

MINUTES OF A SPECIAL MEETING OF THE CITY COMMISSION OF THE CITY OF FORT PIERCE, FLORIDA, HELD IN THE CITY HALL COMMISSION CHAMBERS, 100 NORTH U.S. #1, FORT PIERCE, FLORIDA, AT 5:05 P.M. ON MONDAY, SEPTEMBER 24, 2007

Mayor Benton called the meeting to order.

The Pledge of Allegiance was recited.

Upon Roll Call, those present were: Mayor Robert Benton; Commissioners Rufus Alexander, Edward Becht, Christine Coke, and R. Duke Nelson; City Manager Dennis Beach; City Attorney Robert Schwerer; and City Clerk Cassandra Steele. Those absent: None.

Ordinance No. K-509 entitled, **AN ORDINANCE PROVIDING FOR THE LEVYING AND COLLECTING OF TAXES FOR THE CITY OF FORT PIERCE, FLORIDA, FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2007, AND ENDING SEPTEMBER 30, 2008, FOR THE PURPOSE OF RAISING SUCH AMOUNT AS MAY BE NECESSARY TO CARRY ON THE GOVERNMENT OF SAID CITY DURING SAID FISCAL YEAR AND TO PAY FUNDS SO COLLECTED INTO THE ACCOUNTS PROVIDED THEREFOR; ADOPTING THE CITY OF FORT PIERCE 2007-2008 FISCAL YEAR FINAL MILLAGE RATE; AND PROVIDING FOR THE EFFECTIVE DATE HEREOF.** was placed on second and final reading and read in full.

Mayor Benton declared a Public Hearing on Ordinance No. K-509 in session and asked if anyone in the audience wished to be heard.

Seeing no one and hearing no one wishing to be heard, Mayor Benton declared the Public Hearing closed.

Motion was made by Commissioner Alexander, seconded by Commissioner Coke, that Ordinance No. K-509 be passed on second and final reading.

Those voting in favor of the passage of Ordinance No. K-509 on second and final reading were: Commissioners Alexander, Becht, Coke, Nelson, and Benton. Those opposed: None.

Ordinance No. K-510 entitled, **AN ORDINANCE ADOPTING A FINAL BUDGET FOR THE CITY OF FORT PIERCE, FLORIDA, FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2007, AND ENDING SEPTEMBER 30, 2008; AND PROVIDING FOR THE EFFECTIVE DATE HEREOF.** was placed on second and final reading and read by title only.

Mayor Benton declared a Public Hearing on Ordinance No. K-510 in session and asked if anyone in the audience wished to be heard.

Mr. Charles Wilson, St. Lucie Association, said they will be pleased to know this is probably one of the last times they will have to hear from him. The St. Lucie Association was formed some months ago to deal with the Trauma Tax issue and then became interested in the City of Fort Pierce through some of their members. Their task was try to affect City government, County government, all kinds of government in how they impact regular taxpayers. They wanted to make regular taxpayers a priority. As many times as he has appeared before them, the St. Lucie Association has offered suggestions. They suggested that they put in force a new board, for instance between themselves and the FPRA, that perhaps could give advice to the FPRA on the business-worthiness of projects, not just where they sit. They have heard no reaction from that from this Commission. They have recommended certain changes, certain cuts. They have had no reaction from this Commission. In one way, they are very unhappy that they have been so unsuccessful at being able to change the way the City of Fort Pierce does business. They have not been able to change the transparency in which they do business. They have not been able to change the way that public input is taken. As an example, they met this afternoon as the

FPRA, they went through the whole thing, there was not one single opportunity to take any kind of input from the public. They now have an FPRA who spends 25% of their budget. They approved this afternoon a whole series of budget items that were called number holders, paddings, things they just did not know. The fact is that they come to the end of the budget process, it appears very likely that they will approve this budget with little or no change in what has happened in the previous years. They will look at the millage rate; but as they all know, that millage rate is completely eaten up by the changes in property values.

They know that it is going to be worse in the next couple of years. So they have come to the conclusion that they have no personal quarrel with anyone here, they think they are fine people. He thinks they try to represent the public in the best way they can. He does not have any personal quarrel. But it is quite clear that they are not going to get a change in Fort Pierce policy until they get a change in personnel. And he does not know which personnel that is going to take, he does not know how deep that personnel change is going to take, but they either need a change in policy or a change in personnel. They have tried and will continue to try, their members will continue to try to work with them to achieve change. But he unfortunately does not believe they can do that until someone has a commitment to changing the basic philosophy that exists here in Fort Pierce. He urges them to vote against the budget.

Mr. Flip Gates said he is happy to be here this afternoon to talk to them about their general administrative budget. Again, he wants to thank the Mayor for his hard work in the City's budget this year, he knows he has evaluated many tough choices that he has been making for the last several months and that the final proposals were given to him at a very last minute and that only must add to his difficulties. In spite of comments by his City Manager about meeting with each of them privately and not broadcasting several budget meetings on television, he trusts that he has followed the requirements of the Sunshine Law in this crucial discussion of budget matters and about spending the public's money. He as a taxpayer in the City and the FPRA is pleased to be able to share with them and many of their citizens of Fort Pierce the opportunity to participate in this budget process. He is very troubled that their City Manager and his Deputy had to balance the budget on the backs of the City's hard-working rank and file employees to make ends meet. This is no way to run a city. It should have never come to this. For several months, several Commissioners have expressed concerns about the recommendations from their City Manager and his Deputy in proposing the way money is allocated and spent. The words the Commissioners have used are "inappropriately or improperly". In particular, some of them have questioned whether it was proper to spend FPRA money in ways that were recommended by their staff. He shares their concerns and he is reviewing the law on this issue to ensure that the City and the FPRA are protected from the errors of poor judgement. In any event, he is very concerned about a budget that has escalated at a compound annual growth rate of 13%. That is a conclusion of Deputy City Manager Recor in his memorandum to them dated July 27, 2007. He should be concerned. That means \$27 million budget just four short years ago in FY 2003 now is \$41 million in 2007 and again in 2008. That is well over a 50% increase in taxes upon the citizens of Fort Pierce. Keep in mind that the population of our city has remained relatively the same and the economy has cooled significantly, placing less demands on their staff. And this obviously is not a way to run a city and it must stop. Where has the money gone? The people want to know. \$27 million versus \$41 million. Mostly to unnecessary personnel costs, as their City Manager and Deputy City Manager over the last four years have increased the bureaucracy their citizens must deal with. They must have their reasons for this; however, he respectfully disagrees with their style of management. It is outrageously expensive, slow, unresponsive, and has created unnecessary conflict in their community. Furthermore, there is no need to quote "inappropriately or improperly" use their creative juices to tap the FPRA cookie jar to pay for this unnecessary bureaucracy. That is what their City Manager and Deputy City Manager have recommended to them. Time after time their source of funding is often anything but the General Fund and usually the FPRA. This is just no way to run a city. The present budget is too high. And the taxpayers continue to pay more taxes than ever before

through increased fees from enterprise funds because of an outdated approach to city management. Yes, the tax rate has been lowered a little bit; but as properties have gone up in value, the people still pay more taxes. That is the simple truth and anyone who says otherwise should check their facts and stop misleading their community. The fact is that they still have the highest tax rate on the Treasure Coast, making it difficult for their citizens to compete in the marketplace. Finally, their budget should be sustainable year after year. They should not go raiding their rainy day funds. Everyone should live within their means, especially City Hall. Again, this is just no way to run a city. For several years now he has had the opportunity to share his views with them about better ways to manage their city and he wants to thank them for taking the time to listen and sometimes for acting on some of his suggestions. He thinks it is time for a change in leadership and philosophy in the way they spend their public money. The city and the community must become full partners on this exciting project of making Fort Pierce a better place to live and to work and to raise their children. City staff should be the right size and should be dedicated to working for the citizens, a change that would eliminate their current budget problems. The FPRA should be used for economic development, to build infrastructure, projects, and create jobs. Finally, their budget should be sustainable and within their means in the coming Fiscal Year 2008. And he hopes they move forward together with a very bright future here in the City of Fort Pierce.

Seeing no one further and hearing no one wishing to be heard, Mayor Benton declared the Public Hearing closed.

Commissioner Coke said she is not prepared yet to make a motion. She is wondering if they could have some discussion regarding the memo (from the City Manager dated September 21, 2007) they received that answered the questions that they posed at the last budget meeting, if that would be all right. She thinks they all do need to recognize the fact that not only are they having tough budget times now, but what they are going to face in the future is going to be harder. They need to sharpen their pencils, they need to tighten their belts. And at some point in time they as a Commission need to admit that at times in the past they have made some mistakes and in her opinion they need to do what they can to correct them. First thing that she is looking at, but not certainly the most important, is temporary employee services. When she looks at this memo she is not talking Public Works, because she believes they have a legitimate need for temporary employee services, but individual departments throughout the City. She wants to commend everybody and say that she is very happy to work with everyone here, they all do a fine job. But individual departments throughout the City, totaling \$119,500 for temporary services, in her view is a way to circumvent the hiring freeze they have put on, and she would like to see them eliminate that. She is disappointed that they have yet to get an evaluation of the take home vehicle policy and the cost of that. Finally, when they are looking at their General Fund and the fact that they have fallen below their 10%, it truly upsets her. She looked at it from the standpoint of these different questions that they asked of their staff the last time. And she knows nobody likes to hear this, but she guesses when they went overboard with their big raises a few years ago because the consultant said, now they are paying the price for it. But when she looks at the first item, which is an evaluation on the cost saving from reduction of hours for employees, if they were to reduce the work week by two hours a week, they would save \$1 million a year that could go back into their general fund balance. And she thinks along with that they would need to look at that equals a 5% reduction in earnings. If they would look at a percentage reduction, the same for salaried employees, that would be another \$150,000 a year. If the Commission were to take away 5% from their own salaries, which she thinks they should do at minimum... She keeps saying that they should just roll them back to pre-hurricane, but she cannot get a consensus on that. But if they were to enact all three of those, they would save \$1.274 million a year. She has looked at their contracts with the PBA for Sergeants and Lieutenants and regular Officers; and under Hours of Work section, it clearly states the City retains the sole right to determine and redetermine from time to time the starting and quitting time and the number of hours to be worked. There is absolutely no mention of

hours of work in their general Teamsters contract. However, in the two contracts with the PBA, it leaves it there to their discretion. She would urge each of them to consider the fact that yes, now they have a balanced budget; but they have a balance budget with - not a deficit - but below minimum general fund balance. They have a balanced budget this year that, if allowed to go through as proposed, gives them padding to supplement employment when they are supposed to be putting a wage freeze on. She will put to them all that next year life is going to get nothing but harder if they don't make some cuts now and do something. If they enact these policies now, there will be cost savings not only for this year but for years to come until someone decides to change the policies, and they can build up their general fund again and be a healthy city again in a few years.

Commissioner Nelson said he sort of shares some of the comments that were made by Commissioner Coke. First he would like to commend the City Manager and Staff for coming up with this memo of September 21, 2007, and he requests that this be made an incorporated part of the Minutes of this particular meeting. He notes with some concern that only the Code Enforcement and Police Department vehicles were included in their effort here and that has not been provided. Is there any preliminary information on that Code Enforcement and Police Department vehicle take home policy?

City Manager Beach said they have a complete report on that and it was quite voluminous. There are two reports that Staff is working on. One is the actual cost of the take home policy. But the one the Police Department is working on that will probably be presented to them October 1st is the one that they had requested about how could they engage in some cost sharing with the employees who take these vehicles home and offset that cost of that policy. He believes that is a subject on their October 1st Commission meeting. And if the Commission agrees to it or accepts it, then he believes they have the ability to implement it.

Commissioner Nelson said in the area of capital expenditures or capital purchases, trying to postpone some of those. They have \$1.4 million out there that they have slated for next year. Could Mr. Beach expound on that a little? Because they cite some \$900,000 that they might be able to address there. He did not see any empirical data from the various departments that have these vehicles. He does not see anybody really hurting in vehicles in particular. He sees on the other hand some of their people both in Solid Waste and Public Works have made sizeable purchases in the last few years that brings their fleet up to pretty modernistic standards. Just what is the sentiment of these departments with these capital expenditures, particularly in the area of vehicles, and some of the other expenditures that might fall in the capital purchase area that they might be able to defer?

City Manager Beach said the justification for capital equipment acquisition is something that takes place during the budgeting process. He thinks this Commission has fairly consistently required that Staff prove up their reasoning for requiring replacement vehicles; and he would suggest to them that has been done as it relates to how each of these Department Heads made their equipment requests. But he wants to go further and say that they have agreed on many occasions that they have the ability to postpone these expenditures. But that is all it is, is a postponement, or they may call it a deferral. They will have those expenses next year or the year after or the year after that. Having said that, that does not mean that they cannot take them away. The purpose of this memorandum was to describe to them what type of savings they can anticipate if they took that expenditure away.

Commissioner Nelson said particularly in the area of vehicles, they are not designed to last forever. Contrary to his statement regarding being judiciously looking at their vehicle purchases in the past and on an annual basis, he recalls in one instance they had one department, he thinks it was their CDGB, that had vehicles that were well over 20 years of age and they finally bit the bullet and found a way in which to get new vehicles, so some of them have new vehicles now. But he would that they really consider seriously to defer some of these to keep people on and employed, to give people raises rather than a new

vehicle. To encourage them to make their vehicles have a greater life span he thinks would be the objective that they want to accomplish, along with doing the jobs which they are entitled to do. He said he would agree to some extent with Commissioner Coke, but the reduction of work hours is not meeting very well with him in that people have a tendency to work hard if they give them a short period of time to do it in or a long period of time to do it in. Uniformity is very important when it comes down to dealing in the work environment within their own organization and with other organizations because they have that synergetic effect wherein they can pick up the phone at 4:00 o'clock and they know they can get somebody on the phone to address issues. From department to department, from inter-agency to inter-agency, that is very good for them to have normal work hours, he thinks it is called 8:00 to 5:00, something like that. So he is opposed to that concept.

Commissioner Alexander asked that coming up about the work week, how would they implement that - give a person two days off a week or a day off a month?

Commissioner Coke said when she looked at it, it was two hours. So if they are working 8:00 to 5:00, each department could split. Either some people can come in from 10:00 to 5:00 and others can come in from 8:00 to 3:00 on day a week.

Commissioner Alexander asked it is a two hour work period?

City Manager Beach said this particular calculation is two hours per week. It will probably be on a weekly thing. He thinks the best way to see this or to think about this is, what this does is it represents a reduction in people's pay. That is the point of it. Whether they take hours off or just say they are going to keep working 40 hours, but they are just going to pay them for 38, it is still a reduction. He thinks it is around 6% to 7%, he is not sure what the figure is.

Commissioner Coke said it would be 5%, because two hours out 40 is 5%.

Commissioner Alexander said his question is the reduction of the pay on individuals. If he just says round it out for one day out of a month, someone makes pretty good amount of money for a days work. What about overtime, they have people that are working overtime on a regular basis. Are they going to have to still cut...? He does not know, he is just confused on how they are going to do this. A person sits here, it is 5:30, it is overtime.

City Manager Beach said it gets very problematic. It is also a Union issue. Commissioner Coke referred to a section in the union contracts, but what she may or may not be aware of, there are other sections in the union contracts that deal specifically with compensation. When they start to reduce that compensation, that has to be negotiated, unless he is mistaking something. So those do have to be negotiated. Plus their police officers are on twelve hour shifts. So it all gets very problematic. That is why he says the best way to look at it is just as a pay reduction, because that is really what it represents.

Commissioner Alexander asked others have practiced this - other cities, other communities, other states?

City Manager Beach said he is unaware of any that have, but that does not mean they have not.

Commissioner Alexander asked how could he bring them information about this? He just went and picked it out of the sky and said this is...?

City Manager Beach said no. What Staff did was in response to a request from somebody on the City Commission, they calculated what the hourly rate is for the general fund employees, and that is how that figure was arrived at.

Commissioner Alexander asked out of all the geniuses they have up and down this State, no one has ever said lets do a 38 hour week so they can save \$1 million?

Mr. David Recor, Deputy City Manager, said not reduce the pay, no.

Commissioner Alexander asked this is just one means of them balancing the budget, right?

Commissioner Coke said she just wants to respond to one thing that the City Manager said, when he talks about they are looking at this as a reduction in pay. The bottom line is they have grown too much, they have not grown proportionately to the population. She is saying the same things now she said two months ago when they started budget hearings. Her concern is, rather than lower people's salary or hourly rate, if they leave them where they are and they cut back two hours which, although it may be something that needs to be negotiated in contracts with the Teamsters and the PBA, it could be something that is very temporary for two years until they get their General Fund back and the City grows again. Rather than lay off or be put in a position next year where they need to lay off more and more people and cut back on services. Obviously she is in the minority vote in thinking about that here. She does not want to support a budget that is not going to do something to replenish their General Fund balance.

Commissioner Alexander said if they did not give a raise next year, they will be accomplishing the same thing, right? So that is asking the work force to look forward to not getting a raise next year, nothing.

Commissioner Coke said right.

Mayor Benton said he thinks he knows when they had certain departments that were working four ten hour days, they were hearing it from the public. Because this is one of those things, there are a lot of people in a lot of businesses throughout the country that go to work at lunch time on Monday and leave at lunch time on Friday. And he thinks a majority of folks that have to work that 40 hour week a little put off by it. He thinks it is very important that government work that 40 hour week. If someone comes in that door, there is somebody that can wait on them.

Commissioner Nelson said he agrees with that. He accomplished part of what he wanted to accomplish by having them enter into a dialogue relative to their dilemma here. But let him close out his little talk here. In sum, he is in opposition to any types of layoff when they have this myriad of other options that they can take to minimize the problems that they have from a fiscal standpoint right now. And basically any of those that have been submitted to them would get his support generally speaking as long as it does not entail laying off people at this juncture, because those people who are subject to being laid off are really not the people who in fact caused the problem.

Commissioner Becht said he is going to throw out an idea that they may all find unacceptable. But while everybody was talking the thought occurred to him that they can task each of their various city departments with finding the equivalent of the two hour a week roll back in pay - that he does not think anybody really likes - out of the rest of their budget.

Commissioner Nelson asked what, for example?

Commissioner Becht said temporary services, travel, contract services. He is not going to limit them, wherever they want to take it out. He wants to talk about it because there are some ripples here that he really does not like, but he wanted to throw it out for discussion. So the idea would be they task each department to find the equivalent of what it would

mean for their department to incur the two hour per week pay reduction, because he thinks that really is what it is in the end. They can say the hourly rate is the same and everything else. But he knows when he gets his check at the end of the week, he needs it to go so far; and if they took 5% out of it, it is going to hurt. Does everybody follow what he is saying with that?

Commissioner Coke said part of what she tried to do is do this uniformly across the board because her observation has been recently that they have more chiefs and not enough indians. She would never ever consider cutting work week by two hours for hourly employees without giving an equivalent 5% reduction to salaried employees across the board. Because she does not think it is fair that the assistant, whatever they call everybody who works in the secretarial position, should get a reduction, but the head of the department should not.

Commissioner Becht said his assumption was the \$500,000 per year at one hour, that was across the board.

City Manager Beach said his assumption is correct - that is across the board, that applies to all payroll.

Commissioner Becht said so the concept he would like to talk about, and he can already debate against the idea that he wants to talk about, is task each department to come up with a savings or take it in the equivalent of a reduction in hours, whether that is one hour or two hours a week or whatever it is. His problem with that is they have already experienced in his four years here a problem with... He thinks they had a policy where people can take Friday off or something like that. They needed somebody here on Friday and they were not here on Friday, so the departments did not move on whatever day of the week it was. Unless they came up with a uniform program for rolling the hours back, they could end up with the same problem - where Planning is waiting on Engineering, but the person in Engineering is not here at that particular time, so they are delayed another week because they have this weird hour thing - unless everybody is working the same set of hours. The other thing that bothers him is Commissioner Nelson has been asking for the take home vehicle policy for a while. He would like to have that at least at the next meeting. Mr. Beach had said the report is ready; so if they can have that, there may be some savings in there. He would also like at the next FPRA meeting to have the enhanced policing brought in so they can talk about that. The enhanced policing is perhaps a vehicle for replenishing the General Fund and doing so in a big way. He knows Mr. Beach was going to come back with some strategies, but that is one of them they should talk about at the next FPRA. Back to they either accept this budget without anybody really loving it or liking it, but they are just going to get three people that will swallow it and vote for it; or they are going to tinker with it some more tonight; or they are going to tinker with it some more as the year progresses. He would hate to give up the ability to tinker with it as the year progresses as they see where they are with the sacrifices they might have to make in January or elsewhere. But he would like to have some feedback on challenging the departments with a one hour rollback, or finding that saving in their budget elsewhere.

Mayor Benton said he likes his philosophy on what he is looking at doing. During the year they always have budget amendments, it does not matter what time of year, it could be a month into the budget. But he would think they could do a challenge to their staff, because they see what the Commission is going through, they understand, plus they understand and feel for the people that work for them. But maybe through their Finance Department they can have a little column, at the end each month when they get their monthly book, on what percentage that department has saved. And maybe by March if they saved a considerable amount of money... He puts that challenge out. That way they are not laying people off, people are not losing jobs, but everybody is tightening the belt. Six months from now if they could save half a million dollars. He thinks everybody that works for the City has seen what the concerns are and knowing what they are going to do next year. To him, that

would be a challenge, instead of him picking items out which he does not know what each department needs. They know they need Public Works and they know they need Police Officers; but when it comes to travel or anything else, if they can save a few dollars here and a few dollars there, if it is a half a million dollars by March, he thinks they have come through with that they are looking for.

Commissioner Alexander asked is he misunderstanding? These figures here are to enhance their General Fund, right?

City Manager Beach said they are talking about their General Fund, yes.

Mayor Benton said yes, to help with the reserves.

Commissioner Alexander said so this has nothing to do with the budget. What he is bringing back to them is let them know what they can do about enhancing their general funds, right?

City Manager Beach said correct, this is the general fund budget.

Commissioner Becht said they are intertwined.

Mr. Recor said he thinks he is speaking about the fund balance.

Mayor Benton said this is to replenish the fund balance.

Mr. Recor said keep in mind, they are still \$475,000 off entering this discussion tonight.

City Manager Beach said no, he is referring to if they do not take any of the adjustments.

Mr. Recor said that is correct.

Commissioner Coke said this is second reading. And the last budget they approved on the first reading was the \$41 million, but it was a balanced budget.

City Manager Beach said it is balanced.

Commissioner Coke said they did not approve a non-balanced budget two weeks ago.

City Manager Beach said what they approved is a budget that had to be reduced by \$475,000 in order to balance.

Commissioner Coke said it was her understanding that they approved the budget on first reading subject that they could make changes, that it was balanced via the September 14, 2007 memo of suggestions.

City Manager Beach said that is correct.

Commissioner Coke said then they are both sitting here telling her they approved a budget but they are still \$475,000 short.

City Manager Beach said he is not telling her that. What Mr. Recor was telling her is if they make a decision to move this budget forward and adopt it in its current condition, it is going to entail several reductions and those reductions are outlined in that September 14th memo. That is all Mr. Recor is saying.

Commissioner Alexander said he wants to be sure he is on the same page, because he hears Commissioner Nelson speaking about no jobs. That \$41 million entails a shortfall of

the \$475,000. So that means that the jobs go along with that. Not only the jobs, but in no replacements of the positions.

Mr. Recor said frozen positions.

City Manager Beach said that is correct. There is 20 something vacant positions.

Commissioner Alexander said so that automatically goes along with what they are speaking of tonight.

City Manager Beach said yes, that is correct.

Mayor Benton asked what is the pleasure of the Commission, do they have a motion with maybe recommendations?

MAYOR BENTON PASSED THE GAVEL TO MAYOR PRO TEM ALEXANDER.

Commissioner Benton said in the past he has voted against this budget because of where they robbed the Marina and Solid Waste. But being they have to get through a budget, and he really thinks a challenge to their staff as far as saving money in the next six months, he thinks it can be done, plus there is something else that came up today if there can be something to it that can save them some money.

Motion was made by Commissioner Benton, seconded by Commissioner Coke, that Ordinance No. K-510 be passed on second and final reading with the condition of requiring staff to save money where they can.

Commissioner Coke said point of clarification. Is that the balanced budget as presented including the September 14, 2007 memo that they approved two weeks ago with staff's suggestions?

City Manager Beach said it has to be, that is the tentative approved budget.

Commissioner Nelson asked can the maker of the motion include the fact that they will not be laying off any of their currently employed personnel?

Commissioner Benton said yes, he would accept that condition. And also what he would do is, in the future if they are looking at laying people off, especially people with a lot of time in, they need to look at a buy-out for early retirement. But that is something they should be looking at next year.

Commissioner Coke said respectfully, the way the budget was passed the last time, it was inclusive of that memo of September 14th, which included eliminating three positions. That was how the budget was balanced, that was how it was passed. So if he wants to change his motion to balance the budget and give staff general direction... But if they are going to have a second hearing and a second vote on this final budget that they have in front of them, this final budget includes the adjustments made to enable the budget to be balanced as of September 14, 2007.

Commissioner Becht asked what was the dollar amount for the three employees?

City Manager Beach said let him address something here. If the motion moves forward, Staff will simply go back in the budget and they will find another way to get to that \$41 million figure. That is how that will work.

Commissioner Benton said it was a figure of \$95,000, he believes.

City Manager Beach said whatever it is, Staff will go inside the budget and make the necessary adjustments to get it to the figure that they have approved.

Mayor Pro Tem Alexander asked what else was in detail in that \$475,000?

City Manager Beach said that includes a reduction of \$19,100 in advertising funds that was in the Commission's budget, \$5,500 in furniture from the City Attorney's office, \$225,000 from Planning Department, and then the balance of it was personnel positions. Again, if the motion goes forward, then Staff will have to go back in the budget and make those adjustments which they can do.

Commissioner Becht said they need to create and balance a budget tonight. What he does not think that any of them want to happen is that they leave tonight and do not address their fund balance again. He is wondering what they can couple the motion with that addresses the need to maintain a focus on replenishing their fund balance? He has heard various explanations for strategies and this and that. And they have two almost immediately with the take home vehicle policy and the enhanced policing, and maybe that is enough. But he just would like to have specific direction to staff with a time limit for bringing back something of substance to address the shortfall.

Commissioner Benton said they have talked about the insurance benefits for dependents.

Commissioner Becht said he would not talk about the insurance benefits only for this reason. Because the dependent coverage that Commissioner Coke brought up is, in his opinion, going to barely the offset that they need as they negotiate new contracts. What he would like is specific direction to staff that is part of the motion that says by the first meeting in October or the second meeting in October they are going to come back and tell the Commission how they are going to address this, and they are going to give them five, six, or ten options for addressing this in a way that still allows the City to do the good things it has done and to and maintain all the programs and all the services they want. Because that is the problem with balancing the budget - he wants something, Commissioner Nelson wants something else, Commissioner Coke wants something else. There are 40,000 people out there that have a different vision of where Fort Pierce is supposed to be going and they five are supposed to represent that, and it does not always go down the same path. Please consider coupling with his motion a direction to staff that by a specific date they bring back strategies that the Commission would evaluate and immediately enact.

Commissioner Benton said when they were discussing this, they were talking about replenishing the reserve fund. Is Commissioner Becht looking to replenish that in the next budget year? Or is he looking to set a goal of maybe \$50,000 to \$100,000 a month? Because that fund was set up for that rainy day. Several years ago they had those two hurricanes. They knew it was going to take them three to five years to rebuild after several hurricanes. To replenish that does not happen overnight. If they are looking to set a goal for staff to try to come up with so much by the middle of next year or by the end of next year... But to do \$2 million in this budget year is impossible.

Commissioner Becht said he respectfully disagrees with him. The fund balance at the beginning of last fiscal year, in October of 2006, was in excess of \$4 million, he thinks it was almost \$7 million. They went through it. And they are going to change the accounting around here so they know how fast they are going through it. But they went through it somehow someway in the last twelve months. For him to say that they cannot do it in the next twelve months belies the fact that they did reduced it from at least \$4 million down to \$2.1 million from last October to this October. So he thinks they can task staff to come up with creative ways of doing this and he thinks they should.

Commissioner Benton said he would ask Mr. Bergalis to remind them that there were raises given, there were...

Mr. George Bergalis, Director of Finance, said the fund balance at the beginning of the 2005/2006 Fiscal Year, which began October 1, 2005, was a little bit in excess of \$7 million. At the end of the 2005/2006 fiscal year, the fund balance was approximately \$3.3 million. That is the fund balance that they began this year with, \$3.3 million.

Commissioner Benton said a lot of those expenditures went from raising the...

Mr. Bergalis said most of those expenditures, when they used up approximately \$4 million of the fund balance during the 2005/2006 fiscal year, a lot of it had to do with a lot of rebuilding after the hurricanes. Even though they had gone out and got a line of credit, they had a lot of infrastructure work going on. Also, that was the year when all the significant raises across the board for everybody went through. Their health insurance costs went up. And there was the increase in the pension costs. Pension costs back then, the City was paying approximately around 2% across the board into the pension plan for all employee groups. Now that figure is in excess of 14% of covered payroll.

Commissioner Benton said that multiplier they changed from 2.5 to 3.0.

Mr. Bergalis said also, because of the increase in salaries, the pension costs went up because of that, and the multiplier. And that is where the money went.

Commissioner Nelson said he concurs with Commissioner Becht with regard to having strategy for replenishing and upgrading the reserve fund. He recalls some time ago the Solid Waste Director went out and bought some garage cans for virtually half price. They cost \$75.00 to \$100.00 a piece, he got it for \$35.00. He had budgeted for that \$75.00 to \$100.00. His initiative was such that he found this \$35.00 one that was just as good, piggybacked with somebody else, and of course he bought those. If they can apply that principle to all of their departments who come in and budget an item for x-numbers of dollars, but at the same time be able to purchase one for considerably less than that, and once they make those purchases, make some type of overt gesture or something or proclamation that he saved this amount of money, and that money saved goes in that reserve fund, every little bit would help in terms of trying to increase that fund. But right now they do not know where that money goes when he buys one for \$35.00 versus \$75.00 or \$100.00. So if they were to practice those types of things across the board, it might not be much; but over a sustained period of time, that might be a strategy to in fact to get that reserve back to where they want it. That is just one example.

Commissioner Coke said she wants to commend everybody for the job they have done so far, but she does have a problem. They do get a lot of paper to read here and she knows they get a budget book every month, but she has some concerns. They have talked now for six or eight weeks about where are they in 2007 versus what they budgeted versus what they are budgeting, and they still do not have that. She has concerns that within a department there can be line item transfers. If they are putting in to budget \$50,000 for advertising, anybody can change that. As long as they have that \$50,000 in their budget, it can be changed to go someplace else. Unless the Commissioners all want it to make it a full-time job of them sitting down and looking to see where the transfers, they are all kind of oblivious. It has nothing to do with an audit, it has to do with they should get a report on transfers that are being made that are different from the budget that they actually approved.

Because if Department A's budget was \$293,000 and they spent \$293,000, that is fine; but they may not have spent it where this proposed budget is. What she is telling them, they are kind of like spinning their wheels when they sit here and look at this, because they are just going to take the pie after it is done and the Commission has approved it and divide it up however it is necessary or they see fit. That does not necessarily fall in line with the

direction this Commission has given. That is why she has concerns about not knowing red flag when the general fund goes under the balance where it should be. She has concerns about things being transferred from line item to line item without them being aware of it. She has major concerns - and it is only \$119,500 - but if they put a hiring freeze on, why would they need temporary employees to cover if somebody is resigning? Don't they have other employees in City Hall that can cover for each other if they are on vacation or whatever else?

Commissioner Benton asked when it comes to contract employees, doesn't that come in front of City Commission as far as the Consent Agenda?

Commissioner Coke said no, she was not talking contract, she was talking temporary.

City Manager Beach said he does not know exactly what is being referred to. Is there a recommendation somewhere as it relates to this motion for this budget? They are going in circles.

Mayor Pro Tem Alexander said speaking of temporary employees, the amount of monies that they set aside for them. What are they saying?

Commissioner Coke said she would like to see them cut it. It is not a lot of money, but that is part of what could cover and save someone's job. If the motion was to approve the budget as is, as balanced, except to reinstate those three employees, it needs to be found someplace else. The three employees equated to \$154,000. They have \$119,500 right there in temporary services.

Commissioner Benton asked \$119,500 in temporary employees, is that going to create a problem with running the City?

City Manager Beach said it could create a service delivery issue in the Building Department because three of those employees do part-time contractual work at the permit desk and different clerical functions. All they need to do is direct Staff to balance this with those instructions and they can do it and the Commissioners will not have to worry about the intricate details of how that is accomplished, and Staff will report back to them as to how that was accomplished.

Commissioner Nelson said he concurs, that is basically the motion.
Mayor Pro Tem Alexander said that was the motion, give staff direction.

Commissioner Coke said she hates to weigh in on this again. But she is not talking about contractual employees, she is talking about temporary employee services.

Commissioner Nelson said that includes...

Commissioner Coke said no, those are separate line items. There is one for contract employees and one for temporary employee services. Her concern is saying okay, cut the budget and bring it back to the Commission with this \$154,000. Her concern with that is she does not want to micro-manage, but unfortunately she does not think they have done enough micro-managing. They are in a position where they have just grown beyond their means. They have a balanced budget, but they have nothing in place to replenish the General Fund balance. The population is growing 1% a year and they are growing in leaps and bounds. She knows they are providing a lot more services; but a lot of that is slowing down now with the building and the economic times that they are in. And she just has a problem that they are not pulling the horse way back.

City Manager Beach asked is that a recommendation as it relates to this budget adoption?

Commissioner Nelson said they follow through the dictates of the motion and other amendments. What she is saying is exactly what can be done. If there is a recommendation from Staff to get rid of the contract and temporary employees. Okay, they get rid of it. What are they doing with that \$119,000? Put it in the reserve fund.

Commissioner Coke said okay, she can support the budget as is, as the motion maker made it, with the conditions: (1) That they start immediately getting the budget in the new format; (2) They charge staff with coming up with the equivalent of 5% of employee salaries to replenish the General Fund; and (3) They impose upon their Finance Director to give them a recap on a monthly basis showing overages and transfers. Then she can support the budget. Is that what Mr. Beach was looking for?

Mr. Bergalis said just a couple of things. They keep talking about they have not budgeted to replenish the fund balance. Obviously when they prepare a budget, it has to be balanced, otherwise they are not in conformity with generally accepted accounting principles or the State of Florida or anything. What that means is, if he is the greatest prophet on the face of the Earth, all the revenues that he has estimated that they are going to collect are going to equal exactly to the penny all the appropriations that they have approved of. If that happens, that means at the end of the year they have not done a damn thing to their fund balance because their revenues have equaled their expenditures. The only way they are going to add to their fund balance is if he has some windfall of money into the coffers of the City during this next fiscal year that they did not plan on and that are going to exceed what they need to run this government, that will go to the fund balance. If they can comply with what they are all talking about in cutting the appropriations, and all the expenditures come in as they had estimated that they will, then they would end up with a profit at the end of the year whereby their revenues will exceed their expenditures and that will add to the fund balance. That is how they can add to the fund balance and it is not something that is going to happen overnight. In the early 1990's when they endured some real serious financial problems, and he means serious problems that makes today's look like nothing, it took them a while to get out of that condition. They did and the fund balance grew to the \$7.5 million that they had. So they can get there, but it is not going to happen overnight. Unless, as he jokingly said to Anthony Westbury (Editor of The Tribune) last week, he takes some indiscriminate monies out of the City coffers each week and plays the lottery; and if he wins, he is going to pump it all back into the city bank account, then they will have an immediate relief to the problem. The other issue he has to address is the fact that monthly they all get a monthly report. In that report it shows the budget. It shows for the first month of the year a comparison of what was spent during the month of October with what was budgeted. In November it shows a comparison of what is budgeted for the year as compared to the two months of expenditures and on and on. So on a monthly basis they are being provided with a comparison of budget to actual. They are asking that they want that provided to them. He guesses what he can do is perhaps cut and paste, or just take that information and extract it and put it in a simple format, which he can do. He realizes that report sometimes gets difficult to look at, but they can handle it. As far as budget transfers, as he said to the City Manager about a week ago, those happen on a daily basis. As a department finds out that perhaps they are running over in one account code, and they look and think they are going to have a little bit extra money in this other account code, and they really need to replenish office supplies versus whatever the heck it may be, they submit the transfer through his office. It goes to his Assistant Director, she looks at the accounts to make sure that there is money to be transferred and it is not going to run anybody over. She approves of it, sends it to his office, he approves it, sends it on, and the transfer is made in the accounting records. As he said to the City Manager, if they want, he can accumulate those on a monthly basis; and before he approves of them, he will put them in a nice neat folder and he will present those to the Commission at their next meeting, and then they can approve of those. Then in that way they will have a hands-on control of every transfer that is made. Transfers are not made between departments.

Transfers are made within the departments within their approved budgets, their line items, and they do not go over their budget, unless there is something extraordinary happens that would cause that to occur which is very unusual. He will give them whatever they want. He thinks the information they are getting now perhaps may be a little confusing, perhaps its not comprehensive enough. They will work and give them what they want. But that is all he can do.

Commissioner Becht said he and Mr. Bergalis and Mr. Beach sat down and talked about that in February of this year. Mr. Bergalis has repeatedly said all the information is in the information the Commissioners are given monthly. But yet he is looking at the third or maybe the fourth proposed budget, and the information that Mr. Bergalis tells him is in the monthly packet that he gets cannot for some reason be transferred because it is all there. He told him two times now that it is all there, but he cannot put it in the proposed budget so that he can see it line by line.

Mr. Bergalis said no, he did not say they can't. He said what they have to do is they must reformat their program in the AS400 in the GMBA accounting system so they can print those forms that are going to have all of those appropriate columns that are in addition to what they have now. Then they can show them what exactly, if they want to see what his estimations are for the rest of the year, what is...

Commissioner Becht said he has told him three or four times that is what he wants to see. He does not want to get argumentative with him, he really does not. But it just does not sit well with him for Mr. Bergalis to sit there and tell him the information is all there but he cannot get it to him in the format that he wants. So maybe that is a software problem, maybe it is not, he does not know. But he does not have it in front of him tonight and they are going to move forward. There is a motion on the table. He had asked that the motion-maker and seconder couple with that a directive with a time limit in it that they will get specific direction back or options back from Staff on how they can address the fund balance over the next year.

Commissioner Nelson asked fund balance or the reserve?

Commissioner Benton said it is the same thing.

Commissioner Becht said he guesses that is the first part of what he is looking for. The second part is a followup on what the Mayor said, but with a little more teeth to it. The Mayor said that maybe by March they look to Staff to show them what savings they have made without some of these more onerous... The hourly rollback is not something... In his opinion, that is the one they chose before they start laying people off. Laying people off being the last one. This is not where he wants to go. But what they need is for staff to come back with some solid things that can get them in a year... And he would like to set the goal of doing it in a year. If they cannot do it in a year, then maybe it will be somebody else's problem. So that is what he is looking for, is the motion-maker willing to add something to it that does not just leave them hanging and they are going to wait until next year to deal with it?

Commissioner Nelson said he believe it includes that. It does include that.

Commissioner Becht asked when are they coming back?

City Clerk Sandy Steele said included in the motion is to staff is to address the shortfall which equals the 5% of wages, she believes that is what Commissioner Coke had said, by cutting the line items by... And then they never said when.

Commissioner Benton said he wanted to come back in March. He does not think they can do it monthly, but he thinks they can do it quarterly. He means every quarter or so, they can see that they have made up some ground. If not, they go to Plan B and then they have a budget amendment and they send some specific direction to Staff.

Commissioner Coke asked can the City Clerk read the motion in its entirety?

City Clerk Steele said that Ordinance K-510 be passed on second and final reading. The caveat is no layoff of currently employed personnel and staff is to address the shortfall - she put this in parenthesis because these were not the words - the 5% of wages by cutting the line items by... blank. They never got an answer as to when they wanted an answer back as to cut the line items.

Mayor Pro Tem Alexander said he is filling that in.

Commissioner Benton said he specifically did not want to tell each department what to cut.

City Clerk Steele said she wrote down ASAP, but...

Commissioner Nelson asked what can Mr. Beach live with to make this thing work?

City Manager Beach said they have some workshops ahead of them on a number of subjects and he thinks this would be a good workshop item, because this whole budgeting processing for him has been an exercise in incredible frustration. The reason being is that everybody wants something different and they have placed conditions on the staff and on the parameters that Staff can operate in for preparing a budget, and they need to discuss those same parameters as it relates to increasing the fund balance. They cannot direct this Staff to leave the Police Department alone and leave Public Works Department alone and not lay anybody off and increase the fund balance. They just cannot do it. They can do it, but it is not going to happen. They are going to be disappointed and blame Staff because they were unable to do it. There are a number of ways to do what they have asked to be done, but they have so far refused to consider them. When he comes back to them with recommendations on how increase this fund balance, he needs parameters under what they are not going to consider, because it is not a productive use of their time or his time to keep rolling these in a circle.

Commissioner Nelson said he thinks right now Commissioner Becht's hangup is in the area of by a specific time within...

City Manager Beach said he would go for January of 2008.

Commissioner Nelson asked if that is the case, is that acceptable? He will call the question.

Those voting in favor of the passage of Ordinance K-510, with conditions, were: Commissioners Becht, Benton, Coke, and Nelson. Those opposed: Mayor Pro Tem Alexander.

MAYOR PRO TEM ALEXANDER RETURNED THE GAVEL TO MAYOR BENTON.

There being no further business, Mayor Benton declared the meeting adjourned at 6:15 p.m.

Adjournment.

ATTEST:

CITY CLERK

MAYOR COMMISSIONER

