MINUTES
COMMISSION WORKSHOP
CITY OF HOLLY HILL, FLORIDA

MARCH 8, 2005

1. CALL TO ORDER

Mayor William D. Arthur called the meeting to order in Room 227 at City Hall, 1065 Ridgewood Avenue at approximately 7:15 p.m. Attending with Mayor Arthur were Commissioners Arthur Byrnes, Gilles Blais, Lou Schmitt, and Roland Via. Also attending were the following staff members: City Manager Joe Forte, Finance Director Brenda Gubernator, Public Safety Director Don Shinnamon, and City Clerk Valerie Manning. Also attending was Big John from the media, citizen Doug Kneller, from the Police Department Joe Borelli, Steve Aldrich, Police Pension Board Representatives Ward Foster, and Bob Sugarman.

2. B-3 ZONING DISTRICT

City Manager Joe Forte stated Bob Keeth had made the recommended changes from the first reading of this Ordinance from the last meeting. In the meantime, they received a question from Scott Simpson as to whether or not they should make all new construction in the B-3 a PUD, so that would all come back to the City Commission. They have talked with Stuart Buchanan about it and he had some experience and opinions as to whether or not they should go in that direction. In front of them are the changes the Commission suggested at the last meeting and they are in Section 114-413, #14 and Section 114-415, #3, and Section 114-416, #13.

Community Development Director Stuart Buchanan stated in review of the proposed language that they have in front of them, it appears that they have a B-3 Neighborhood Commercial District which most cities have and it provides for limited commercial that is supposed to give services to the surrounding neighborhoods while not attracting higher traffic from outside that area. These would be businesses that they would not normally drive across town to. They would be businesses that would serve the immediate neighborhood and not cause people to drive into the neighborhood just to go to that business. What Mr. Forte was referring to earlier, many cities have inclusive lists of uses. In other words, of all the things they would see in their district. On each of those uses, there is a four digit industry code which is how the Federal Government used to use it especially the IRS for tracking businesses. Many cities have adopted those into their codes and so when they look in their zoning code, it's very clear. It will have a list of all the different businesses and it has the different zoning districts and if there is a "dot" next to it, it's permitted in that district. Currently, the City does not have that in their Land Development Regulations. They "say it" in the districts but there's not one page that they can look at and say this is what's allowed in each of these districts. He would like to present a copy of that to the Commission so they will have a chance to look at it and see if it's something that they would like to include. His only comments on what Bob Keeth had submitted to them is that there is a couple of items in here which they would have to consider because they are bringing traffic into a neighborhood. In particular, professional offices and restaurants. All the other uses that appear to be listed are all uses where people in the immediate neighborhood would use them. It's not something that would be what's called a destination. It wouldn't increase traffic into the neighborhood. The B-3 district is a commercial district that could be in the middle of a neighborhood and that was Bob's intent. It's supposed to serve the people, the immediate surrounding area and not bring people in.

Commissioner Via stated their B-3's are primarily in well traveled areas anyway. Center Avenue, Riverside Drive, and some on Flomich Avenue but other than that, he doesn't see them presenting more B-3 designations. If they *did* more B-3's and it was in the middle of a neighborhood, he would be concerned about the restaurants.

Mr. Buchanan stated an easy way he would suggest addressing this, under the permitted uses, if this lists meets the entirety of what it is their interested in adding, they would have this list and for those few uses that would bring traffic in, they would specifically call out that they must be located on a collector road. If it's a B-3 out on a collector road, it doesn't bother them that it's a restaurant. If it's a B-3 that is located in or on a local road or in a neighborhood, obviously they may or may not want that. Collector roads are like Riverside Drive, Flomich Avenue, and Center Avenue.

Mr. Forte stated when they have a home-based business, a home-based business doesn't attract customers.

Commissioner Via stated for the size of the B-3 areas, do they look at limiting the size of the restaurant? Can that be done?

Commissioner Byrnes stated things that will bring people in to the areas, they make sure that they are already on a road that's traveled. Something on Riverside Drive, even if it brings more traffic, nobody is going to notice it because there is all kinds of traffic on Riverside Drive but something on Center Avenue might be noticed or something on some of the smaller streets.

Mr. Forte stated he wants to address one other issue that came up last night at the Board of Planning and Appeals meeting. That was whether or not a *private* school should be added to either the permitted list or the special exception list for the B-3. Bob Keeth had recommended not to allow that type of facility in the B-3 district. They have one person that is enquiring about a piece of property that's on the corner of Walker Street and Center Avenue. On the Northeast corner, they have the church and then just to the North of that is an antique store and they want to put a private school in there. The issue they get with a private school is say they have a 100 students, that's a 100 people doing a drop off and they are basically coming through a neighborhood area. The two schools that are across the street are bused.

Commissioner Byrnes stated if they make that a special exception then they can take those things into consideration because every other high traffic item is a special exception.

Mayor Arthur stated Joe has their consensus about the B-3 district and they will bring back to the Commission the necessary papers to look at.

Mr. Forte stated this will come back as a complete B-3 item on their next agenda.

Mr. Buchanan stated when they look at restaurants, they will see that it said that they don't allow restaurants with drive-thru's and when they look at why cities have those restaurants in two categories it goes back to traffic. When they look at why in a typical neighborhood district that will allow a child care center and not a private school, is because the child care is only ages 1-6, typically it's only a segment of the kids in the community whereas when they do a school it's K-12 they have a bigger impact, more traffic. It all goes back to traffic. In Section 114-413, the only suggestion that he would make is that on numbers 12-14 be shifted under special exception.

Commissioner Byrnes stated number 14 was specially made to avoid the special exception process because there may be items of character that are very close to 1-10 but staff has a concern about it and number 14 is what allows the Commission to say it's what they intended or what they didn't.

Mr. Buchanan stated previously number 14 was listed under special exceptions as number 11. The one difference being that they are changing it from a special exception process to doing it by Resolution for the City Commission either of which could work. His only suggestion would be for numbers 12 and 13 be put under the special exception process due to the fact that they bring traffic into the neighborhood. Finally, if they are going to allow private schools that should be under special exceptions as well and they would include in there that they have to be located on a collector road.

Mr. Forte stated they are going to add numbers 12 and 13 to include, "*must be a part of a collector road for the permitted use*," and then they are going to add under special exceptions, also numbers 12 and 13, "*if they are not on a collector road and private schools."*

Commissioner Via stated this has really shaped up. He is really pleased that they were able to work this out.

Mr. Forte stated there's one other thing that he wants to bring to their attention and make sure that everyone on the Commission understands and that is should somebody come back to the Commission for their approval on a business, at that point it's just "yes" or "no" but they can't impose any terms or conditions upon them. They can't say that they will go ahead and allow this as a permitted use but they want them to do "x, y, and z" to do it. They won't be able to do that, unless the Commission sends them out and says no but they can come back as a special exception, but at that point it has to either be listed as a special exception *or* they have to put wording in here to allow the Commission to deviate and put conditions on it.

Commissioner Byrnes stated if it's that big of a deal, it has to go through the whole amendment process. That's why he wanted to make sure that the drive-thru stayed because he doesn't want it to be an easy loophole to put a drive-in restaurant in a neighborhood.

Mr. Buchanan stated on some of these uses, if they have a parcel in a B-3 that is too small and it doesn't meet the current requirements to build something new, why would they want to approve a special exception for a private school or a restaurant on a sub-standard parcel or nonconforming parcel? They would have to go before the Board of Planning and Appeals for a variance first before the Commission sees anything.

Mayor Arthur recessed the workshop at 7:40p.m.
Mayor Arthur reconvened the workshop at 8:13 p.m.

3. POLICE PENSION

Mr. Forte stated this is a joint workshop with the City Commission, the Pension Board members and representatives from the Union. At this time Mr. Forte went around the conference table and introduced everyone. The reason they are here tonight is that the Union had an opener in 2004 and that kind of got slowed down between workload and the hurricanes so shortly after that they recouped to try and work out this pension item that had come up. Out of that discussion they had certain agreements and then when they came to a meeting it kind of got bogged out in some additional details that required a little more consideration on part of the Commission to make the decision. It gets sort of complicated in what the actual costs are going to be as a result of the changes. The Commission's position that he has gathered over the last several months was that yes they do have to make some obligations to the pension plan. For example, reducing employees contribution. There were some benefits that everybody agreed to that the City should participate with primarily because they need some kind of incentive to keep the employees in the Police Department with the City and an incentive to hire new employees because it's become a competitive workforce but there are costs related to this. The reason why everybody is here is when they get into talking about what the items are on the table that the Union is asking for, these folks from the Pension Board need to be able to explain to them what that means in terms of impacting costs.

Joe Borelli from the Police Department stated he is here representing the Pension Board and Sergeant Steve Aldrich will be here representing the PVA.

Mr. Forte stated the one thing that everyone needs to understand that this as a workshop is an information gathering session *only* and the Commission cannot make any formal decisions.

Mr. Borelli stated they understand that.

Mr. Forte stated he has asked the Commission to seek as much information and educate themselves on this subject as they possibly can but refrain from things like “I support” or “I will vote for” because that would be inappropriate in this setting.

Mr. Borelli stated what he is passing out is a proposed change in the Union’s article for pension and he thinks they have all seen this before.

Mr. Forte stated what would probably be best is to just go through it and say this is what they had and this is what they are asking for now and then somewhere along the legal, technical lines, somebody can explain what that cost is going to be.

Mr. Borelli stated the paperwork he had sent them some time back had the cost that was figured last year when they were initially working up these changes, the new cost is in this package that they got which actually is less than what was originally proposed.

Mr. Forte stated that’s why they waited until this point to have this meeting because they were waiting for that report to come out.

Sergeant Steve Aldrich stated the biggest changes that they have discussed was currently the officers put in 11.2% contribution from their paychecks. The City puts in 8% contribution that’s in the officer’s name also. What they have proposed for the changes was to reduce the contribution from the employees from 11.2% down to 5%. The City’s contribution that’s in the name of the employee, the 8% would be reduced down to 0%. In additional, they had requested a 2% COLA be added to the plan.

Commissioner Schmitt asked how is this going to be funded?

Mr. Forte stated the employees 11.2% will drop down to 5% and the City’s mandatory contribution drops to 0% but the City will still have to contribute on a non-mandatory but on an actuarial basis, that same total, the 8% plus 6.2% that’s being reduced at this moment. When they eliminate that 8%, those hired prior to 1996 are at 10.6%.

Mr. Borelli stated basically that was the City’s contribution up to that point before roll back.

Mr. Forte stated everybody hired after that point gets that 8% contribution on their behalf. If this 8% goes away its no longer mandatory. When an officer retires they get their final compensation but that final compensation gets that 8% added to it at the end.

Ward Foster stated if someone was hired before October 1, 1999 and they retire, they calculate their salary average and they also add to the annual salary 10.6% of their salary. If somebody was hired after October 1, 1999 and they retire, they look at their salary average and then they add 8% of their salary. Under this proposal if somebody retires after October 1, 2005 and all of their salaries that are averaged, in years following October 1, 2005, there will be nothing added. It will just be the salaries that are averaged. This is when they retire.

Mr. Forte stated should this 8% be dropped, those who retire at this point forward would not be getting any additional compensation to their final compensation.

Mr. Borelli stated those hired after October 1, 1999 really isn't going to affect them because their final average compensation is figured on a best five of the last ten years. With a City's contribution of 0%, say for the last five years, there isn't going to be anything to add to it as far as the City's contribution.

Mr. Simpson stated if somebody was hired in 1995 and retired in 2006, do they still get the 10.9%?

Mr. Foster stated, 10.6%

Mr. Borelli stated they couldn't be because they would have to be here for ten years.

Mr. Simpson asked what about 1990 and they retire in 2010?

Mr. Borelli stated once their final average compensation is figured there would be a 10.6% additional added on to that figure. Nothing that would have to be paid to them, just what the retirement benefits would be figured on.

Mr. Simpson asked if somebody is employed after 1999 and they are now in the 8% range and they are in 2020, would that 8% be added?

Mr. Borelli stated no it wouldn't be 8%, it would be the actual City's contribution is what's in the contract. There would be an 8% figure for a couple of years.

Mr. Simpson stated when they calculate their final average compensation they would take years 2010 through 2020 and they would take the highest five of those ten years.

Mr. Borelli stated, right.

Mr. Simpson asked would they then add 8% to that number?

Mr. Borelli stated no because none of those years were before October 1, 2005. If this is accepted by the Council, the City's contribution goes to 0%.

Mr. Forte stated the 8% is only up to 2005.

Mr. Simpson stated but the 10.6% is forever.

Mr. Borelli stated yes, that's correct.

Mayor Arthur asked does it benefit new employees the same as other employees? Who is this deal better for?

Mr. Forte stated it's better for both employees. When they reduce the 11.2% down to 5% that 6.2% is now going to be in their paycheck so they are going to see an immediate 6.2% and this is for all of the officers.

Mr. Foster stated right now the City's cost with the 8% lower, is only 2.9% of payroll and it wouldn't take much good experience to eliminate that.

Mr. Simpson stated if there was a situation where the City had to contribute 19.2%, if this was approved and they had to put in another 19.2% instead of it being an 8% from the City and 11.2% from the employees, it would be 5% from the employees and 14.2% from the City.

Mr. Foster stated to give them the bottom line numbers, the City's cost increase comes from two components. One is the additional benefit and that's the automatic 2% per year post retirement cost of living adjustment and in their original study a year ago, that was over 7% of payroll was the additional cost. In this evaluation they updated the numbers and it's 6.8%. The additional cost for adding that benefit is 6.8% of payroll. The other benefit improvement for the members is a reduction in the member contribution rate from 11.2% to 5% and that adds 6.2% to the City's cost because the City is picking that up. The 6.2% and the 6.8% is 13% payroll in additional funding from City sources. Right now the City is required to put in 10.9%. The 8% and then 2.9% of additional funding to maintain actuarial soundness. With the 8% gone the 10.9% is still there. The cost of the City goes from 10.9% of payroll to 23.9% of payroll. That's the 10.9% the City is putting in now plus the 6.8% for the cost of living adjustment and the 6.2% picking up the members contributions. If the City didn't make any changes the City would be required to put in 10.9%. Looking at their handout, the Impact Statement, the total required contribution currently is $291,127 and the proposed is $359,445. The proposed increase is all attributable to the new benefit. The 2% automatic post retirement cost of living adjustment that applies to future service retirees, disability retirees, and beneficiaries of deceased members. It's the benefit improvement that's driving that cost. The bottom line is that the 23.9% and the current City cost is a sum of the 8% and the 2.9%.

Commissioner Schmitt asked how many employees will this affect?

Mr. Foster stated right now they have 22 active members.

Commissioner Byrnes stated they haven't really discussed the 2% COLA as a Commission. Whereas, they have discussed all the other items. They are saying the major portion of the cost is coming from that?

Mr. Foster stated that's the only benefit improvement that affects the retirement income of the membership.

Commissioner Byrnes stated if its at a fixed 2% rather than tied to an index, they could have retired people getting a bigger increase than active employees and that's awful hard to deal with.

Mr. Foster stated he doesn't know what discussions went on in the bargaining process but he will say that the Florida Retirement System (FRS) which is the competition, the County's Sheriff's Department, under the FRS High Risk Program, where the Sheriff's and the County Fire Services and those people, that program has an automatic 3% per year post retirement cost of living adjustment that's not tied to any index. Every July 1st they get a 3% increase even if the CPI went up 1½ %. There may be an effort here to try to be competitive with that provision or that part of it.

Mr. Forte stated it will never be mirrored. They will never see this pension plan mirror the State's plan because while the City is trying to catch up on the good side of the FRS plan, they certainly don't want to adopt the downsize of the FRS plan, i.e. the twenty and out which the State doesn't have. The officers will never allow them to not have your twenty and out. He doesn't believe that they will see the officers wanting to go over to completely matching the FRS because they don't have a twenty and out.

Mayor Arthur stated when they talk about COLA, it's a problem with him. Are they saying that the salaries of the officers is 2% of the individual officers?

Mr. Foster stated it's actually, the calculated retirement benefit, when they retire, they calculate the monthly benefit and then that benefit increases by 2% every year.

Mr. Borelli stated what they have is a situation where officers are going to be making different amounts at their retirement because it's based on their salary and not only on their salary but also on how many years of service they put in. If one officer puts in 20 years and one officer puts in 25 years, naturally he is going to make more. That's where the difference is.

Bob Sugarman stated they could have somebody who has worked here from the age of 21-31, ten years, and lock in their pension. They could then wait until they were age 50 or 55 and collect their pension. They would just be collecting a ten year pension compared to somebody who stayed 20 or 25 years. By giving each of them a percentage of their pension benefit as a COLA that reflects upon their service. Whereas, if they gave everybody a fixed amount they would be rewarding the ten year employee the same as the 25 year employee.

Commissioner Byrnes stated but the concern is that there has been years when the economy has been so bad, the most they could afford was 1.3%, 1.5% for their regular employees and he would hate to be in a situation where he tells a regular working employee that this is the best we can do but we're locked in to something with people that don't work for the City any more and may not be in the same financial straights. If it were tied to a index, he would have no problem with it because they have always tried to stay close to the index when they have negotiated the pay.

Mr. Sugarman stated with FRS giving a guaranteed 3% every year to people who work for the Sheriff's Department and combining that with the turnover and may be, as the City Manager said earlier, that's what they are looking at and that is, what is the competition paying? Commissioner Byrnes point is correct, they do have pension plans where they are matched to an index but the problem is those pension plans aren't keeping our employees. They currently are filing a report with the State and they are going to get their State money that shows that in the last fiscal year they had seven terminations. They currently have a force of 22 members and that's a turnover of 30 years. Tonight the Pension Board approved an actuarial report based on an assumption that Mr. Foster says that 6% of people in their 20's are going to terminate and 5% of people in their 30's.

Commissioner Byrnes stated but not a single one of those people would have stayed had they had the 2%. Whereas, they might have stayed if the City was taking that money they were going to have to spend for that 2% and be able to add it to their salaries for them to work here. They *might* have stayed for a salary thing. He doesn't think they are going to stay for the difference between 1.3% and 2% on a COLA for when they retire in 20 years from now.

Commissioner Via stated Mr. Sugarman mentioned that there is a cost for replacing employees. It's his idea that once they get to that 20 years, they're encouraged to stay longer when they have the COLA there because if they don't have the COLA they're more encourage to go ahead and take whatever 20% they got and go to work for somebody else while they're still young enough to go to work for them and then they start building up pension there. It is a competitive angle too. The Sheriff's Department requires 25 years, the City requires 20 years. The Sheriff's Department gives 3% and the City gives 2%. The City has an advantage in the 20 years if they are looking at it as a career.

Commissioner Byrnes asked the City doesn't have a COLA now?

Mr. Borelli stated that's correct.

Commissioner Byrnes stated this is a major change. They want to make sure that they don't mix that up with what they are doing for their present employees.

Mr. Borelli stated one of the things that they looked at was they compared what the COLA was giving to other agencies including FRS and not only FRS but Ormond Beach, Port Orange, Daytona Beach, and other surrounding agencies and this is *less* than what they all are doing.

Mayor Arthur stated this is a Union negotiation. If these things were done right, they wouldn't have to bring it to the Commission every year or so to do it. He doesn't know why they change all the time. This is a fix all, catch all, to fix everything right now and next year will be something different. Next year the Union will come up with something else new. It's happened quit a bit. To keep employees or not keep employees, he thinks this is silly. If they give them a good plan, that's it. But he thinks the officers come because they want to be cops and if they pay them good money, they'll stay. That's the way he sees it. What is in it for the City? He is talking about the benefits of the City. This is kind of like negotiations but it's always like, give-a-way, give-a-way. If they are talking about that they need to do this to keep people, he is saying give them more money in their pockets. He doesn't know that the Union is negotiating on the City's behalf. He thinks the City has to negotiate on their own. It's just a shame that we all don't see exactly what we need and can go there.

Mr. Sugarman stated the Board isn't negotiating at all. The Union is just a resource for the numbers that are needed.

Commissioner Byrnes stated let's say they have an investment that just takes off tremendously and the plan with the 5% contribution, the plan is funded and the City has to put in no money, is that how he understands that?

Mr. Borelli stated that can happen. They have seen that happen.

Commissioner Byrnes stated that's where the City can benefit. As much as he respects the retirees, when they came here they signed up for what was already in place and he is a little concerned about having that *fixed* 2%. If it was tied to COLA he would have a lot easier time accepting it.

Mr. Borelli stated he wants to ask Mr. Foster a question. Tying the COLA to the CPI and the Pension really is unrealistic, isn't it?

Mr. Foster stated the COLAs that they see tied to the CPI typically have a cap. They'll say something like a change in the CPI for the last 12 months but no more than 3%.

Mr. Forte stated or no less than. It will go both ways. It would be no less than 1½ %, no more than 3%.

Mr. Foster stated what they typically say is the change in the CPI is used to adjust the pension but no more than 3% in a year *and* the reduction, if there's a negative, a deflation, can't reduce the pension lower than it was originally paid when the person retired. That's typical language.

Mr. Foster stated the impact for this is 13% of payroll. The 23.9% is what the City would be contributing under the new proposed change as opposed to the sum of 8% and 2.9%. It's going from 10.9% to 23.9% which is the 13% and of that, roughly half of that is funding the COLA and the other half is funding the reduction in the member contributions from 11.2% to 5%.

Commissioner Byrnes stated that makes it much clearer to him. That makes him feel a lot better.

Mr. Foster stated they just needed to identify the 8% but that's what's going on.

Mr. Forte stated he just wants to clarify one comment. In one of their previous reports it said something that the pension plan can only be funded by future contributions of new employees and not existing employees. Do they remember that language in there? It really concerned him when he read it.

Mr. Foster stated the funding comes from active members, the State contribution. By the way, the $71,625 that's on the impact statement is the amount they got in 2004. The funding impact is for the year ending September 30, 2006 so there is going to be two State contribution amounts received before they get to the year that they are funding the impact.

Mr. Forte stated roughly, it's going to be $130,000 a year more as a result of these improvements and that number may go up and down depending upon what the market was.

Mayor Arthur stated he believes more money in their pockets will encourage them to stay longer on the job. Everybody has a reason for leaving and they have a reason for staying. He doesn't think a pension plan for 20 years down the road is one of the reasons for applying for a job and staying.

4. ADJOURNMENT

The workshop officially adjourned at approximately 9:45 p.m.

Attest:	City of Holly Hill
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Valerie Manning City Clerk	William D. Arthur Mayor