

CITY OF MELBOURNE, FLORIDA
MINUTES – SPECIAL MEETING BEFORE CITY COUNCIL
FEBRUARY 28, 2008



A special workshop meeting of the City Council was held in the City Council Chamber, 900 East Strawbridge Avenue, and was called to order at 6:30 p.m. by Mayor Harry C. Goode, Jr.

1. Pledge of Allegiance.
2. Roll Call.

Present:	Harry C. Goode, Jr.	Mayor
	Kathy Meehan	Vice Mayor, District 3
	Richard Contreras	Council Member, District 1
	John Thomas	Council Member, District 4
	Cheryl Palmer	Council Member, District 5
	Joanne Corby	Council Member, District 6
	Jack M. Schluckebier, Ph.D.	City Manager
	Paul R. Gougelman, III	City Attorney
	Cathleen A. Wysor	City Clerk
	Amy W. Elliott	Deputy City Manager
	Howard Ralls	Deputy City Manager
	Cindy Dittmer	Planning & Economic Development Director

Absent: Mark LaRusso Council Member, District 2 (Ill)

3. COUNCIL DISCUSSION: General Fund Budget and Fiscal Issues

Mayor Goode reported that the City is faced with budgetary shortfalls. The Florida Legislature demanded reductions, which were enacted with the current year budget, revenues are down and the property tax referendum passed in January. The Mayor noted that he met with the City Manager, who indicated that the shortfall is estimated at a little over \$4 million. That could go as high as \$6.5 million if payroll increases are enacted. Money is available in the City's reserves to provide a lump sum bonus; however, Council needs to cut over \$4 million at this time. Additionally, that number may increase as the year progresses – depending on how much shortfall occurs in the current budget year.

The Mayor pointed out that staff has provided recommendations in the agenda package for expenditure reductions. The first list contains reductions that could be implemented without further substantial research or study in fiscal year 2008-2009. The estimated savings would be \$3,097,900. Council would need to provide staff with direction on the second list.

Deputy City Manager Amy Elliott stated that we are focusing on the General Fund at this meeting. The Enterprise Funds are supported by user charges; therefore, we don't expect to see the revenue/expenditure gap in those funds. Any changes we make in the General Fund would be applied to the Enterprise Funds as appropriate.

Some administrative measures have already been taken in the General Fund to slow down the rate of expenditures. As reported to Council previously, we are not receiving

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revenues at their normal rate. Mrs. Elliott commented that it's not just a property tax issue; it's a result of general economic decline. Other tax sources and fees are not coming in as expected. Budget adjustment recommendations will be presented to Council at the second quarter budget review in late April or early May.

The single largest expenditure in the General Fund is personal services, which includes wages, overtime, benefits, etc. In the General Fund, a 1% increase in base wages has a cost of \$405,000. Because salary increases are the single largest inflationary factor in the General Fund expenditure budget, direction is needed with regard to the level of salary increases to be considered next year. We need to have additional revenues to compensate if we are going to increase the recurring wage base.

Although it is too early to determine the actual reduction in property tax revenue resulting from Amendment 1 (property tax referendum), staff's best guess is that the gap could be \$3.5 million to \$5.5 million. There is no way of knowing until we receive the property tax numbers from the Property Appraiser at the end of June.

The next focus is on proposed expenditure reductions. The agenda package contains two groups of suggestions. Items in Group A can be implemented relatively easily and don't require substantial further study. Items in Group B will take more time to study; they could be implemented within 12 months.

Most of the items proposed for expenditure reductions would result in service level reductions. There is a service level reduction associated with reducing staff and capital outlay. Mrs. Elliott stressed that in terms of the items being proposed, staff has made every effort to avoid lay-offs or laying off any active employee. The salary savings proposed are the result of attrition.

Mrs. Elliott added one additional item to Group A: Offer an opportunity for voluntary reduction of hours. Employees with certain positions in certain departments may be able to work five hours less per week or take a day off every other week, unpaid.

Staff will also review and tweak existing revenues. Any fee increases would have to return to City Council.

Mrs. Elliott began reviewing the items in Group A, including the addition of Item #10. Her comments are included in italics.

Group "A" – Possible Expenditure Reductions

	Estimated Savings
1. Substantially reduce department capital outlay	\$ 800,000

The City typically has well over one million dollars of capital outlay requested in the General Fund. Capital includes

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replacement vehicles, mowers, computers, etc.

2. Cancel all capital improvement projects except those funded by grant or earmarked revenues \$ 500,000

This category includes projects funded by General Fund operating revenues. This would not include projects funded by earmarked revenues or by grants. Earmarked revenues include the local option gas tax and transportation impact fees.

3. Implement department director recommended reductions excluding layoffs (list included in agenda package) \$ 681,000

Department directors were asked to provide a list of items they would cut if asked to cut five percent. Those items, with the exception of lay-offs, have been included in the agenda package. The reality is, we can't achieve a five percent reduction without laying off people. At this time, we are not proposing laying off people.

4. Reduce funding of community redevelopment agencies by 10% \$ 93,400

Council may select any percentage it wishes in this category.

5. Non-essential attrition as it occurs (10 – 15 positions) net of work place adjustments \$ 350,000

This would not involve laying off any active employees. Staff will review vacant positions to determine whether or not they absolutely have to be filled. The savings would occur throughout the year; 10 – 15 vacant positions won't occur on October 1.

6. Increase assumed rate of investment return to be consistent with other local pension plans (requires Police Pension Board approval) \$ 507,000

The Police plan has a more conservative investment rate of return for actuarial purposes than our other two pension plans. This estimate was provided by the actuary. The General Fund would contribute that much less to the pension plan. It would not change pension benefits. Rather, it's an assumption based on a conservative rate of return.

7. Provide two additional vacation days and reduce two paid holidays to all employees (requires authorization to renegotiate LIU contract). Savings reflect holiday overtime reduction. \$ 123,500

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We incur a substantial amount of overtime because of holiday pay. Areas have to be staffed and people paid overtime to work the holidays.

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|----|-------------------------------------|----|--------|
| 8. | Eliminate holiday gift certificates | \$ | 18,000 |
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This number is based on the number of General Fund employees.

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| 9. | Reduce gifts to external organizations | \$ | 25,000 |
|----|--|----|--------|

This includes funding currently provided to non-profit organizations, which is typically discussed during the July workshop meeting.

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|-----|------------------------------|---|--|
| 10. | Voluntary reduction of hours | * | |
|-----|------------------------------|---|--|

This would provide an opportunity for certain employees to volunteer to work less hours.

\$3,097,900

TOTAL

*See later discussion. Depending on the number of employees that take advantage of this offer, the savings could be \$150,000; however, that amount is not included in the total.

Mrs. Elliott concluded her review of Group A and stated that absent any other direction, staff would use this as the basis to begin building a budget for the next fiscal year.

Mayor Goode asked Council Members to comment on the items listed in Group A.

Mrs. Elliott confirmed for Mayor Goode that with regard to a reduction in gifts to external organizations, the idea would be to provide an across the board reduction.

Council Member Cheryl Palmer referenced Item #1 and stated that she does not see any reason why the City makes sole source purchases, especially when there are follow-up costs like software. She recommended that staff do more examination and research, especially with telecommunications equipment.

Regarding Item #9, she pointed out that a lot of the City's grants-in-aid help pay the salaries for people in non-profit organizations. It's her belief that if we can't pay our own salaries, we should not be paying the salaries in these organizations. These are wonderful organizations that do a wonderful job in the community; however, they need to go out in the community and seek donations. She suggested that Council take more than \$25,000 off of that amount.

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Continuing, she added that if we cut funding, the City could place articles in the Melbourne Messenger on a rotating basis asking people to support these organizations. She repeated that she does not feel comfortable paying salaries for non-profit organizations.

Mayor Goode said he would be comfortable taking this amount to zero. He agreed that all of these organizations are worthwhile and pass the test; however, there is a budget shortfall in every town in Florida and across the nation. He recommended that these organizations voluntarily reduce the amount they are requesting.

Mrs. Palmer said that related to this item, organizations that rent any City facility should pay the normal rental fee for that facility.

Council Member John Thomas referenced Item #10 and asked if there is an estimated amount of savings. Mr. Schluckebier said that it would probably be in the \$150,000 range per year.

Regarding Item #9, Mr. Thomas said that this is a significant cut. If more expenditure reductions are needed in the future, this item could be cut deeper at that time.

Vice Mayor Kathy Meehan referenced Item #9 and stated that this item should be reduced drastically or eliminated during the budget shortfall.

Regarding Item #10, Mrs. Elliott confirmed for Council Member Richard Contreras that we would continue to provide benefits for employees who work a minimum of 32 hours.

Mr. Contreras referenced Item #9 and stated that preserving City employees would be the priority.

Mrs. Palmer asked staff to look at Item #1 and Item #2. She pointed out that a number of condominium projects for the Downtown area were going to require quite a bit of capital improvements. She asked how much we have expended on those capital improvements and whether we should move forward when we haven't received the fees expected to pay for those.

The City Manager recalled that the only things that were pending were utility concurrency reservations. The stormwater project on Front Street has not been engineered or scheduled; there is no direct investment on the City's part related to that.

Mrs. Palmer asked staff to determine if there are any projects pending that relied on funding or taxes from development Downtown. She would like to see those items postponed until construction begins on those buildings. Mr. Schluckebier said that staff would be happy to provide that information; however, he does not believe there is anything pending.

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Regarding Item #9, Mayor Goode asked staff to write the recipients of the grants-in-aid to see if they are willing to take a voluntary reduction or submit a request at a substantially lower level. There were no objections to the Mayor's request.

Mr. Contreras referenced Item #3, Leisure Services – Umpire Fees, and asked for additional information. Leisure Services Director Mary Ann Bowman said that this relates to our adult league. Previously we paid an organization to provide us with umpires. The City is now directly hiring umpires and the dollar amount listed (\$8,000) represents the savings. She confirmed that it is a reduction in dollars, not service.

Mr. Contreras asked if the organizations that use our recreational fields pay for services, lighting, maintenance, etc. Mrs. Bowman explained that the organizations co-sponsored by the City – Eau Gallie Little League, Lipscomb Park Baseball League, Police Athletic League and Melbourne Eau Gallie United Soccer Club – don't pay a fee to the City for use of the fields. The City's philosophy is that these organizations are providing a service. If the City were to provide these services, we would have to hire more staff. Additionally, she listed the organizations that are charged rental, lighting, etc. for using our fields.

Mayor Goode stated that without objection, Group A, Items 1 through 10, stands approved. There were no objections from Council.

Mrs. Elliott began her review of Group B and stressed that each item would require further study and research. Her comments are noted in italics.

1. Offer early retirement incentive or severance to generate salary savings for select positions – estimated annual savings \$150,000.

This would offer a program that would encourage someone who was thinking about retirement to take advantage of a payout and retire.

2. Transfer General Employees' Pension Plan to the Florida Retirement System – estimated annual savings \$450,000.

The amount represents the difference between the contribution rate to the FRS and contribution rate to our local pension plan. Effectively, we would eliminate the local pension plan and the employees would be picked up by the Florida Retirement System.

3. Close Fire Station #73 (Airport) – estimated annual net savings \$470,000 (expenditure savings net of Airport reimbursement).

There are ranges of possibilities with regard to this item, including closing the station, having more participation with the Airport, moving employees from this station to another station, and moving a truck to another station.

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4. Consolidate public safety communication/dispatch function with another city or the county – estimated annual savings \$100,000 after initial start up costs.

All of our different governments have separate dispatch functions. There ought to be some level of savings with a consolidated function.

5. Require 10% employee contribution towards health insurance for new employees – estimated annual savings \$40,000.

This would apply to new employees hired after a certain date. The City is rare in that we pay 100% of the employees' share of health insurance, except for one tier of one plan. The industry trend is to have employees pay a share of their health insurance premium.

6. Require 5% employee contribution towards General Employees' Pension Plan for new employees – estimated annual savings \$90,000.

The General Employees' Pension Plan is non-contributory for the employees, whereas the Police and Fire do have employee contribution requirements. This would apply to new employees hired after a certain date and would not affect any existing employees. If Item #2 were approved and the City moved back into the FRS, this would not apply. The FRS plan is non-contributory.

7. Phase out City health insurance offset regarding 50% contribution to retirees' health insurance – estimated annual savings \$10,000 to \$100,000.

In 1987 the City Council authorized the City to pay 50% of the health insurance premium for retirees. If we eliminated this for new employees hired after a certain date, we would achieve minimal savings initially because it wouldn't go into effect until some time in the future when they would become retirees. Another idea is to pro-rate the level based on the length of service. Currently, you receive the same benefit whether you work here six years or 35 years.

8. Provide one time \$750 bonus in lieu of step/base raises to all employees (requires authorization to renegotiate LIU contract for wages effective 10/1/2008) – estimated annual savings \$602,000.

This requires renegotiation with LIU because we have a contract in place with that union. The advantage of this type of salary adjustment is that the wage base would not be increased. When you adjust wages, automatically you increase the floor of what wages are for the next fiscal year. A one-time bonus payment would provide the benefit of an increase without increasing the wage base.

9. Cancel parking garage contract – estimated annual debt service savings \$257,000 after construction contract cancellation and bond pre-payment penalties.

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The bond pre-payment penalty is about \$170,000, depending on interest rates. We have about a half million dollars in the construction contract in terms of design and preliminary work. We need to decide quickly whether we are going to move forward. The contractor will have to order materials. Once ordered, the City will be responsible for the cost, which is about \$2.8 or \$2.9 million. Under any scenario, the City will be responsible for the contractor's profits, which is 7%. Therefore, in addition to the half million already spent, the 7% profit would add another \$300,000.

Although there are up front costs associated with canceling, the City would not be paying \$257,000 for the next 20 years. One option might be to postpone the project and we may incur penalties for that.

10. Let local property tax abatement program lapse or have moratorium on future tax abatements – no expenditure reduction, but would preserve property tax revenues estimated at \$25,000 per year.

This is the ad valorem tax abatement program. Approving this would preserve some property tax revenue.

Regarding Item #2, Mayor Goode asked about the number of general employees in the General Pension Plan and the FRS. Mrs. Elliott said that about 20% of the general employees might be left in FRS. We have approximately 400 employees in the General Employees' Pension Plan. Mr. Schluckebier added that we began our local plan on January 1, 1996. The Legislature offered a one-time escape clause from FRS. At that time the FRS rates were substantially higher and FRS had an unfunded deficit of about \$12 billion. The situation has completely reversed and the FRS now has a surplus of about \$12 - \$15 billion. And, they are taking cities back into the plan.

Mrs. Palmer referenced Item #3 and asked if there are FAA regulations about coverage on the Airport property. Mrs. Elliott replied yes. Additionally, she confirmed for Mrs. Palmer that cost savings would be the cost of firefighters and equipment. Mrs. Palmer questioned how we would save with firefighters if the plan were to move them to another station.

Mayor Goode said we have to keep facilities and a minimum of two employees on call at the Airport as long as we are conducting Airport operations to satisfy FAA.

Mrs. Elliott reminded everyone that this idea has multiple variables. She added that the Airport could hire its own crew and not use firefighters paid by the General Fund. The premise is we would have salary savings through attrition. We are not proposing at this time to eliminate active positions. If a position became vacant, we wouldn't fill it; we would rotate people.

Mr. Schluckebier briefly discussed Item #10. He pointed out that in the past five years Council has approved \$300,000 to \$400,000, yet the savings only reflects \$25,000. This is very project specific and we've discovered that many companies didn't return and

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actually apply for the abatement. The City received the benefit of the jobs and the investment and the companies didn't follow through.

The real crux of this item is that through attrition or other means, the City is reducing its workforce. It's an awkward position to then provide an abatement on taxes.

Mayor Goode said previously while serving in the Legislature he was not an advocate for giving a tax break to companies. But Alabama, Georgia, Mississippi, and South Carolina started offering breaks and it became competitive. He had to change his philosophy to provide a competitive edge for Florida cities. Council will have to look at this because if we give a company a break and it brings 100 new employees to Melbourne, Council has to decide if it is better off with or without the company.

Mrs. Palmer said she has always supported the tax abatement program because we need jobs in our City. The EDC has provided information that the City receives an amount back larger than its abatement in the form of taxes generated by new employees buying homes, paying fees, etc. If this is not the case and it's not to the City's benefit, then we need to drop the program.

Mr. Contreras asked if Item #1 would be synonymous with a voluntary layoff. Following a brief discussion, Mr. Schluckebier replied no and stated that a layoff is employer directed. This item is not employer directed and would be a voluntary inducement for job attrition. Mr. Contreras said he is not opposed to this item. In the private sector it is geared towards those who are near retirement. Typically when people take that opportunity, the incentive is X amount of pay for X number of years of longevity. Employees who take advantage of this in effect save someone else's job.

With regard to the same item, Mr. Contreras asked if we have anyone on payroll who has retired, taken the DROP money, and then returned to employment with the City. Mrs. Elliott replied no.

Mr. Contreras referenced Item #3 and recommended that the City approach a private entity to provide fire service on the Airport. He noted that although he is not speaking for Grumman, Grumman is fully equipped with fire engines and staffed with firefighters. Many firefighters employed by Grumman are City, Brevard County and Patrick Air Force Base employees. As attrition comes about, perhaps a private entity may be looking to streamline their process from a cost perspective.

Mr. Contreras stated that Item #4 is a collaborative effort with regard to services, which he supports.

Regarding Item #8, Mr. Contreras pointed out that the harshness of a bonus is that it is a one-time shot and it doesn't accumulate; it leaves a bad taste. However, it leaves a better taste as an alternative to unemployment. He noted that the choice is clear if it comes down to holding your employment or not having a pay raise.

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Mr. Contreras stated that he would like to add the following items to the list for consideration:

- Adjusted work hours. Examples include working four, nine-hour days and taking a half-day on Friday. Or, working 80 hours over nine days and taking every other Friday off. He doesn't know if there would be any savings; however, staff could contact folks working in the private sector who currently have adjusted hours. He added that it might be more of a personal incentive or benefit for employees to provide this option.
- On call vehicles. Certain employees on call would drive to a "barn" and take a vehicle from a pool to respond to the task. Citizens are passionate about the number of take home vehicles and the size of the vehicles. He noted that we reduced the size of police cars and we should do the same with other vehicles, including those used by supervisors.

Mrs. Elliott informed Council that administrative direction has been provided to Fleet Management to reduce the size of vehicles being ordered. Fleet has been charged with looking for more efficient and smaller vehicles.

The City Manager added that staff will also comb over the on call list. It is appropriate for some employees who are on call to have their equipment with them. However, that might not be the case with others and staff will undertake a review.

Mr. Contreras said that during the 2001 – 2005 boom, the City maintained a certain level of service. Now that we are in a down cycle, staff needs to ponder whether we can reduce the number of employees who were hired during the boom to provide services that aren't currently flowing through the system.

Vice Mayor Meehan referenced Item #3 and stated that she would like for the Airport to pick up the entire cost. Following brief discussion, the City Manager explained that the FAA will not allow the Airport to subsidize City operations.

Regarding Item #9, Mrs. Meehan asked for additional information on the amount involved in postponing the contract on the parking garage.

Mrs. Meehan placed the following on the list for consideration:

- Initiate emergency transport services in the Fire Department.

Mr. Thomas noted that he does not support Item #3; ~~however, he believes we should study the idea of moving personnel to another area and suggested using some of the personnel from that station to create a second aerial;~~ he does not support Item #5; he would support #7 as far as pro-rating the contribution based on the length of service; and he supports the bonus in Item #8, but would like to know when it would be paid to employees. His desire is to have it paid before the holidays. The City Manager replied that it would be paid in the fall.

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Mr. Thomas concluded by saying he does not support Item #9 because it's important to our community and the Downtown area. And, he does not believe we should let the tax abatement program referenced in Item #10 lapse.

Mr. Thomas added the following to the list for consideration:

- Outsourcing. Investigate outsourcing as much as possible, including maintenance of medians and parks, and the janitorial services. Employees in these positions could be repositioned as other positions become vacant.
- Melbourne Police Department. The command staff at the Police Department has increased significantly in the past 10 years. A Deputy Chief is retiring next summer and the City should study the effect of not filling that position. There are two communication center supervisors who do not supervise. One is in charge of equipment and his recommendation is that through attrition we move personnel and not re-fill that position. Explore the idea of a centralized booking facility in the south end of the County staffed with Sheriff personnel. Currently prisoners are transported to Sharpes. A centralized facility would save on gasoline and allow officers to get back on the road faster.
- Melbourne Fire Department. The City should study not filling the two training officer positions in the Fire Department and let the battalion chiefs coordinate that training. Also, consider hiring lower paid position to deliver mail, which is currently done by the battalion chiefs.

Mrs. Palmer said she supports looking into Item #3; however, she does not want to lose those firefighters and have to re-hire, re-train, etc. Regarding Item #4, she said that she has heard complaints about competition between the City and the county with regard to dispatch services. Mrs. Palmer recommended that all the cities and the county stop competing and start cooperating on how to efficiently provide services. Back to this item, she supports going in with the county on a common operation, not another city.

Regarding Item #5, she pointed out that this would impact employees on the lowest end of the pay scale; therefore, she does not support. Item #9 would result in a lot of money down the drain. She would like to see more information and if the City decides to cancel the contract, it should be done quickly. If we proceed with the contract, Mrs. Palmer said she would like to see more CRA money included in the funding. With Item #10, she stated that she is in favor of dropping tax abatement. It's been a good program and we've been careful ensuring it would bring in a certain number of jobs and pay. It is one program that we can let go now that we have to tighten our belt.

Mrs. Palmer referenced Mr. Contreras's thought about employees hired during the boom times. She said that this probably affects building and planning. These departments need to determine if they are ready for a reduction.

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Mr. Schluckebier reported that this year the City is pushing aside three or four vacant positions that dealt with the boom time. Examples of positions that won't be filled include an engineer, planner and budget analyst.

Mrs. Palmer added the following to the list for consideration:

- Adopt a median program. She stated that she watched an employee crawling around weeding the Apollo medians. It is not cost efficient and the City should explore allowing organizations to adopt medians and provide maintenance.
- Code Enforcement overtime. The City should consider a different arrangement if the Code Officer that works on Saturdays is paid overtime.
- Police take home plan. This plan is now part of the contract and the expectation; however, the City needs to look at gas and mileage and determine if we are paying for people to drive 50 miles to work. She asked for information on the costs involved.

Mrs. Palmer reported that she recently watched nine police cars respond to a traffic stop. She pointed out that people see this and question the need. She recommended that we take advantage of our municipal service agreements during emergencies.

Mrs. Corby referenced Item #6 and asked if there are costs involved with changing pension plans. Mr. Schluckebier replied yes and said an actuarial statement is required. The plan owner pays the cost of the actuarial statement. Mrs. Elliott added that typically the pension plan would pay it; however, the pension plan is the City because the City fully funds the pension plan. Mrs. Elliott confirmed that the employees would not be asked to pay this cost.

Mrs. Corby referenced the 400 employees that are in the General Pension Plan and asked if all the employees are on the same plan. Mrs. Elliott replied that all the employees in the General Pension Plan have the same pension plan, including management. Any general employee hired after January 1, 1996 would be in the General Employees' Pension Plan. All others are in the Florida Retirement System.

Mrs. Corby recommended the following be added to the list for consideration:

- Restructuring of departments. Department heads should be encouraged to restructure their departments to minimize costs. We've indicated that we have less workload, so she would like department heads to return with a form of restructuring their department.
- Health insurance. She would like to see information on the City going with a self-insured health plan.

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Continuing, Mrs. Corby referenced Item #9 and asked the total cost of the garage. Mrs. Elliott replied that the contract value is \$5.6 million. Mr. Schluckebier added that the \$257,000 savings indicated would be an annual amount over a period of 20 years. Mrs. Corby stated that she would be in support of canceling that contract.

Mrs. Corby commented that the City's surplus from 2004 to 2006 was approximately \$12,649,000. She asked if the City invested that money.

The City Manager replied that the City has a surplus funds policy adopted by City Council. Those funds roll forward to future operating funds or fund reserves in the way specified in the policy. In the last two years, in accordance with the Governor's direction that cities ought to be using their reserves, we have used funds out of those reserves. To the extent that they are within the levels established by the policy, they are invested; however, we haven't hit those targets yet. The City has also used surplus funds to offset the price of capital projects instead of using recurring funds.

Mrs. Corby referenced Group A, Item #3, and pointed out that she didn't see any reduction in the legal department. Mrs. Elliott explained that a five percent reduction in the City Attorney's Department would require letting someone go. Lay-offs were not included on the list.

Mrs. Corby agreed with Mr. Contreras's comment about the boom times. Several years back maybe we had a need for additional personnel and now we need to take a look at that.

In response to Mr. Contreras, Mrs. Elliott said she would follow up and ensure that employees are shutting down their computer systems at the end of the day. Mr. Contreras also suggested that automatic light switches be installed in conference rooms, office space, etc. He noted that electricity is money.

Mayor Goode referenced the additional items added to Group B by Council Members. He asked staff to return with information at a future meeting prior to Council voting on those items.

Mayor Goode asked Council Members to indicate by show of hands the items that should be removed from Group B. Following discussion, Council removed the following items from consideration:

3. Close Fire Station #73 (Airport) – estimated annual net savings \$470,000 (expenditure savings net of Airport reimbursement).

Mr. Schluckebier stated that the deployment study done a few years ago talked about "repositioning." This item is written up as "close Fire Station #73", but Council is trying to reach a long-term solution that makes more sense.

Mrs. Palmer agreed and said that Council was looking for "no reduction of work force."

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By consensus, Council Members agreed to keep Item #3 on the list in a different format. Staff will investigate “repositioning” firefighters currently at Station #3.

Council continued with the informal poll and the following items were removed from Group B:

5. Require 10% employee contribution towards health insurance for new employees – estimated annual savings \$40,000.
7. Phase out City health insurance offset regarding 50% contribution to retirees’ health insurance – estimated annual savings \$10,000 to \$100,000.
9. Cancel parking garage contract – estimated annual debt service savings \$257,000 after construction contract cancellation and bond pre-payment penalties.
10. Let local property tax abatement program lapse or have moratorium on future tax abatements – no expenditure reduction, but would preserve property tax revenues estimated at \$25,000 per year.

4. ADJOURNMENT

Moved by Palmer/Meehan to adjourn.

Mrs. Corby referenced the recommendations adopted by Council at the August 14, 2007 Council meeting (discussion on the \$1.1 million gap in the General Fund). She asked if we are still pursuing those items. Mr. Schluckebier replied yes, to the extent that Council approved items. Mrs. Elliott added that if Council voted for an item, it was included in the budget. She added, however, that some items didn’t come to pass. For example, the City did not receive more money from the School Board for school resource officers. Staff has let the ideas that Council didn’t favor lapse.

Mrs. Corby said she mentioned this because some of the items are being affected by the current budget General Fund revenue shortfall estimated at \$852,770. The City Manager replied that those items will be incorporated in quarterly budget reviews to bring Council up to date on major changes and the City’s fiscal position.

The question was called. Motion carried unanimously.

The meeting adjourned at 8:30 p.m.



City Clerk – 3/04/2008

Approved by Council: _____