-pay, so there is no co-pay to be charged for any of those at their facility. But there is an alternative med. In theory, Nexium does not have a generic equivalent, but there are alternative equivalents. The alternative equivalent for Nexium and Prevacid is a Omeprazole. When they buy Omeprazole, it is \$11.07; and that is exactly what their employer group pays. At

the City of Port St. Lucie they stock Omeprazole. It is \$11.07 that the City pays. They make nothing out of any of those sales of the meds. They have no profit whatsoever built into the pharmacy, the labs, the staff pay, nothing except the administrative fee or the management fee.

Commissioner Sessions asked do they have a pharmacy on site?

Mr. Tomlinson said they have a dispensary right now. They can have a pharmacy. They do have the capability of putting in a pharmacy. But they need to have a base of about 2,000 to 2,500 employees to give themselves a large enough base that would make a pharmacy cost effective. All of their facilities have dispensaries and they all have prepackaged medications, not samples. They can see the other examples on the chart, but they won't go over each of those unless they have a question. They can see the significant savings of going to alternatives that are generic or therapeutic equivalents. That is what they stock in the facility. Here is an example of how they do disease management and wellness. For example, if someone has prostate cancer, if it is gone to the stage of prostate cancer, that costs a health plan typically on an annual basis \$42,000. If someone has diabetes, that costs a health plan about \$11,000. If they can find information about individuals who do not know they have a pre-diabetic condition or pre-hypertensive condition, they can either start treatment or help with the program, they can save a lot of money down the road from a strategy standpoint. This is a strategy. Their disease management program is very comprehensive and it has saved a lot of money already even for facilities that have been open only a year or two. These charts show some actual claims, costs, and reductions. This is from one of their clients - not here in Florida - that has a health center. That is the cost. Before the health center, they can see that the average treatment cost for someone with diabetes through the health plan was \$6,234 per member, then the reduction after the health center because of the accessibility and convenience of the health center. One of the things he didn't mention is, when they open a health center or a clinic, it is 20-minute appointments. Those who are eligible can actually book an appointment by going on line through a computer or making a call to a toll free number and setting their own appointment. Again, they try to keep the appointment base to where someone can get an appointment that day or the next day, so it is very convenient. They try to place it in a central location. The employees go in and actually see a physician. They can get the services. If it is lab needed, they get the draws done there, they don't have to go somewhere else. If it is medications, in Port St. Lucie as an example, they stock more than 175 different medications in the dispensary. The smallest dispensary they have is actually at the City of Ocoee and they stock 160 medications there. So they have most of the medications. They take a look at what the claims history has been, the utilization of medications, and they stock the facility with those that are the highest utilized medications for the convenience of the employees. Another example is the cost of member trend comparison. This was the City of Port St. Lucie. They can see the actual costs, what was happening here, it was going up on claims cost on a per member

basis. When they opened the facility in July 2007, they can see where the cost had gone to. The last 12-month period, which they have actually provided the statistics from March 2008 through February 2009, they can see that the actual claims cost on a per member basis had come down dramatically, more than 7%. Whether or not there was a reduction in force didn't apply because it is a cost per member on the plan. This one happens to be the example from the City of Ocoee. They can see that since the health center has been open, they have had even a greater or more dramatic reduction of cost per member since their health center opened in April 2008. He just wanted to give them an overview, it was not intended to be a sales pitch. It was simply an informational session to give them an idea of the concept. Do they have any questions he can answer? He wants to thank them for the opportunity.

Ms. Smith said when she first introduced their guests, she did not introduce Mr. Mackie Branham, the CEO of The Crowne Group. Part of the package they received from them had concerns facing the City. She thinks that self-insured, fully-insured was covered by the presenter. However, she wants to share with them that the County did set aside \$400,000 as part of their package to help assist with the clinic. Also, recommendations they have there is that should the City decide to move forward, it would be beneficial if they were to join forces with St. Lucie County and the Fort Pierce Utilities Authority. Commissioner Sessions said she mentioned joining forces with these other entities. The FPUA, he guesses is still a part of Fort Pierce. But what if they decide to do it themselves? Is it still cost efficient from a savings standpoint, saving money for their employees, if they don't join forces or for whatever reasons they are not able to come together and do it together, if they were to move in the direction of putting a clinic up with what they have in the City of Fort Pierce? It is a given for him as to where it would be. They have a place for it. Would it be cost efficient if they were to move forward? Is everything contingent upon these others joining with Fort Pierce?

Mayor Benton said he went to the presentation a year ago at the County and he asked City Staff to go, because he was told by Port St. Lucie that they were looking at a savings of about \$500,000 in their second year. When he first heard about a clinic, he thought there was no way they could save money at this. But after hearing the presentation, he felt it was a good deal if they partnered with St. Lucie County and maybe the Fire District and the U.A., because of the number of employees. They would have to put out some capital. Not only do they need a building or place, but they also need equipment and facilities. The City has the building, that is something they can bring to the table, if the County wants to build it out. But it is mainly the numbers that help. The U.A. is very much interested in this. He thought even the School Board might be interested in this. The more they bring on, the bigger the savings. It just seems like a win/win. Also, the convenience. Because when an employee or somebody has a doctor's appointment, they have to drive a distance. If they have that 20-minute time frame, all that employee has to do is walk across into the building next

door and then go back to work, if it is not a health problem where they have to take time off. It just makes a lot of sense. There is down time and the prescriptions. He knows anything they do there is going to be liabilities. As long as there are attorneys, there are liabilities. The only answer he heard from them is whether they have a legal group that will fight any kind of lawsuits that come up. A year ago he thought this was a good deal.

Ms. Smith said she has limited information right now, but what she can say is right when she goes to the doctor she has a co-pay of \$25 with the policy she has. With a clinic, they won't have that co-pay; or if they elect to get their medications through the clinic, there is no charge for that as well.

Commissioner Coke said so long as they like to listen to her complain about health care, she might as well. She doesn't want to disappoint any of them. She is going to remind them, a brief synopsis and it is not directed toward Ms. Smith. Back in April they had a discussion about the fact that they have two layers of consultants rather than a consultant and a broker. They had discussion about now they were being brought some money saving options that should have been brought to them years ago. Then in May they had the discussion again. And as late as the May budget workshop, as a matter of fact she sent Mr. Recor a memo the next day to confirm that the Commission decided they wanted to pursue an RFP for both a new insurance broker and a consultant, and to move forward with that. That was in May. They have had a couple more budget workshops since then. She knows they have all talked to several other insurance brokers. She received a copy of a letter dated June 25th that was sent to the City where another group was asking for the opportunity to participate in the July 10th budget workshop. They talk about they have health clinics, they operate one for Palm Beach County, they have been doing it for 20 years, they have the opportunity to open a health clinic that would enable it to be open part time to the public and therefore offset the cost and save the employees money as well as the City of Fort Pierce on what they pay for health insurance. As of yesterday when she contacted these people to see how their presentation was coming, she was informed that they had been refused the right to come and give a presentation. This morning they did call and say that after she complained, they were invited to participate late Wednesday afternoon. Unfortunately, from late Wednesday afternoon until today was not sufficient time for them to come up with a presentation. It is their intention to give them a presentation at the July 24th budget workshop. She thinks this is a very important issue for all of them. They as a Commission have already publicly decided that they need to insure they are getting the best deal both from their insurance consultant and their insurance broker. And if they are going to move forward with this, she thinks at bare minimum, if they are looking to make this investment of time, effort, and energy, as well as the taxpayers dollars, they need to insure they are not going with... No disrespect to the current consultant group, but quite frankly they are getting too little too late from them. For them this year to suggest it should be an upgraded charge for the upgraded insurance plan, that should have been the plan

30 years ago. It cost the City she thinks \$300,000 and something a year the City has been paying extra for 30 years for something they never should have done. How foolish she felt to learn that. Now she feels doubly foolish to think they would be looking to move forward with a group that in her mind has not been fiscally responsible or looking out for the best interest of the taxpayers of the City of Fort Pierce without exploring every single other option that is open to them. They need to do something to reduce costs, they need to do something to provide better health care for their employees, and they need to be fiscally responsible to the 40,000 taxpayers in the City of Fort Pierce. They need to be able to do that with their partners. If their insurance consultant/broker is their partner, then certainly they should have been looking at doing all those things for 30 years. Now they are behind the eight ball. The bargaining units are all annoyed with them and quite frankly she doesn't blame them with the skyrocketing health insurance. But they are behind the eight ball because they didn't have partners who looked out for their best interest and they didn't in some respects do their due diligence. So now is the time that they need to put the brakes on and they need to do what is right by the citizens and by the employees. Doing what is right is not status quo.

Commissioner Becht said he doesn't know how he would vote if they put the question to him, to proceed or not to proceed with the health clinic. But one question he needs answered is, if they are going to do this with the County or if they are going to do it with FPUA. Let's start with the scenario of doing it with the County. The County has roughly 750 employees. The City of Fort Pierce has 400. That puts them in a lopsided position for negotiating the doctor they want in there, where they want it to be, the prescription medications they need carried in there, and everything else relative to that discussion. Is there a way or does their Charter prohibit them from getting FPUA to delegate the authority to the Commission to negotiate whatever the deal is on behalf of the FPUA employees and the City employees? So when they negotiate with the County, the City brings 700 employees to the table, the same as the County brings 700 employees to the table.

City Attorney Schwerer said he believes that the Charter of the City and FPUA is such that they could form a pact or agreement. They could reach a written agreement whereby FPUA would agree to delegate to the City that duty. He does not think that is prohibited under the Charter, that they could handle that upon the FPUA's agreement. The City couldn't do it without FPUA agreement, but he believes it is a delegable issue to the City.

Commissioner Coke said she was at the U.A. budget workshop last month and they all asked if City moved forward, to please keep them informed because they wanted to partner with them.

Mayor Benton said they have already been talking to the County and they are probably more informed than the City is.

Commissioner Becht said he thinks they all understand his point. When the City goes to talk to the County, whoever they send in

there will speak for 750 employees and the City deserves equal footing with all decision that get made; not the City is the little red-headed stepchild the County treats them like on occasions. His specific question to the City Attorney was if they had the ability to craft an agreement where the City and the FPUA speaks with one voice, or if the Charter prohibited that. The City Attorney has answered that they can speak with one voice.

City Manager Recor said there appears to be a consensus for moving this forward. The next item on their Agenda is a discussion on the RFP for **Health Insurance**. He and their Director of Finance had an initial meeting on the heels of their June 20th Commission Meeting where, kicking and screaming, they voted to move forward with the 10.2% increase with the understanding that they were going to immediately go out to RFP to reduce that overall cost of health insurance. The question and where they need direction today is would the City, given what has come to light over the last few months in that the City offering the two plans and since the beginning paying for the upper plan (PPO), but now a decision being made that if an employee elects to go with the upper plan, they are going to pay the difference in cost, is there an interest as they move forward with this new RFP for asking the respondents to provide costs for two health insurance plans? Or would they prefer to make a policy decision that the City will pay x-percent or x-dollars per employee and have one health plan?

Commissioner Coke said she thinks some employees who are younger and healthier need a lot less, they don't necessarily need the heavy duty insurance policy, as those who are reaching a certain age.

City Manager Recor asked she thinks it is good they have an option?

Commissioner Coke said they should give everybody an option.

Commissioner Becht asked Mr. Recor is talking about having two plans?

City Manager Recor said yes.

Commissioner Becht said he needs to know what the cost savings are. If it is a significant cost savings with going with one plan...

City Manager Recor said for example, today the City pays he thinks in the neighborhood of \$500 per employee. The decision that was made at the last Commission meeting was that now if an employee, whether or not they take the low plan or the high plan, the City contributes \$500. If they took the high plan, it was more. What they decided now is that if an employee takes the high plan, the employee is going to pay that difference. So do they want to make a policy decision that the City is only going to pay x-number of dollars, regardless of what plan they go with?

Commissioner Becht said there may not be a direct cost to the City. He says it is \$500 per employee. But it may be it is \$500 because they have two plans that have to be administered and it doesn't buy them as much health insurance coverage as if they only had one plan. That is the question he has. When they have two plans, is the cost of administration more, so at the end of the day they get less health insurance coverage? If they just task the insurance company to provide them with one plan, one size fits all, would they get a better plan for everybody? But he doesn't know the answer to that question.

City Manager Recor said he doesn't either. He thinks that is something they need to work out during that process.

Commissioner Sessions said also they need to take into consideration not so much what is cost-efficient for the citizens, the taxpayers, but they need to take it a step further and figure out what is in the best interest of their employees in terms of getting the best coverage, whether to go with option A or option B. Because it is not all about dollars and cents, but it is about those employees out there and providing the best coverage for them and making sure they are healthy, as he is concerned anyway, trying to provide them with the best health insurance. So that needs to be taken into consideration along with the dollars and cents. Health is more important than anything, as his grandmother used to always say. He is concerned about their well-being too.

City Manager Recor said there is a significant difference, as he is sure many employees can attest to, between the low plan and the high plan, not only in terms of co-pays but the availability of doctors as well as the deductibles and the out-of-pocket expenditures. So they will include the two plans in addition to the health clinic option in their RFP.

Commissioner Alexander said Mr. Recor spoke about start-up costs for the health clinic. They are talking about saving monies for the next budget year. Where is that money coming from?

City Manager Recor said he thinks that is what the Mayor was alluding to in terms of partnering with the FPUA and the County. What does the City bring to the table? They bring the location to the table. If they were to partner with the County and the U.A., that little facility - the former Chamber building - is not likely to be suitable to handle that.

Commissioner Alexander said he understands. But if the City goes on their own, where would the start-up costs come from if they don't join forces with the County and the FPUA? It would be a good thing, but they are not assured today that the County and FPUA are going to come on board.

City Manager Recor said no, they are not. Again, what the City brings to the table is a ready-set-go facility adjacent to City Hall. Any other start-up costs could be recognized in the savings that could potentially be generated within the first year of operation of the clinic for just the City's own employees.

Commissioner Sessions said Commissioner Alexander is asking the same question he had asked Ms. Smith and he hasn't gotten a straight answer yet. Worst case scenario, if the County and the U.A. tell them to no, is this something the City is going to pursue?

City Manager Recor said yes, they are going to give the Commission the option of considering whether to move forward with that or not through this new RFP process. They will be in a position to decide what is best, not only for the City as an organization on its own, but whether or not it is more advantageous if they partner with the U.A. and the County. He thinks the County has made their decision - they are moving forward with or without the City. What the City brings to the table and what would appeal to the County, in his opinion, is the City has a great location for the facility. The City may not bring the numbers in terms of the employees, but they have a great facility.

Commissioner Alexander said along that line, the individual who came before them and gave a presentation and one they are looking forward to bringing a presentation, he is looking at the one that is going to save them some money. Because right now their budget is at the bottom of the barrel, so they have to dig their way out. How can they do that if they are going to spend more money that they don't have? He has concerns of why they are spending money that they don't have and they don't get a chance to get presentations from individuals who are going to make them money?

City Manager Recor said the decision today to move forward with the RFP for the two health insurance plans - the high/low, and the inclusion of the health clinic, doesn't commit the Commission to any future expenditure. It is simply moving forward with evaluation of those alternatives.

Commissioner Alexander said if the County or FPUA would have to go out and do this on their own, they would have to get a building. The City has a building. On top of that, he would put what the value of that building is because it is a package deal for them. But it has been sitting there vacant. They are not making money. They are spending money because they are paying utilities on that. He is agreeable with this Commission concerning their employees because he knows how they feel, he has spoken to them. He asks the questions, they don't have to come to him. He doesn't ever get a good answer. He just wants to let the employees know that they are all fighting for a better place of employment. Hang a sign out there - the best place to work.

City Manager Recor said next Ms. Johnson will give them an overview of the advantages of a **Defined Benefit Plan versus a Defined Contribution Plan**, what plan may appeal to an employee that is coming into the organization and doesn't intend to stay, as opposed to someone who is making a career in law enforcement, for example. He thinks also Ms. Johnson has some information on a hybrid as well.

Ms. Gloria Johnson, Director of Finance, said she included in their packet an update on the retirement options. At their last meeting, they were considering some cost-saving measures as far as their Retirement Trust Fund. In doing some research, they could possibly change their plan options. They can actually maybe do some restructuring of their current retirement plan. In doing some restructuring, there are basically three types of retirement plans that currently most employers provide for their employees. There is the Defined Benefit Plan, which currently the City has. There are Defined Contribution Plans. And then there is what they call a Hybrid Plan, which incorporates both the Defined Contribution Plan and the Defined Benefit Plan. The Defined Benefit Plan, which they currently have, it benefits the City because it provides a certain benefit for their employees which is actually promised and it has to be paid, so it acts as a recruitment tool for employees and it sometimes causes their employees to stay much longer. Municipalities are not known for their benefits more so than their pay. So it is more of a recruitment tool and it helps to keep their employees. But it is very costly, because they have to guarantee those benefits. It is actuarially determined how much the benefits are for the employees. It gets to be very costly and the employer assumes all the risk. In a Defined Contribution Plan, basically the employee assumes the risk. They can have a Defined Contribution Plan where it is mandatory that the City contribute, but the employee does not have to. There are a lot of different ways they can structure a Defined Contribution Plan. But she thinks that perhaps if anything is done, if they wanted to see if they can do some savings, she thinks the Hybrid Plan would work better for the City. This is her opinion, she is not saying this is something the City would want to do. The Hybrid Plan still incorporates the Defined Benefit Plan where the employee is guaranteed a benefit and it is guaranteed for life. But in restructuring, she would think that perhaps instead of the City contributing 3% per year and there is no cap on it, that perhaps they should start thinking about putting a cap on the maximum benefit, which would be a huge cost savings. They would still be giving their employees a lifetime benefit, but now instead of 80% or 90% of their salary as an average, they may cap it at 68% or 70% or something like that, which would really save the City money. Also, if they structure their contribution rates, maybe the benefit rate may be 2% for the first 20 years they are employed with the City and maybe 3% for those last 5 years when they become vested, that would give them about a 68% and that employee would max out as far as the benefit. However, that would equal to maybe about 21 years of service, so they still have four more years before they are vested. That is where she thinks the Defined Contribution Plan could actually work for their employee. Right now they are really struggling, their employees don't retire because they can't afford the health insurance. She is thinking maybe if they took those last few years and set up a Defined Contribution Plan and let the rate the City contributes match the employees rate, which would be a cost savings to the City. They can use that money to actually help in their insurance benefits. So when they do reach that 25 years of service, they can then maybe better afford the insurance and they can then leave the City.

Commissioner Coke said when Ms. Johnson talks about making these changes, she doesn't know if she has had a chance to talk to Legal or not. She does not know from the employee aspect of it, if it is something they can change for existing employees. Are they looking to making changes going from today into the future? Previously they had been distributed a chart regarding retirement multipliers. It appeared to her that although their Police Department was comparable with other Police Departments at 3%, she doesn't remember seeing anyone else who had the same 3% multiplier for general employees. She is very happy they are going to look at all of it. But her number one question is, is it a change that can be made to existing employees; or are they looking for the savings they are going to have in the future?

Ms. Johnson said she hasn't talked with Legal yet. She does know the City has to contribute, she did look at the Charter. They have to contribute to retirement for their employees. The thing she was looking at, they are not vested in the system until they actually have five years of service. She believes - but she is not really sure, it is something they would have to look into - that they could institute the cap on those employees who are not vested yet. They can still keep the 3%, the City can't take away that 3% they have now, so they could still keep the 3% per year. But she is wondering if they can put a cap on it, like if they get to 68% or 70%, that is it. And if they haven't reached their 25 years, then they could go into the Defined Contribution Plan. That would save the City money on both ends. And also they can structure the Defined Contribution Plan where it also helps the employees. For instance, if they didn't want to use it toward health insurance or something like that, maybe they could actually take their contribution they put in plus the City will give them 50% of what the City had to complement it. There may be a lot of ways they could structure it where they could maybe start containing costs.

Commissioner Coke said she appreciates all the information Ms. Johnson gave them, these are all interesting things to ponder. But her number one question is, which one of these options can they even consider legally? She doesn't want to get everybody here to say they are going to do this and then come to find out Mr. Schwerer says they are not allowed to do that.

Ms. Johnson said that is true. But they do know they can structure this for new employees, they definitely can do that. So it would be a cost savings to the City in the future.

Commissioner Coke said she thinks that is really important. But not to diminish that, but she thinks it is probably more important that they find a way to balance the budget between now and September.

Mayor Benton said he thinks the retirement system has worked very well. But to change the retirement system... What he thinks they are looking at is the next couple of years are going to be their worst financial years and hopefully things will get back on track. They have to negotiate some of these things with the Unions. He would rather have recommendations coming from

the Retirement Board. But right now he is more concerned about what they can do in the next of years to get through those couple of years.

Commissioner Coke said when the Mayor talks about getting a recommendation from the Retirement Board - and everybody who serves on that Board is wonderful - they have to remember there are two people who are on that Board to look out for the City Commission's and the resident's interests, and that is Commissioner Sessions and herself. Everyone else, and rightfully so, is looking out for City employees, U.A. employees, Police Department employees - that is their job on that Board, to look out for these employees. It is the Commission's job to try to balance all of that. Her concern with the Commission not looking at and possibly giving direction to exploring possibilities from the actuarial standpoint is, as the market is bad it costs the City more for their retirees because they have to guarantee so much money in there. So if the market is not doing well, and it is not, it is going to cost the taxpayers more for the retirement system.

Commissioner Becht said they have an hour left to get into the budget. So unless anybody else has a big objection, he would like to have the retirement issues brought to the City Commission agenda in the next 30 days for discussion. He likes the idea of capping it at 65%. He actually likes creating a blended Hybrid Plan or getting away from the Defined Benefit Plan. He thinks the Defined Benefit Plan could end up bankrupting the City if the world economy doesn't stabilize. History would tell them it is going to, but Chicken Little thinks it might not. So he would like to have that brought back for the City Commission. If Ms. Kubitschek is here, he would love to hear her thing, but he doesn't see how park fees are going to significantly impact coming up with \$4 million. So if they could get into the budget instead...

City Manager Recor said that was exactly what he was going to suggest. He doesn't think a presentation is necessary on the **Park & Pavilion Rental Fees**, inasmuch as some direction as far as whether they would like to increase the fees for out of town users and so forth.

Mayor Benton said that needs to come in front of the City Commission, because he thinks they have already talked about it and he thinks they agreed.

City Manager Recor said then they will move forward with that.

Commissioner Coke asked when it does, can they have Port St. Lucie and St. Lucie County figures?

City Manager Recor said yes, he will make sure those are ready.

City Manager Recor said before they move to the Financial Operating Plans, there are two important topics he wants to talk to them about. First is the **Voluntary Separation Incentive Plan**. The VSIP that the City Commission authorized for the employees, there has been tremendous interest. Today is the

deadline for employees to pick up the enrollment forms, as well as the waiver and release forms. They have 45 days from today to actually complete and return the forms. As of close of business yesterday, 68 employees had picked up Voluntary Separation information. He knows that because they are tracking who has signed for it and from which department. This has enabled them to develop an economic model. 68 positions represents more than 25% of the City's workforce. He knows a lot of people picked up the information just because they were interested, just because they wanted to see what the potential advantages or disadvantages would be for them personally. He doesn't expect they will see 100% participation. But there had been 10 people who have already returned the VSIP. He believes 2 have already separated. If all 68 positions separated, that would have taken \$3.9 million of personnel expense off the City's books. The net savings to the City after the incentive pay would be \$1.6 million next year. Obviously in the next fiscal year what they determined is that on average it is taking between three to six months to recoup the incentive pay. So everything beyond the date the City has recouped, the incentive pay represents a savings in the next fiscal year. Again, that number was \$1.6 million if all 68 positions had elected to participate. The majority seemed to be a number who are interested in Option #3, the retirement option, and then a good number in Option #2. There has been tremendous interest from the Police Department as well as the Department of Public Works, their two largest departments. Obviously, as he has stated and discussed previously, every position that vacates does not necessarily represent a frozen position, so they should not move forward thinking that every position that vacates they are going to be able to freeze and not fill. There will be positions they will need to fill. However, chances are they are going to fill that position at a lower rate, especially for those who are retiring and are likely at the top of their pay range. The other assumption he would like for them to know is, in the event they decide a position is necessary to be filled, they will not fill that position until such time as they have recouped the incentive pay that was offered to the former employee, and the economic model they have developed identifies exactly when that will occur in the next fiscal year.

City Manager Recor said he would like to give them an update on the FY09 **Furlough**. Non-bargaining employees have begun to take their required furlough days. They initially had the discussion regarding the FY09 Furlough in April. At that time what the Commission directed was that every employee would take 40 hours of furlough leave by the end of the fiscal year. That represented roughly 8 hours a month for the next five months through the end of the fiscal year, or the equivalent of 2 hours a pay period. Obviously that furlough was a bargainable item. Their negotiating team has met with the three bargaining units. To date, they have an agreement with the Sergeants and Lieutenants. The Sergeants and Lieutenants caveated their acceptance of the furlough with the understanding there would not be demotions or a reduction in workforce of the Sergeants and Lieutenants in the current fiscal year. Staff was safe and comfortable in giving them that assurance for this fiscal year. There was a July 2nd firm deadline in which they needed to reach

an agreement with the Teamsters Union and the Police Officers Bargaining Unit. There was a negotiating session as recently as today. He is sorry to report that to date they do not have an agreement with either the Teamsters Union or the Police Officers Bargaining Unit. What does that mean? The whole idea behind the FY09 furlough was the intent to capture an amount of money in the current fiscal year and put it in their savings account and use it knowing they were going to have a significant budget gap for Fiscal Year 2010. That is why the terms, the hours, and the date at which the furlough needed to be implemented, there wasn't room to negotiate on those items. In fairness and out of sensitivity to the impact that a reduction in workforce will have on employees, he and the City Attorney and the Director of Administrative Services have determined that they should allow all of their employees the opportunity to decide whether or not they would like to participate in the Voluntary Separation Incentive Plan. So in other words, they decided they will not move forward with a reduction in workforce despite not having an agreement with the Teamsters or Police Officers Bargaining Units. They will not move forward with the reduction in workforce until after August 25th. That will allow everyone who has signed for their VSIP packet through today the 45 days to make a decision as to what is best for them and their family. Despite that July 2nd firm deadline, they will continue to negotiate with the Teamsters and the Police Officers Bargaining Unit up until August 25th. Come August 25th, if they do not have an agreement with the two remaining bargaining units, they are in the process of developing a reduction in workforce list that will affect positions throughout the organization. It appears to date that would affect 8 police officers and 22 teamster positions to achieve and capture the amount of money that would be representative between those two bargaining units. The non-bargaining employees are taking their hours. Every furlough hour that is taken has been coded so they will be able to run reports as far as where they are on the FY09 furlough.

Mayor Benton said the memo that came from Harold Hopkins about Solid Waste, he knows they never got into that discussion, but for him to lose three people... That is an Enterprise Fund, they transfer quite a bit of money to the City each year. It appears that reduction in workforce there would definitely hurt him and his ability to continue with that and there will be a reduction to the City as far as pickup is concerned.

City Manager Recor said a reduction in workforce represents pain for every department, not just Solid Waste. He and Mr. Hopkins have not had an opportunity to sit down and discuss in detail the impacts Mr. Hopkins articulated. In other words, he is not sold that the impact on the Solid Waste Department is as drastic as what Mr. Hopkins suggests it would be by the loss of those three positions. They are looking at various internal reorganizations that he thinks have the potential to save the City hundreds of thousands of dollars, one of which is consolidation of Solid Waste and Public Works. So there will be followup discussions between Mr. Hopkins and himself; but again, he is not convinced that the impacts are as significant as what has been described in the memorandum.

Mayor Benton said he was concerned and he would think everyone here is. They want to be made aware of things before they happen in case they want to be able to be involved in the decision.

City Manager Recor said he thinks their approach so far has been collaborative and he doesn't see any reason to change that.

Commissioner Becht said it is 4:15 p.m. and he keeps waiting to hear where Mr. Recor is going to cut \$3.7 million out of the budget.

Commissioner Coke said after their last Budget Workshop on May 28th, to confirm that she understood properly what they were doing with this voluntary separation and early retirement program, she sent Mr. Recor a memo. It was her understanding at the time, and it was not disputed or changed, that time was of the essence to see how much money they were going to be able to save this year with the voluntary retirement as well as early retirement, not only for this year, but how it was going to affect next year's budget. At the May 28th Budget Workshop, the Commission decided that they were going to offer both the voluntary separation and the early retirement programs for the month of June with a separation date of July 31st. She would like to know how is it that this Commission set a direction and made a policy, and it got changed? She is looking at the proposed budget - it doesn't balance, it doesn't have a cover sheet, nothing telling her where it should balance, how it is going to balance - and they are now not going to by July 31st or June 30th, which was their original intent, to get all these forms in and to know where they were going to go with it. Now they have put it off 45 days.

City Manager Recor said he fully understands and remembers the discussion that occurred at the last Budget Workshop. However, simply because the Commission says to do something does not mean that it is legal. And it is not even a complication, they had the VSIP ready to go, but what they learned after making sure all the i's were dotted and all the t's were crossed was that there were legal notice requirements that were in the City's best interest. It took an outside review from legal counsel to make sure their waiver and release forms were appropriate. They will recall that the actual availability of the VSIP was delayed by a week so they could get that done.

Commissioner Coke said they decided to make it available for 30 days, that was the policy they set, but that is not what was followed. So what date is it they are supposed to have a balanced budget?

City Manager Recor said by September 30th.

Commissioner Coke said but now they won't even know the effect of the voluntary separation or retirement until the middle of August.

City Manager Recor said what they know today is that if all 68 positions were to take advantage of the voluntary separation,

the net savings to the City in the next fiscal year is only \$1.9 million. Their budget deficit is \$3.5 million. Today he knows they don't have a balanced budget, but he doesn't have any direction from the Commission either. He told them at the beginning, he can give them a \$34 million budget, but they might not like it. He wants to bring them a budget that has their support. But unfortunately, it appears that is going to be largely accomplished through a reduction in the City's workforce. That is going to necessitate a change in how they think about the City of Fort Pierce government as a machine, how it operates. There are only two alternatives - they increase their revenue or they decrease their expenditures. The ideas they brought forward about generating revenue, in the case of a red light camera initiative there is some reluctance to move forward with that. These are the kinds of things they need to be talking about. He will have a balanced budget for them at the next budget workshop in two weeks. They might not like how it is balanced, but he will tell them it is going to come through a reduction in the workforce. They have made every reasonable effort to reduce their operating expenditures, particularly in the General Fund, over the last few years. This year the City Commission decided they would not budget for a capital. That is virtually unheard of. But they were very fortunate this year, they haven't had any disasters or emergencies and they have been able to get through this fiscal year without any major capital expenditures. That won't happen next year. The only available area to reduce their expenditures is in personnel services. With a \$3.5 million budget gap, those reductions are going to be significant.

Commissioner Alexander said he thought at the last workshop Mr. Recor came up with a solution, the voluntary separations. At the last workshop he came with the reduction of employees. He gave them an alternative that if they did furloughs and separations that they will come to see some light at the end of the tunnel. He just heard them say July 24th is their next workshop. He called his secretary and scheduled himself to be away from the City of Fort Pierce. He hasn't been anywhere with his family in over seven years. He is not going to be here on the 24th of July. Mr. Recor is saying he is going to bring a balanced budget back. But at the last meeting Mr. Recor told them that with the separation and furloughs, all that will bring x-number of dollars. Again, with he and Commissioner Becht and Commissioner Coke asking, they haven't heard a bottom line figure yet or what is implemented.

City Manager Recor said he needs to make one correction and respectfully so. At their last budget workshop what they were faced with was a \$1.5 million deficit in the current fiscal year. What he presented was freezing 25 positions he believes that achieved...

Commissioner Alexander said he thought at the last meeting they covered that.

City Manager Recor said they did. He gave them options. They decided he would freeze those 25 positions and that represented he thinks close to \$600,000 in savings. They also chose to

reduce operating expenditures significantly in the Police Department and Public Works Department to the tune of \$800,000. That was the meeting they discussed the implementation of the furlough. Knowing they were going to have a significant budget gap for FY10, the Commission determined that they should capture that amount of money in the current fiscal year. But all that did was address the \$1.5 million shortfall in the current fiscal year. The voluntary separation plan, they originally intended to get it implemented by the end of July so they would have two months of actual savings in the current fiscal year. Due to legal notice requirements, it had to be delayed by 45 days.

Commissioner Becht asked pointedly, what direction does he need from this Commission? Because at the last workshop he gave them a cover sheet and said he needed direction on whether they want to do A, B, C, or D. They don't have that summary of options today. His hand math is a \$3.7 million shortfall between projected revenues and what they have for expenses. What direction does he need from them? Does he need to know whether there are three of them willing to agree to a millage increase? He is not willing to agree to a millage increase. That is one.

Mayor Benton said two.

Commissioner Coke said no.

Commissioner Alexander said no.

Commissioner Becht said that is four. So they don't have a millage increase.

City Manager Recor said then that means they need to be prepared to reduce expenditures.

Commissioner Coke asked what is their general fund balance expected to be September 30th and what is their total budget?

Ms. Johnson said their fund balance is projected to be at \$4 million.

Commissioner Coke said so their fund balance is projected to be at \$4 million. That would include whatever the savings are for furloughs and other things that would be included in there? What will their total budget be for next year?

Ms. Johnson said \$38 million.

City Manager Recor said status quo budget.

Commissioner Becht said no, it won't be. It is going to be \$34 million.

City Manager Recor said yes, he is right.

Commissioner Coke said it is going to be \$34 million.

City Manager Recor said the status quo with no reductions today is \$38 million.

Commissioner Coke said but they are talking about the red light camera thing bringing in \$500,000 and that is not included in this budget.

City Manager Recor said he doesn't think it should be. There no guarantee they are going to see that much.

Commissioner Coke said then she has a big problem if they have the potential of \$500,000 income coming in, all of a sudden it is gone and the five of them have had no input into it. She has concerns and she went over those with Mr. Recor the other day. She understands that building is down and all kinds of things are down. But when they look at licenses and permits... This year they collected \$50,000 in contractor license fees. Those same contractors are going to need to renew their licenses. For him to budget a zero amount, does he think that every contractor is going to all of a sudden move out of the City of Fort Pierce?

City Manager Recor said there is an explanation their Finance Director can provide for every revenue projection; and if that is where they would like to start, they can do that. But they should not make the mistakes of the past and rely on subjective revenue to balance this budget. They should plan to move forward with the red light camera initiative in anticipation of receiving potentially \$500,000, but they should not depend on that in the next fiscal year in order to balance their budget.

Commissioner Becht said but once again, he didn't give them the benefit of the summary of options. They have a \$3.7 million shortfall. Where does Staff recommend they start...?

City Manager Recor said he intentionally did not give the Commissioners any options because he wants to hear from them where they should cut. He is going to come back to the Commission with a \$34 million budget if he doesn't get direction from them on where to cut, and it is going to come from staff.

Commissioner Coke said she doesn't want to argue with him, but that is not fair. They are supposed to set direction. If he thinks they can sit here and look through here and say let's cut out all of the travel and education for next year. She has no idea what that total dollar amount is.

City Manager Recor said that is \$270,000.

Commissioner Coke said but she needs options.

City Manager Recor said there aren't any options. They have talked about options and he is telling them where it is, where it is going to come from. It is going to come on the backs of the employees. That is all that is left, \$3.7 million. Then they are going to rebuild this organization over the next few years. But that is where they are. So that is exactly why they have a budget document that shows that \$3.7 million deficit.

Commissioner Becht asked is Mr. Recor looking to him to tell him which departments to cut from?

City Manager Recor said not at all.

Commissioner Becht said then what he is looking for Mr. Recor to do is tell him. Mr. Recor is the City Manager. He needs him to manage the City and tell him what his bare bones staff is and he decide where he is going to do the cutting.

City Manager Recor said he is prepared to do that and will have that for them on July 24th.

Mayor Benton asked in the product they have in front of them, it appears they are doing away with the Building Department?

City Manager Recor said no. What they have done is moved the Building Department out of the General Fund and set it up as an Enterprise Fund. There was a change in the statutory legislation. They will note a subsidy to fund the Building Department. The Building Department is not generating sufficient revenue to pay for itself, so there is about an \$400,000 transfer to subsidize the Building Department.

Mayor Benton asked is that in this document?

City Manager Recor said yes, it is. He is not arguing with Commissioner Coke. The rubber meets the road today. This is where they are. They have talked about a lot of different things. He thinks what they have seen is consistent with what he told them from the very beginning; and that is, there is not a magic pill, there is not a home run ball.

Commissioner Coke said just so he understands and is prepared to argue with her on July 24th.

City Manager Recor said he doesn't expect anyone to like the cuts that are necessary.

Commissioner Coke said the truth of the matter is, now it is Friday. But when she and Mr. Recor sat down to go over this, it was Wednesday, and he didn't get the document until 11:00 o'clock on Monday, so she was probably not at her sharpest tack going through it all and reviewing it. They will probably have a lot of differences of opinion on how things should be cut and where they should be going with things. But she really thinks it is preferable if they could have the document 10 days in advance so they can go over it and get questions answered.

City Manager Recor said he couldn't agree with her more. This is the kind of impact and effect that they are going to feel. The City Manager's office has been reduced by 50%. They only have one administrative support person; and when that person is out, that means that Anne Satterlee is answering the phone and that he is answering the phone, and that documents don't get reproduced.

Commissioner Coke said call the Fort Pierce Volunteer Corps. Commissioner Becht said that brings up a good point - where is the Volunteer Corps? But he thought they had made it clear to

Mr. Recor at the last budget workshop that is what they expected him to do, was to figure out where the cuts are coming from. His conversation with the limited amount of employees he has talked to is that they are ready for a decision to be made, they are tired of walking on eggshells is what he has heard. If it is going to be the cuts, make the cuts.

City Manager Recor said he tried to get the Commission to reduce the workforce in the current fiscal year by 20 positions that he felt they could reduce and not miss a beat, and three Commissioners wouldn't agree to it. He is the City Manager, he does have the authority to do that, he should have done that. He will be bringing that back to them.

Commissioner Becht said apparently Mr. Recor didn't think he had clear direction from three of them. So he understands now. But when he was looking at this, it says it is a proposed budget, and there is a \$3.7 million gap.

City Manager Recor said that was intentional. He wanted to see where they were and what the daunting task is in front of them.

Commissioner Becht said Mr. Recor does have a daunting task and he is not going to be a popular fellow. But these are hard times which require hard decisions. That is what he is looking to Mr. Recor to do.

Mayor Benton said he agrees. But when they go through it department by department, there are some departments that bring in revenue. Luckily he sees in this document so far that he is not reducing those. When it comes to building permits and occupational licenses, at what point he is reducing staff?

City Manager Recor said there will be reductions in the Building Department, that is for sure.

Mayor Benton asked the City Clerk's Office? That is one area where occupational licenses, the projection is still they are going to bring in \$250,000 next year.

City Manager Recor said there will be reductions in the City Clerk's Office.

Mayor Benton said but he doesn't show that in this document.

City Manager Recor said no, not yet.

Mayor Benton said he doesn't know how. He is in that office all the time. They are bringing in the same amount of businesses, as they lose a business there are a lot of new businesses coming on board. Are they going to make people wait in line?

City Manager Recor said yes. That is the consequence of where they are.

Mayor Benton said but when he looks at the Planning Department, he doesn't see a reduction there like he sees in other areas.

City Manager Recor said he thinks they have seen a reduction in the Planning Department over the last two years. They are operating on bare bones right now.

Mayor Benton asked how many Site Plans come through? Other than the Comprehensive Plan, he thinks there is very little they are dealing with.

City Manager Recor said there is a tremendous amount of activity and on-going issues in the Planning Department.

Mayor Benton said he doesn't think he should tell each department across the board that he is going to reduce this much. He has to look at the ones that...

City Manager Recor said that is not how he is going to balance this budget.

Mayor Benton said but that is where it started months ago, each department...

City Manager Recor said that was a general strategy to get the Department Heads thinking about the reductions that were necessary to balance the budget. He told them if they don't cut where he thinks needs to be cut or where he knows it needs to be cut, he will. He is prepared to do so.

Mayor Benton said earlier in the year, in his opinion, if they had started with the furloughs back maybe in March and at least got the word out. He hopes they are talking furloughs again next year. He doesn't see that in here. And he knows the unions don't want to hear it.

City Manager Recor said certainly that is an option. But he doesn't want to put that on the table before they have looked at making the necessary reductions that he thinks they can make.

Mayor Benton said what he wants to do is, if they can convince employees to take off a day a month, they are going to have a savings and keep people working and reduce that impact to the public when they come in. There are certain areas they are not going to get the grass mowed right away by Public Works, he understands that. But if they can save jobs by asking people to take a day off, to him that is the first option they should look at.

City Manager Recor said two of the bargaining units have not agreed to the current year furlough.

Mayor Benton said but if they start now... The Teamsters are here today. The complaint he heard from them was the City didn't implement it early enough. He is saying it now, at least he feels that is the area to start if that is going to keep people working.

City Manager Recor said let's all take a deep breath. Rest assured, he can balance this budget. And there will be lots of discussion of how it was done. They will have a balanced budget

July 24th and then they will spend the next month fine-tuning and determining where the impacts should be least.

Mayor Benton said he thinks there should be communication in the next month of how they are getting there.

City Manager Recor said there will be an across the board reductions in workforce, that is how they are going to do it.

Mayor Benton asked is Mr. Recor going to be taking input from the Commission as he is doing this, or is just going to be thrown to them?

City Manager Recor said that is why they are here today.

Mayor Benton asked but if they don't have a balanced budget in front of them, how can they say they don't agree with this and maybe they should be looking somewhere else?

Commissioner Coke said when the Mayor asked are they going to have input from the Commission, Mr. Recor said that is why they are here today. But she doesn't have a recommendation in front of her today as part of this budget where he feels it is necessary to make cuts. So it is difficult for her to have that conversation when she doesn't know what he is recommending. She really doesn't want to show up here on July 24th with everything being a done deal and having no input into it.

City Manager Recor said what he was hoping today was some input from the Commission on where they thought the cuts should be made. He already has ideas on where the cuts should be made. So today was all about the Commission's opportunity to say where they should or shouldn't cut.

Commissioner Coke said let her put it to him this way. Had Mr. Recor on top of this said they still have a \$3.8 million deficit and it is his intention to assert his power as City Manager and cut x-number of dollars from personnel, these are the departments that he is looking at and these are the positions, then she would have been able to spend some time and do a little homework and see if she agreed and/or disagreed with him. But he can't expect her to sit here and pull names or departments out of a hat and say she agrees or disagrees with him.

City Manager Recor said he doesn't expect her to be specific like that - departments, names, positions.

Commissioner Coke said she doesn't want to do that - it is not her job, it is City Manager's job. But if Mr. Recor would have said he thinks he needs to reduce the workforce by three people from this department and four people from that department... But she didn't have that as background information. So call her ill prepared, but she is going to put the blame on Mr. Recor because he didn't give her the materials she needed to be prepared. The other thing she wanted to bring up is, she has spoken with Mr. Schwerer about not necessarily reducing his budget, but allocating it by department. Because she thinks, not for next year but in years to come when they talk about realizing a savings, she thinks if the Building Department, Code

Enforcement, and FPRA knew this is the boilerplate contract and give it to their people and they either utilize it or they are going to get charged extra from legal. If they take \$100,000 out of Mr. Schwerer's budget, add it to somebody else's as a transfer back and forth, she thinks staff would be much less likely to burn legal's time. And the same thing when it comes to, they have had instances in the past where there were problems with employees that were not documented properly by Department Heads, where employees didn't follow procedures properly, and the fact that nobody is held accountable for what happens later on in life. If they charge the department where they have x-number of dollars of legal time or x-number of hours entitled to per month and this is what it will accomplish, but if they go over that they are going to be charged extra for it, she thinks everybody would be... It is like the light switch. If they pay their own utility bill, they are more cognizant about turning the switch off. If somebody else is paying it, leave the light on and turn the temperature down to 60. She really thinks in this time they need to start looking at all those different things. Let's make people stand up and be accountable and responsible for their actions.

City Manager Recor said he thinks they have made some progress in that regard.

City Attorney Schwerer said he and the City Manager as well as the Finance Director are starting the discussion about how they can get a particular model together, not only to try to accomplish what she is trying to do, but also look at their enterprise funds and assign a certain amount of time to those as well. They are currently working on that. He has a report that is due to the City Manager, which he is going to share with the Commissioners. He will have it done before the next budget meeting so they can see where they are. They will have suggestions on that.

Commissioner Alexander said he just wants to say something so he doesn't feel like he is out of the loop. He is an elected official. He represents the citizens of the City of Fort Pierce, not just District #1, but the entire City. When they speak about enterprises, the City of Fort Pierce is the owners of such as the FPUA and that could be an enterprise. They say they want to keep it out of the hands of the politicians. He is going to say what he feels like saying when it comes down to the Fort Pierce Utilities Authority. They are going to blast him if they want to, but it is the citizens he is concerned about. Today they are talking about \$3.6 million. He just has a problem. He just wants it understood that he is not going to be the only one out of town. So Mr. Recor is going to come back with a definitive answer on July 24th and they can take it or leave it? But he is not going to be here, so he is leaving it today that he is not in agreement with Mr. Recor's thoughts and the direction he is going today.

City Manager Recor said then he needs to hear something different and he needs to hear it specifically.

Commissioner Alexander said he is sure what he just said is

different from what he thought, so he has what his difference is.

City Manager Recor said he is sorry, he doesn't.

Commissioner Becht asked when does Mr. Recor think he can have a real revised budget to the Commission?

City Manager Recor said they need to recognize that they are still going to be in the middle of the enrollment period for the VSIP. Now he will use as a working figure whatever net salary savings there are for those people who have completed their forms prior to July 24th. But they will still have another 30 days and that is going to change.

Commissioner Becht said he understands. Build his assumptions into presenting the Commission with a balanced budget. They were not presented with a balanced budget today, so build his assumptions in. When can he give them a balanced budget for consideration? Because he is not going to be here on July 24th either.

City Manager Recor said this is very surprising to him, because he doesn't know how the July 24th budget workshop got scheduled if so many of them are saying they are not going to be here. Staff worked really hard to get the remaining workshop schedule put together based on four of them being available.

Commissioner Becht said as soon as he was setting it on July 24th, he let him know he wasn't going to be able to be here, because he has prepaid travel plans.

City Manager Recor said it absolutely makes no sense, if two of them are not going to be here, to have these kinds of discussions.

Commissioner Becht said he agrees that it doesn't make any sense. He wants to do his job. He was not going to be able to do his job on July 24th, but Mr. Recor apparently thought four were going to be here. Now he is only going to have three. When can Mr. Recor get a balanced budget together with whatever assumptions he needs to make about the voluntary separation program?

City Manager Recor said he would have had it available July 24th and shoot to get it to them the Friday before that workshop. He would like to still get it done. Even though it appears they may need to reschedule that July 24th budget workshop, he still wants to get that done. That is only two weeks away. He could have it done by the end of next week.

Commissioner Coke said she is not quite sure how important the exact voluntary separation or early retirement figure is. If Mr. Recor can provide them with his proposed budget that is balanced, whether it is 15 employees here or 35 employees there. And then when they get those forms in, they could see they propose to have 15 people here and so many people retired under the early voluntary separation, so they have 16 and they only

need to eliminate one position, or they are down to 14 positions here, so they are really in good shape, so this other department they were going to have 15... She thinks it is all a matter of numbers. It doesn't matter at this juncture to her to look at balancing the budget. It will later on when they have to really crunch the numbers. But he can look at that and say they are going to have 15 people in this department, 12 here, 10 here, 35 here, and then after they get the figures on voluntary separation and early retirement, they can see where the differential lies. There is no reason for them to be waiting for that budget until that point in time.

Ms. Johnson said they have to realize too that they must follow the TRIM Act. They have to have their millage rate set for the Property Appraiser.

Commissioner Coke said they set the millage rate today, they all agreed.

Ms. Johnson said they have to announce the roll back rate, and the date and place for the first Public Hearing too.

Commissioner Alexander said he had some concern about the early separation and the voluntary separation, that some employees were not assured they will be receiving all their vacation and hours of sick leave. He did understand they resolved that at a later time. But again, he thinks the employees are leery about not receiving their compensation from the City of Fort Pierce. It hasn't been made clear.

City Manager Recor said respectfully, he is going to disagree. He has communicated directly with the employees in writing that explains how those two provisions will be interpreted to address specific concerns about payment for accrued sick leave and vacation leave. And he has given every benefit to the employee, they will not penalize them for even accrued vacation in the current fiscal year. If they elect to separate, they are going to pay them for everything they are eligible for under the Personnel Rules & Regulations. That has been put in writing.

Commissioner Alexander asked Mr. Recor relayed that information?

City Manager Recor said yes, he did.

Commissioner Alexander said the last meeting they had as a Commission it was stated that they would receive what was due.

City Manager Recor said now that has been put in writing.

Commissioner Alexander said he is just letting him know, maybe it was communicated to them, but it wasn't to him. When Mr. Recor says there are 68 potentials, he wants to be assured that each one of those potential employees...

City Manager Recor said this is an incentive program. It is meant to offer the employees some financial incentive for their separation in return for an expected benefit to the City in the long term. They are not going to do anything that penalizes the

employees.

Commissioner Alexander said maybe out of that 68 employees, they might get that potential 20 that he wants to lay off.

City Manager Recor said correct. Those would come off his original list.

Commissioner Becht said out all the negative things they might have said, he wants to compliment Mr. Recor on getting a picture of the Jetty Linear Park on their budget book.

City Manager Recor said it is no coincidence and he is glad he enjoyed the picture. He has not taken affront to anything that was said. He knows the task is daunting and he will try to minimize the pain for all of them.

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There being no further business, the Budget Workshop was adjourned at 4:50 p.m.

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Adjournment.

ATTEST:

\_\_\_\_\_  
CITY CLERK

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MAYOR COMMISSIONER

