

**CITY OF RIVIERA BEACH
PALM BEACH COUNTY, FLORIDA
CITY COUNCIL WORKSHOP MINUTES
WEDNESDAY, APRIL 17, 2013 AT 5:30 P.M.
MUNICIPAL COMPLEX CITY COUNCIL CHAMBERS**

(The following may contain inaudible or misunderstood words due to the recording quality.)

DEPUTY CITY CLERK ANTHONY: Councilperson Bruce Guyton? Councilperson Judy Davis?

COUNCILPERSON J. DAVIS: Here.

DEPUTY CITY CLERK ANTHONY: Councilperson Terrance Davis?

COUNCILPERSON T. DAVIS: Here.

DEPUTY CITY CLERK ANTHONY: City Manager Ruth Jones?

CITY MANAGER JONES: Present.

DEPUTY CITY CLERK ANTHONY: Deputy City Clerk Claudene Anthony is present. City Attorney Pamala Ryan?

CITY ATTORNEY RYAN: Yeah, present.

CHAIRPERSON THOMAS: Okay. Uh, Miss Jones, it was moved to 5:00 on the agenda. It says 5:30. Um, I don't know if that's why some of the, uh -- the board members aren't present. But we can definitely go ahead and start.

CITY MANAGER JONES: Yes, sir. Um, and we spoke with the -- the, um -- the vendor because this is a template already set. Whenever we move a meeting, we have to change the whole template.

CHAIRPERSON THOMAS: Okay.

CITY MANAGER JONES: And so it wasn't until it was published.

CHAIRPERSON THOMAS: Okay.

CITY MANAGER JONES: 'Cause generally our meetings are at 5:30 and so we will have to work with him on every meeting when we change the time.

CHAIRPERSON THOMAS: No problem.

CITY MANAGER JONES: I apologize for that.

CHAIRPERSON THOMAS: Okay. No problem. Um, let's go ahead and -- and stand

for a moment of silence followed by the pledge. And Mr. T. Davis, if you don't mind, would you lead us, please? (Everyone stood for a Moment of Silence with the Pledge of Allegiance being led by Councilperson T. Davis).

Okay. Would everyone silence their audio devices, cell phones, whatever would make any noise so that we don't interrupt the -- the meeting. And, um, do we have any additions or deletions or substitutions for this --

CITY MANAGER JONES: No, sir.

CHAIRPERSON THOMAS: -- agenda?

CITY MANAGER JONES: No, sir.

CHAIRPERSON THOMAS: Okay. Well, let's go --

COUNCILPERSON GUYTON: (Inaudible) that I'm present (inaudible).

CHAIRPERSON THOMAS: So noted. Mr. Guyton is in attendance. Let's go ahead to Item 1. Mr. Sherman, go ahead.

FINANCE DIRECTOR SHERMAN: You ready?

CHAIRPERSON THOMAS: Yes, sir.

FINANCE DIRECTOR SHERMAN: Good evening. Randy Sherman, Director of Finance and Administrative Services. Tonight what we have for you is a presentation on the City's pension plans and a recommendation on where we believe that -- staff believes, anyway, that we should be moving.

Let -- let me first start by saying just if --

CHAIRPERSON THOMAS: Hold on one -- hold on one second for me --

FINANCE DIRECTOR SHERMAN: Okay.

CHAIRPERSON THOMAS: -- Mr. Sherman. We're actually not going to be making any decisions but we can prove --

FINANCE DIRECTOR SHERMAN: No. Yes. I -- I understand.

CHAIRPERSON THOMAS: -- we can approve the agenda. Is there a motion to approve the agenda?

COUNCILPERSON J. DAVIS: So moved.

FINANCE DIRECTOR SHERMAN: Oh.

COUNCILPERSON J. DAVIS: So moved.

COUNCILPERSON GUYTON: Second.

CHAIRPERSON THOMAS: Been properly moved and seconded. Any questions, concerns, unreadiness? Further questions? Hearing none, you can go ahead, sir.

FINANCE DIRECTOR SHERMAN: Okay. I --

CHAIRPERSON THOMAS: Oh, wait a minute. Madam Clerk, go ahead. I know we don't but I just want to make sure that everybody's okay.

DEPUTY CITY CLERK ANTHONY: So it's not going to be in order. Okay.

CHAIRPERSON THOMAS: Yeah.

DEPUTY CITY CLERK ANTHONY: Uh, Chairperson Thomas?

CHAIRPERSON THOMAS: Yes.

DEPUTY CITY CLERK ANTHONY: Chair -- Councilperson Guyton?

COUNCILPERSON GUYTON: Yes.

CHAIRPERSON THOMAS: Councilperson J. Davis?

COUNCILPERSON J. DAVIS: Here -- yes.

CHAIRPERSON THOMAS: Councilperson T. Davis?

COUNCILPERSON T. DAVIS: Yes.

COUNCILPERSON J. DAVIS: That motion is unanimously approved.

CHAIRPERSON THOMAS: Okay. Thank you. Go ahead, Mr. Sherman.

FINANCE DIRECTOR SHERMAN: Okay. We're going to try to -- a little technical fix here to shift things to the left a little bit. Um, but what I wanna do is -- is first start about talking about the fact that there really are two different types of pension plans that exist. There's a -- a Defined Benefit Plan which is currently what we operate under. Um, and then there are Defined Contribution Plans. Um, and what I have on the -- on the first slide, if we can get it up and running now --

UNIDENTIFIED SPEAKER: (Inaudible) put your slide --

FINANCE DIRECTOR SHERMAN: Okay.

UNIDENTIFIED SPEAKER: (Inaudible).

FINANCE DIRECTOR SHERMAN: Okay. We'll go with -- we'll go with what we have. Um, and I'm going to go left to right here under the -- under the two plans. Defined

benefit plans are exactly that. The benefit that the employee gets is -- is determined and that is what is actually paid out. So it's the benefit that -- that the plan is working off of. Under a Defined Contribution Plan, the -- the employee actually receives a set contribution amount into their --

CHAIRPERSON THOMAS: Excuse me, Mr. Sherman.

FINANCE DIRECTOR SHERMAN: Yeah.

CHAIRPERSON THOMAS: I'm sorry. Is there any way that you can --

FINANCE DIRECTOR SHERMAN: Well, that -- that's what he was trying to work on and get that --

CHAIRPERSON THOMAS: Okay. Okay. No problem. Then continue as soon as you -- as soon as we can get that fixed I'd like --

FINANCE DIRECTOR SHERMAN: Okay. Under a Defined Benefit Plan the focus is actually on the output. So again, it's the benefit that the employee is receiving. Uh, under a Defined Contribution Plan the focus is actually on the input, what goes into the plan. Um, under both sets of plans, employers contribute; employees contribute. So that's -- that's not a difference between the two types of plans.

Under Defined Benefit Plan, trustees make the investment decisions. Under a Defined Contribution Plan, the employees make the investment decisions. Um, and then under a Defined Benefit Plan, the employer assumes all of the market risk; where, under a Defined Contribution Plan, the employee assumes the market risk.

Um, so I want to start by talking first about Defined Benefit Plans, 'cause that's what we have now. And I want to lay that foundation out so you understand, you know, the environment that we're working under. Under a Defined Benefit Plan, the real objective is, is to make contributions on an annual basis so that there will be enough funds at the end of the day when the employee retires, so that that employee can get the benefit that, you know, the City has promised them. Okay?

You really try to get your annual contributions flat so you don't get this (inaudible) effect. And there are different ways to do those calculations. But that really is the plan, to try to get that flat.

Now, what goes into the contributions? The member has a set rate that they contribute as a percentage of their payroll. The City then makes a contribution based on what the actuarial says is required for that year. So if the actuary comes along and says, "You owe \$2 million this year," we look at the -- what the employer -- the employee is going to input and then the City contributes the balance of that.

Now, the other factor that goes into this obviously is investment earnings and losses as we've seen in some past years. But those are really the three things that go into funding the plan.

COUNCILPERSON J. DAVIS: Can I ask --

FINANCE DIRECTOR SHERMAN: All of these items -- there's 25 items up --

CHAIRPERSON THOMAS: Mr. Sherman?

FINANCE DIRECTOR SHERMAN: Yes.

CHAIRPERSON THOMAS: Mr. Sherman, one second, please. Miss Davis?

COUNCILPERSON J. DAVIS: Would you, um, give me the individual, um, percentages of -- that the City contributes and the -- the employees contribute?

FINANCE DIRECTOR SHERMAN: I -- I will get to that in a minute.

COUNCILPERSON J. DAVIS: Okay. Okay. Thank you.

FINANCE DIRECTOR SHERMAN: Yeah. Um, when the actuary is actually looking at how much they think our annual -- our annual contribution is supposed to be, uh, they're actually looking at all of these factors and trying to determine what is actually going to happen in the future. And they're looking out for the life of the plan, which the life of the plan really goes until your last employee retires. So in essence, this plan is perpetual. But they are trying to make that decision and say, Okay. You owe X amount of dollars this year, so you can fund these retirements that are going to happen out over many, many years into the future.

Got it? (Inaudible). Okay. Um, and I can -- I can talk without the -- without the slides. Oh, you got it?

UNIDENTIFIED SPEAKER: Let's try that.

FINANCE DIRECTOR SHERMAN: Try that? Yeah. Okay. Well, a little better. No. Just shifted right back. Okay. Um, when we make contributions, there's actually three components into that contribution. There's the normal costs, there's paying for the unfunded portion of the, um -- the contribution, and then there's administrative costs. I'm going to go in a little more detail on the normal costs and the unfunded costs, but the administrative costs, that pays for, uh, legal, audit, you know, the -- the cost of the -- of the board, you know, training and those types of issues for the directors.

But first on the normal costs. What the normal cost is, it says if everything that the actuary says is going to happen happens, that's how much you would have to put away every year from day one of employee's employment all the way to the day they retired. That's a percentage that never should change if everything goes according to plan.

So let me kind of try to explain what goes on here, and I'll -- I guess I'll use the mouse here. Um, what I have here -- and this is -- we'll call this every employee here. You know, they come in on year one. I want to follow the -- the dark blue line here. What the actuary says is, This is your starting salary and over years -- and this employee is

here for 28 years -- over years you're going to get certain projected raises. And over --

CHAIRPERSON THOMAS: Mr. Sherman?

FINANCE DIRECTOR SHERMAN: Yes?

CHAIRPERSON THOMAS: I hate to keep interrupting you. Is there any way that we can fix the computer so it doesn't keep sliding over so we can --

UNIDENTIFIED SPEAKER: Yeah. We, um -- we've got someone from I.T. coming up to, uh -- to take a look at it.

CHAIRPERSON THOMAS: Okay. Even if we made it a little smaller so we can make sure that we're able to see the --

FINANCE DIRECTOR SHERMAN: Okay. Let me --

CHAIRPERSON THOMAS: -- words and the graphs and everything until we're able to get that fixed?

COUNCILPERSON J. DAVIS: Just extend your margins.

CITY ATTORNEY RYAN: Can you go to 78 percent, make it small?

CITY MANAGER JONES: Uh-huh.

COUNCILPERSON J. DAVIS: Make your margins smaller.

CITY MANAGER JONES: And let's go to 78 percent up at the top.

COUNCILPERSON J. DAVIS: Yeah. Make it about 76, 75.

FINANCE DIRECTOR SHERMAN: Did that make it smaller? No. That didn't work.

UNIDENTIFIED SPEAKER: Well, I think you -- you gotta go into the control panel.

FINANCE DIRECTOR SHERMAN: Yeah, that's (inaudible). Can we -- I just operate off of this?

UNIDENTIFIED SPEAKER: Uh, no. We have to go to the control panel and just --

FINANCE DIRECTOR SHERMAN: That's what he tried to change.

UNIDENTIFIED SPEAKER: Yeah. He -- he should have been able to change it.

COUNCILPERSON J. DAVIS: (Inaudible).

CHAIRPERSON THOMAS: (Inaudible) problem. Mr. Sherman?

FINANCE DIRECTOR SHERMAN: Let me just work off of this. I'll just work off of this.

CHAIRPERSON THOMAS: Mr. Sherman, yeah, just -- just try.

FINANCE DIRECTOR SHERMAN: I'll just work off of this one.

CHAIRPERSON THOMAS: I know that's gonna be your --

FINANCE DIRECTOR SHERMAN: Okay.

CHAIRPERSON THOMAS: -- just --

FINANCE DIRECTOR SHERMAN: Okay. Okay. So again, if we focus on -- on this one here --

CITY ATTORNEY RYAN: There you go.

FINANCE DIRECTOR SHERMAN: There we go. Okay.

CHAIRPERSON THOMAS: There it is.

FINANCE DIRECTOR SHERMAN: Okay. So what we have here -- and I won't touch the mouse so I don't move it again -- we have this dark line here. Again, that's the salaries over time of an employee. What we do -- this blue line here is the contributions that you make as a percentage of payroll. Okay?

CHAIRPERSON THOMAS: (Inaudible) the line (inaudible)?

FINANCE DIRECTOR SHERMAN: And I know that one probably is because it's smaller picture. You can't see. But I -- but we make a percentage of pay -- and what happens is as you're contributing these dollars every year, these dollars are supposed to earn interest. Okay? And what they do is they accumulate. And this is actually all the money that you have put away for this employee's retirement. Okay?

So here's the salary. Here's the contributions. When you compound these contributions on top of each other with the -- with the interest rate, when that employee retires you should have this much money in the bank. What this does is you come over here, now you start paying the employee their retirement payment. Okay? And then this number is drawn down and hopefully when the employee finally is deceased, you've run out of money. Or when you run out of money hopefully those two lines match at the end of the day. Okay?

That's what normal funding is. Okay? It -- it should work like that. However, as we all know -- we saw that list of 25 items earlier -- nothing ever goes according to plan, and that's where you come up with the unfunded liability. And what happens with the unfunded liability is it looks something more like this where you have that same salary. You're making that same normal contribution, but because your earnings rates aren't right or employees live longer than you thought they were going to live or they retire

sooner than you thought they were going to retire or they get a raise that you didn't -- weren't expecting, what happens is, is you still need this amount to pay their retirement, but you only have this amount of money in the bank at the end of the day. This right here is that unfunded liability.

COUNCILPERSON GUYTON: Mr. Sherman?

CHAIRPERSON THOMAS: Mr. Guyton.

FINANCE DIRECTOR SHERMAN: Yes.

COUNCILPERSON GUYTON: I've got a question about --

FINANCE DIRECTOR SHERMAN: Okay.

COUNCILPERSON GUYTON: -- the unfunded liability. On the unfunded liability, does that include everyone in the pension plan to include those who may not be ready to retire?

FINANCE DIRECTOR SHERMAN: Yes. That includes everyone. They -- they have -- all the employee -- all the -- they know who all the retirees are and what they're getting paid so we know how much they're owed. You have all the employees and they've made the assumption of how much you're going to need to pay those employees' retirements. And then they look at how much assets you have.

COUNCILPERSON GUYTON: Okay. Understood.

FINANCE DIRECTOR SHERMAN: And that -- that spread is the unfunded.

COUNCILPERSON GUYTON: So the unfunded liability is not something that represents what we would have to pay if those who are qualified for retirement retire, but that also includes everyone who may not be ready to retire.

FINANCE DIRECTOR SHERMAN: Correct.

COUNCILPERSON GUYTON: So the unfunded liability doesn't represent to me the deficit that a chart may show because everybody's not going to retire at the same time.

FINANCE DIRECTOR SHERMAN: Everybody's not going to retire at the same time. But that is -- but you are going to have people retiring.

COUNCILPERSON GUYTON: I -- I know.

FINANCE DIRECTOR SHERMAN: Okay? And you don't have -- if you have an unfunded liability, you -- you haven't put enough dollars away for that particular employee. So what you're doing is you're borrowing money from other employees' --

COUNCILPERSON GUYTON: You're -- you're borrowing --

FINANCE DIRECTOR SHERMAN: -- accounts to pay that employee.

COUNCILPERSON GUYTON: But we do have enough for those who may be ready to retire as long as everyone does not retire at the same time?

FINANCE DIRECTOR SHERMAN: Yes. Yes.

COUNCILPERSON GUYTON: Okay.

FINANCE DIRECTOR SHERMAN: Yes.

COUNCILPERSON GUYTON: Thank you.

FINANCE DIRECTOR SHERMAN: You have enough cash flow to make those payments, yes.

COUNCILPERSON GUYTON: Okay.

FINANCE DIRECTOR SHERMAN: Yeah. So here are the -- the current break-downs of the contributions. Um, for Police department their normal cost is 24.71 percent. You can see the unfunded is almost 22 percent. And the admin costs is just shy of 3 percent for a total of 41.37 percent. Fire has a, uh, very high normal cost at 37.94. Their unfund is a little bit lower, just about 19 and a half, 2 and a half percent for admin for a total --

CHAIRPERSON THOMAS: Mr. Sherman --

FINANCE DIRECTOR SHERMAN: -- and these numbers are next year's contributions rates. Yes?

CHAIRPERSON THOMAS: -- why is Fire's so much higher than the average of the Police and General --

FINANCE DIRECTOR SHERMAN: Yeah. I would need to talk to the actuary to find out exactly why. But looking at the report, um, they've made some plan assumption changes. For example, they've changed their -- which mortality table they use. So if they assume that the average age was going to be 82 and now they've changed to a table that says, Well, no, it's going to be 85 years old that people are going to live to, they now have to fund three more years for everybody that's in the system. So they've made some assumption changes. Um, which may be the reason why -- why that is as high as it is.

CHAIRPERSON THOMAS: There's no consistency among all of the pension plans?

FINANCE DIRECTOR SHERMAN: There's no consistency among the plan. I mean, for a long time most people, for example, used the 1983 mortality tables. Um, but there have -- new mortality tables have come out and some plans have changed and some have not changed.

CHAIRPERSON THOMAS: Okay.

FINANCE DIRECTOR SHERMAN: Um, on the General employees, their normal costs, 23.14 percent. 33.38 percent for their unfunded. Um, and their admin costs is just 1.68 for 52.2 percent.

The actuarially accrued liabilities for each plan -- just focus on -- this is, you know -- you've got a number of years here. But we'll focus on the top year, 2003. Um, so just 10 years ago. Total unfunded liability, if you look at the right-hand column, was \$21.1 million. Today it is \$59.1 million. So \$38 million in additional accrued liabilities. And even in the -- what we'll call the boom years, the 2004, '05, '06, '07 years when, you know, things are very -- very positive, the accrued -- unfunded accrued liability still increased from 21 million up to 40 million. And so it was still, you know, going in the wrong direction.

Now, this doesn't tell the entire story, because these numbers may seem large, and I think they are, but you really need to look at how well the plans are funded. So if you actually look at the funding progress of the plans -- again, if you look at 2003, Police was almost 87 percent funded. And what that means is, you know, you've got a hundred percent of your liability but they funded 86.9 percent of that liability.

Fire was actually 93, which is very good. And General is at 70.5. You look at where we are as of last September, 77.4, 80.5, and the General is all the way down to 60.7 percent. So again, even when you had all those good years, the unfunded was still, uh, going in the wrong direction and again, even, you know, we're starting to climb back out of things but we're still dropping. It is just very difficult to make up for planned losses over -- over time.

Back in 2011, uh, FSU, the Leroy Collins Institute out of FSU did a report on all the plans in the state. Um, Fire plan received a B. Police received a C and the General employees received a D. And this was based on 2008. And since 2008 -- go back to this slide -- you can see the plans are -- are even worse off. So we got a B, a C and a D and we've actually dropped, uh, from that point.

COUNCILPERSON GUYTON: Mr. Sherman?

FINANCE DIRECTOR SHERMAN: Yes?

COUNCILPERSON GUYTON: The study you just referred to, the data that was used for that, um, do you know what it was?

FINANCE DIRECTOR SHERMAN: They used the 2008 numbers.

COUNCILPERSON GUYTON: Was it strictly the unfunded liability portion?

FINANCE DIRECTOR SHERMAN: They looked -- they looked at everything. I mean, they looked at what the contribution rates were, whether they thought they were high or low, and primarily, though, focusing on the unfunded.

COUNCILPERSON GUYTON: Unfunded.

FINANCE DIRECTOR SHERMAN: Yes.

COUNCILPERSON GUYTON: Not really how the plan was being run and the investment strategies or nothing of that nature?

FINANCE DIRECTOR SHERMAN: No, no. They didn't get into that kind of detail, no.

COUNCILPERSON GUYTON: So it was just raw data?

FINANCE DIRECTOR SHERMAN: Right.

COUNCILPERSON GUYTON: This is where the fund -- okay.

FINANCE DIRECTOR SHERMAN: Um, this chart here actually shows what the contributions, the actual cash -- City cash contributions have been since 2002. Uh, if you go all the way back to 2002, we were contributing, combined for the three plans, about \$2.3 million. Um, for 2014 we have all the actuarial numbers. We will be at \$9.4 million. That will represent about 20 percent of your budget. Just for these three items.

UNIDENTIFIED SPEAKER: Wow.

FINANCE DIRECTOR SHERMAN: So what do we do? Where do we go from here? There's really three options for us to consider. The first option is keep the Defined Benefit Plans. Keep them as they are. Keep them for all current employees.

The second option would be to keep the Defined Benefit Plans as they stand for current employees but create a second tier for new employees coming in. And what that would do is you'd -- you'd actually just provide less benefits to the future employees.

The third option is keep the Defined Benefit Plans as they are for current employees, but rather than create a second tier of a Defined Benefit Plan for new employees, actually establish a Defined Contribution Plan for future employees.

CITY MANAGER JONES: Could you read number 3 again?

FINANCE DIRECTOR SHERMAN: Excuse me?

CITY MANAGER JONES: Read number 3 again.

FINANCE DIRECTOR SHERMAN: Number 3 again. "Keep the Defined Benefit Plans as is for current employees but create a Defined Contribution Plan for future employees."

Why would we -- why would we want to consider a Defined Contribution Plan? Uh, first of all, it controls the costs. Again, Defined Contribution Plans, the focus is the dollars going into the plans, not the guarantee of dollars coming out of the plans. So all of those 25 variables that we've talked about before, um, really most of them come off the

table. The only real variable that still stands would be your contribution rate that you want to, you know, contribute, which you would establish, and what the actual salaries are. So it would go up and down depending on how many employees you had and what those -- those rates were.

We've looked at the Defined Contribution Plan and the estimate is if you went to that plan you would actually save \$75 million over the next 30 years.

CHAIRPERSON THOMAS: Mr. Sherman?

FINANCE DIRECTOR SHERMAN: Yes.

CHAIRPERSON THOMAS: Please explain how you got that estimate.

FINANCE DIRECTOR SHERMAN: How I got the 75 million?

COUNCILPERSON GUYTON: I was going to ask the same --

CHAIRPERSON THOMAS: Yes, sir.

COUNCILPERSON GUYTON: -- (inaudible).

FINANCE DIRECTOR SHERMAN: Well, the -- the real difference is, is right now you have a group of current employees that you are paying -- if you remember those contribution rates -- anywhere between 42 and 52 percent of their salary every year you're contributing into the Defined Benefit Plan. Once you go to a Defined Contribution Plan, it's going to take a while for those employees in the old plan to wash out of the system. But as the new employees come into the system, you'll only be paying a guaranteed contribution rate. So if that contribution rate is 8 percent, for that new employee rather than paying 52 percent, you're going to be paying 8 percent.

So in the early years there's actually very small savings because, again, it's that transition.

CHAIRPERSON THOMAS: Hold on, Mr. Guyton. Go ahead.

FINANCE DIRECTOR SHERMAN: Go ahead? Um, but over time, as you take all of those employees out of -- or the -- all of those employees become retired under the Defined Benefit Plan, okay, you've replaced them with employees that you're paying under the Defined Contribution Plan.

CHAIRPERSON THOMAS: I get you. But how did you get the number 75 million?

FINANCE DIRECTOR SHERMAN: Oh. We actually took -- the actuaries for each of the plans actually gave us, uh, their salary projections for the next 30 years. And they actually went through and they said, Okay. Based on our assumptions, when people are going to retire, when they're going to get raises, here's your salaries for those years.

And they have an estimate of how many employees retire every year, so over that 30 years, they've got every employee retiring and they're replacing those salaries under the Defined Plan. So you -- so you can -- you can see the Defined Benefit Plan salary shrink as the Defined Contribution salaries increase. And when you apply the rates, that's where you're coming up with this.

CHAIRPERSON THOMAS: Well, what I need to make sure of is that I don't just get a lot of big numbers thrown out in terms of savings with no real --

FINANCE DIRECTOR SHERMAN: Uh-huh.

CHAIRPERSON THOMAS: -- meat as to how that's going to happen. So you're saying maybe in 30 years we would have potentially have saved 75 million. What are we gonna save next year? What are we gonna save in three years? What are we gonna save in five years?

FINANCE DIRECTOR SHERMAN: The -- yeah. The --

CHAIRPERSON THOMAS: What are we -- what is gonna be the -- the shot in the arm that we're obviously doing this for? What -- what is going to be that?

FINANCE DIRECTOR SHERMAN: Yeah. Next -- for the -- for the first year it pretty much is stop the bleeding before you really start because the only way you're going to save money next year would be if you have employees leave and you've replaced them with new employees that are in the D.C. plan. Okay?

CHAIRPERSON THOMAS: Okay. But --

FINANCE DIRECTOR SHERMAN: So if we only hired 10 employees --

CHAIRPERSON THOMAS: -- if -- if that doesn't happen -- if -- if that doesn't happen, what stops the bleeding? What stops the bleeding? If that -- if people decide to stay and not retire, what's going to stop the bleeding by us taking an action right now?

FINANCE DIRECTOR SHERMAN: If -- if the employees stay in the Defined Benefit Plan, in all honesty, nothing. Nothing. 'Cause you're not going to earn your way out of it. You're not going to make up \$59 million through earnings. Just keep in mind, every year the plan is charging you 7 and a half percent, depending on the plan, 7.4 percent interest on that \$59 million. So not only do you have to pay part of that \$59 million, you have to pay the interest on that.

CHAIRPERSON THOMAS: I understand. Mr. Guyton, you wanted to say something?

COUNCILPERSON GUYTON: Yes.

CHAIRPERSON THOMAS: Go ahead.

COUNCILPERSON GUYTON: Um, first a comment. As -- as a new councilperson and

having to make this decision -- to make a decision of this magnitude, I was provided absolutely no data or cost/benefit analysis as to how you got these numbers. Is that available?

FINANCE DIRECTOR SHERMAN: Yes. Oh, yes.

COUNCILPERSON GUYTON: Okay. And -- and I need to see that and if I'm to make a decision --

FINANCE DIRECTOR SHERMAN: That can be provided.

COUNCILPERSON GUYTON: -- I would like that prior to me having to make the decision. The, um, second thing is that you -- you spoke about how, if we change plans, we're kind of -- I forget the word you used. We'd weed into another plan. But while we have two plans, the City -- let me ask this as a question. Is the City obligated to pay into two different plans?

FINANCE DIRECTOR SHERMAN: Yes. You would continue to pay into the Defined Benefit Plan.

COUNCILPERSON GUYTON: Actually, that was a rhetorical question. I'll be honest.

FINANCE DIRECTOR SHERMAN: Oh, okay.

COUNCILPERSON GUYTON: And the point I am making is that if we're paying into one, the Defined Benefit Plan, we still have that obligation. Then we bring on another burden. We're actually increasing our costs as opposed to decreasing our costs. You know?

FINANCE DIRECTOR SHERMAN: No, you actually wouldn't because, again, if I --

COUNCILPERSON GUYTON: Wait, wait, wait.

FINANCE DIRECTOR SHERMAN: Okay.

COUNCILPERSON GUYTON: Let me clarify that.

FINANCE DIRECTOR SHERMAN: Okay.

COUNCILPERSON GUYTON: Under the assumption that we don't have a lot of people leaving and dying off of the Defined Benefit Plan, what you didn't say at the beginning was the Defined Benefit Plan pays until death. So if they're still living, we're still paying.

FINANCE DIRECTOR SHERMAN: You're still paying.

COUNCILPERSON GUYTON: So as long as they are alive, we have that obligation.

FINANCE DIRECTOR SHERMAN: Correct.

COUNCILPERSON GUYTON: So it's not them getting to a certain age and being cut off. So -- so I -- I guess my point is that have we calculated based on the most recent mortality rates, um, the projected life span and was that taken into account when these numbers were developed?

FINANCE DIRECTOR SHERMAN: It was. Because again, we got our -- we got our salary numbers from the actuary. So they have all of that calculated into their numbers.

COUNCILPERSON GUYTON: Okay.

FINANCE DIRECTOR SHERMAN: And -- and again, you're right. Whether you stop the plan or continue where you are, you're going to pay for those current members that are in that plan. One or the other, you're paying for those members. And where you get your savings is when you're hiring new employees and it's that they -- the savings is the spread between the current contribution rate -- again, between 42 and 52 percent -- and the contribution rate under the Defined Contribution Plan.

COUNCILPERSON GUYTON: Okay.

FINANCE DIRECTOR SHERMAN: So as soon as you hire one employee, you're starting to save.

COUNCILPERSON GUYTON: Okay.

FINANCE DIRECTOR SHERMAN: Okay? Now, again, you're -- you're not doing a lot of hiring. Okay? So that's going to take some time for that change. But you start -- you have people who are in the D.R.O.P. Program under the -- the D.B. plan, the Defined Benefit Plan. As those employees start taking their retirements -- 'cause we already know what their retirement dates are -- and you're replacing them, that's when you're gonna start to see the -- the savings start to escalate.

COUNCILPERSON GUYTON: Okay. Uh, another question and -- and maybe it's borderlining on a comment, is that the benefits that are paid to the retirees, 65 to 70 percent of that, it does not come from contributions from the City or from the employees. It comes from returns on investment. Is that accurate?

FINANCE DIRECTOR SHERMAN: Well, a very -- a very small portion comes from the normal cost. You're -- you're -- you're correct. Okay?

COUNCILPERSON GUYTON: So I --

FINANCE DIRECTOR SHERMAN: A -- a large amount of it should come from the investment returns but if it doesn't come from the investment returns, then the City makes up the difference. So that whole unfunded liability is on the City's back.

COUNCILPERSON GUYTON: Okay. One thing that I can provide data for is that it is a fact that 65 to 70 percent of the benefits paid out come from investment returns.

CITY MANAGER JONES: Everybody or just police?

COUNCILPERSON GUYTON: No. I -- everybody. That's -- that, uh -- that the study that -- and as some know, that I was the chair of the Police Pension Fund and certified. But, um, the -- the -- the point I'm making is that there is the impression that -- that we as taxpayers are paying dollar for dollar for the benefits when it's actually the return from the investments that is bearing the brunt of the costs to pay the benefits.

COUNCILPERSON J. DAVIS: Interest that is earned.

COUNCILPERSON GUYTON: The interest that is being earned.

FINANCE DIRECTOR SHERMAN: And -- and -- yeah. And that -- and you're absolutely correct.

COUNCILPERSON GUYTON: I know I'm correct on that one.

FINANCE DIRECTOR SHERMAN: If -- if, though --

COUNCILPERSON GUYTON: Yeah.

FINANCE DIRECTOR SHERMAN: -- if you hit your assumed earnings rate.

COUNCILPERSON GUYTON: No.

FINANCE DIRECTOR SHERMAN: When you lose 20 percent one year, okay, which happens -- if you lose 20 percent and you were supposed to earn 7 and a half, now you're 27 and a half -- your earnings are 27 and a half percent below where they are. So now that becomes the unfunded liability, which is now 100 percent the City's burden.

COUNCILPERSON GUYTON: And unfunded liability is not used unless everybody retires, so it's not impacting the benefits that we're paying to the current retirees, because we have people who are working who are in the plan who are not retired who we're not paying. So we don't have to dip and necessarily say that we have to go deep down into our savings.

FINANCE DIRECTOR SHERMAN: Well, but if you look at the breakdown of the contributions, for every dollar you're paying a police officer, they're charging you 22 cents for the unfunded liability. I mean, that's a huge number. You're paying -- you're paying 50 percent more for unfunded liabilities in the General employee plan than you are for the normal costs of the employee plan. That's how low and how large that unfunded liability is that you are paying.

COUNCILPERSON GUYTON: Yeah. I -- I guess the point --

FINANCE DIRECTOR SHERMAN: And that's strictly the City's contribution.

COUNCILPERSON GUYTON: -- I'm -- I'm getting to is we're giving the impression that

somehow we're paying much of this out of our pocket when in reality that the benefits we pay come from the interest off our investments.

COUNCILPERSON J. DAVIS: When things are good, yeah.

FINANCE DIRECTOR SHERMAN: But as soon as the plans start losing money, which they have -- okay? This shows they -- they are losing funds. They're not earning what they were supposed to be earning. So that 60 percent isn't happening. And when you don't have that, the City has to contribute that plus pay the interest on it.

COUNCILPERSON GUYTON: Okay. I'm -- I think I made my point, so -- but --

CHAIRPERSON THOMAS: Yeah, okay. Well, I -- I still have some questions 'cause I was actually listening to you.

FINANCE DIRECTOR SHERMAN: Okay.

CHAIRPERSON THOMAS: Um, what Mr. Guyton was basically saying is that you don't have to dip into the unfunded part. But every year we make some type of --

COUNCILPERSON GUYTON: Return.

CHAIRPERSON THOMAS: -- some -- hold on for one second, please.

COUNCILPERSON GUYTON: Okay.

CHAIRPERSON THOMAS: We make some type of payment to the pension. So are you saying that if the pensions perform at the rate that they should, that the City would never have to put in whatever -- 2, \$3 million, whatever we're putting in -- to make the -- the pensions sound?

FINANCE DIRECTOR SHERMAN: If the plans performed as they should, you would only be paying the normal costs and the administrative costs.

CHAIRPERSON THOMAS: The City or would the pension be paying the normal costs and administrative costs?

FINANCE DIRECTOR SHERMAN: The City would be paying the normal costs and the administrative costs.

CHAIRPERSON THOMAS: Okay. So --

FINANCE DIRECTOR SHERMAN: Well, let me -- let me -- in fact, the City and the employee would be paying --

CITY ATTORNEY RYAN: Six percent that the employee pays.

FINANCE DIRECTOR SHERMAN: Right.

CHAIRPERSON THOMAS: Okay. Okay.

FINANCE DIRECTOR SHERMAN: Yeah.

CHAIRPERSON THOMAS: Hold on. Hold on for one second 'cause I don't want this to get more confusing.

FINANCE DIRECTOR SHERMAN: Yeah.

CHAIRPERSON THOMAS: So if that's going to be a cost that we're going to have to pay anyway, tell me what the benefit of this is to tamper with this at all.

FINANCE DIRECTOR SHERMAN: Because what happens is, is even if you -- even if you forget about the unfunded portion and you look at just the normal cost of each plan, you're still paying mid 20s to high 30s. High 30s to the Fire, mid 20s to the other two plans.

CITY MANAGER JONES: Mid 20s, high 30 what?

FINANCE DIRECTOR SHERMAN: Percentage of payroll.

CITY MANAGER JONES: There you go.

FINANCE DIRECTOR SHERMAN: Okay.

CHAIRPERSON THOMAS: Okay.

FINANCE DIRECTOR SHERMAN: Um, if you go to -- again, because they're focusing on the output, a guarantee output, if you go to Defined Contribution Plan, those contribution rates drop significantly. They drop below double digits. Okay? So you still -- even without the unfunded for the new employees, okay, you still have a savings.

CHAIRPERSON THOMAS: Okay. This is --

COUNCILPERSON GUYTON: (Inaudible).

CHAIRPERSON THOMAS: Hold on. Hold -- I'm -- I'll tag in a minute.

FINANCE DIRECTOR SHERMAN: Yeah.

CHAIRPERSON THOMAS: This is my -- this is my issue that I'm trying to just get comfortable with.

FINANCE DIRECTOR SHERMAN: Yeah. Go ahead.

CHAIRPERSON THOMAS: We're going to have a savings. But we don't quite know what those savings are. And we don't quite know when we'll realize any of them, because we're going to still be making some type of contribution.

FINANCE DIRECTOR SHERMAN: Uh-huh.

CHAIRPERSON THOMAS: So if -- say we have a person -- let's take a police officer that's going to retire at 42.

FINANCE DIRECTOR SHERMAN: Okay.

CHAIRPERSON THOMAS: And may live to be 72, 75, 80, 90 --

FINANCE DIRECTOR SHERMAN: Uh-huh.

CHAIRPERSON THOMAS: -- whatever. We're going to still have to take care of that employee past the 30 years, correct? If he lives or she lives longer than --

FINANCE DIRECTOR SHERMAN: Correct.

CHAIRPERSON THOMAS: -- 30 years, we're going to take care of them and sometimes their dependents --

FINANCE DIRECTOR SHERMAN: Uh-huh.

CHAIRPERSON THOMAS: -- for a certain amount of time, as well.

FINANCE DIRECTOR SHERMAN: Correct.

CHAIRPERSON THOMAS: Correct?

FINANCE DIRECTOR SHERMAN: Yeah.

CHAIRPERSON THOMAS: So I don't see where we're going to -- if you could show me where the savings is or how we're going to -- how is it going to help us at this point, then maybe I can, you know, get comfortable with trying to -- to see where we could go. But at this point I don't see the -- I don't see the actual savings. I don't see where we're going to save. We have to continue to make sure it's sound for all of the hundreds of employees that we have in these pensions until death or until the death of whoever their beneficiary is in some cases. How are -- what are we -- what -- how is this beneficial to us in 2013 and 2014 and 2015, 2020? How is it benefit -- beneficial to us?

FINANCE DIRECTOR SHERMAN: Well, again, as -- as you go out over time and the employees are in the D.C. plan, your contribution rates will be significantly less than they are in a D.B. plan.

CHAIRPERSON THOMAS: Okay. Give me a year that we start to feel that. Give -- give me -- is it going -- is it going to be in five years, 10 years, 20 years? Give me a year that we're actually going to feel the transition.

FINANCE DIRECTOR SHERMAN: Oh, I -- I think -- I think by 2015 you will. Because again, you're going to have a -- a number of employees who are in the D.R.O.P. Plan leaving.

CHAIRPERSON THOMAS: Okay.

FINANCE DIRECTOR SHERMAN: And as those employees leave, okay, which means they've been here a long time, they're at the top of the pay scale. Okay? And as you bring in the new employees and you say, Okay. I'm not gonna pay 52 percent for this employee. I'm going to pay 8 percent for this employee. That's a big spread on those employees.

CHAIRPERSON THOMAS: You're not going to pay --

FINANCE DIRECTOR SHERMAN: And you -- and that's the savings.

CHAIRPERSON THOMAS: -- 52 percent because we're -- we're -- we're speaking of a Defined Benefit Plan?

FINANCE DIRECTOR SHERMAN: Correct.

CHAIRPERSON THOMAS: And we'll pay 8 percent because we're --

FINANCE DIRECTOR SHERMAN: Right.

CHAIRPERSON THOMAS: -- we're speaking of a Defined Contribution?

FINANCE DIRECTOR SHERMAN: Right. Under -- correct. Under defined contribution --

COUNCILPERSON GUYTON: (Inaudible), yeah.

FINANCE DIRECTOR SHERMAN: -- you say -- pay, say, 8 percent of their salaries. That would be the City's contribution. Under the Defined Benefit Plan, we're paying 52 percent of their salaries to the Defined Benefit Plan.

CHAIRPERSON THOMAS: And why are we paying 52 percent for the Defined Benefit?

FINANCE DIRECTOR SHERMAN: Because you're paying for all of those variations where the -- where the plan didn't meet its goals. You're still trying to catch up for the market losses. You're trying to catch up for --

CHAIRPERSON THOMAS: So does that percentage ever go down? So if the market is performing better, does that percentage go from 52 to 32 or from 52 to 42?

FINANCE DIRECTOR SHERMAN: It -- it'll -- it'll go -- it'll go down if the market over-performs. You know, performs above what your -- what your, um, projected amounts are. It'll go down if, you know, you have fewer employees, if you don't give the raises that are expected. It can go down. But as we saw just on those charts, every -- even during the boom years, it was going in the wrong direction. It was still going in the wrong direction.

CHAIRPERSON THOMAS: Okay. Any other members before I take Mr. Guyton again? Any other members want to -- have any questions? Mr. Guyton?

COUNCILPERSON GUYTON: Um, Mr. Sherman, um, have you determined how this would impact our premium tax dollars?

FINANCE DIRECTOR SHERMAN: Yes. If -- if you --

COUNCILPERSON GUYTON: And -- and -- and let's -- let's -- let's, um, identify how -- how much we get to. I know with the Police we get over \$200,000 a year. I'm not sure with the Fire. And 85,000 go to the City and the rest goes to the --

FINANCE DIRECTOR SHERMAN: To the plans.

COUNCILPERSON GUYTON: -- to the plan or the retirees, however you --

FINANCE DIRECTOR SHERMAN: To the plans, yeah.

COUNCILPERSON GUYTON: -- wanna figure that. The Fire, I think, is in the same ballpark. I see Mr. Bobbie Brooks in the audience. Um, I'm not sure if he knows what they get in premium tax dollars. Do -- is it -- and, um, if we get a little over 200,000 each, that's about a half a million dollars that we would be jeopardizing.

FINANCE DIRECTOR SHERMAN: Yeah.

COUNCILPERSON GUYTON: Because if we make this move it won't qualify for those premium tax dollars anymore. Is that correct?

FINANCE DIRECTOR SHERMAN: That -- that is correct. So that -- that would be an offset to the 75 million. However, that being said, um, those business tax dollars are set by ordinance. So it is your call whether you still want to assess those premium tax dollars. You could rescind the ordinance and give those dollars right back to your local businesses that, you know -- and residents that pay the insurance premium. 'Cause that's an assessment on their insurance.

COUNCILPERSON GUYTON: Yeah.

FINANCE DIRECTOR SHERMAN: That goes to the State that comes back. If you're not going to get it back, I guess the question would be, is why do we assess it? So actually, you could provide those dollars back to your local economy. Wouldn't be coming back through the pensions but it'll be coming back by rescinding the ordinance and giving it back to them.

COUNCILPERSON GUYTON: And it would come --

UNIDENTIFIED SPEAKER: (Inaudible) --

CHAIRPERSON THOMAS: No, go ahead. You've got the floor.

COUNCILPERSON GUYTON: And -- and -- and you're saying that it would come back into our general fund?

FINANCE DIRECTOR SHERMAN: No, no. It would be less that the property owners would be paying because they wouldn't be paying that tax anymore.

COUNCILPERSON GUYTON: So the City will actually lose those dollars, but the respective businesses would -- would keep them?

FINANCE DIRECTOR SHERMAN: Would keep it, right.

COUNCILPERSON GUYTON: So -- so that would still be a loss to the City, either way.

FINANCE DIRECTOR SHERMAN: It would be a loss to the City but --

COUNCILPERSON GUYTON: At the bottom line.

FINANCE DIRECTOR SHERMAN: -- a benefit to the --

COUNCILPERSON GUYTON: About a half a million a year.

FINANCE DIRECTOR SHERMAN: -- to the taxpayers. Correct.

COUNCILPERSON GUYTON: Yeah.

CITY MANAGER JONES: Yeah.

COUNCILPERSON GUYTON: Now, the -- the -- the other point is that, um, when we're competing for quality employees, I know with the Police, and I think Fire, our starting salary is not comparable to some of our surrounding communities. And what we've been touting has been our benefit plan. That we have a good pension plan and other benefits. You may not be -- start off making the salary, but if you stay here long enough, you'll have a benefit for choosing Riviera Beach.

This could potentially make us less competitive because we're still not as competitive with the salary and then if we're not -- if we don't have any benefits to offer them, the quality of the employees that may be attracted to us, to serve our residents, that also decreases. So we have other ancillary effects that we need to consider because, one, we do want quality employees to work for us. And we need to have something to attract them.

It's not the salary right now. I got the data. But it's -- we're -- we're not on the scale of being competitive with -- with the, um, salaries. So if we do this, what would we have to attract quality employees if we don't have a good benefit package?

FINANCE DIRECTOR SHERMAN: Well, I -- I guess I'll talk about our -- our neighbor to the south here. Um, you almost have the same retirement D.B. plan that West Palm Beach has. Okay? I know they were making changes but their employees, for

example, under Fire were paying 19.1 percent. The firefighters here pay 8. That's an 11 percent increase. May not be in their base salary but that's an 11 percent that they take home.

The other issue is, is your firefighters here, for example, are covered by Social Security. They're not covered by Social Security in West Palm Beach. So that's another benefit that they get that they're not getting there. So when you look at the -- you can't necessarily look at just the -- the salaries. You have to look at the -- the entire benefit.

Um, they contribute more to their health plan than you contribute here. You know, and the other thing as far as being competitive, um, you know, there is a push, a lot of the, uh -- for example, the police and firefighters of Palm Beach County, they're in the FRS system. And the FRS system is looking to do away with their Defined Benefit Plan and close it and go to a Defined Contribution Plan. Which means you'll be competitive and the rates that -- that we've come up with for the contribution rates exceed the rates that the FRS is recommending.

CHAIRPERSON THOMAS: Okay. Miss Jones, you wanted to say something?

COUNCILPERSON GUYTON: All right. And one last point.

CHAIRPERSON THOMAS: Go ahead.

COUNCILPERSON GUYTON: But actually, that's been challenged in court, um, with the --

CHAIRPERSON THOMAS: Miss --

COUNCILPERSON GUYTON: -- with the State trying to convert to the Defined Contribution Plan. Is that not correct?

FINANCE DIRECTOR SHERMAN: Uh, House Bill 7011 has passed the House and is in the Senate right now so --

CITY MANAGER JONES: It's -- last week it passed the House. It hasn't gotten to the point -- it's just now -- the House has passed it. It's gone to the Senate.

COUNCILPERSON GUYTON: But they tried to do that last year or year before.

CITY MANAGER JONES: The Senate proposed --

COUNCILPERSON GUYTON: And somebody filed a lawsuit.

CITY MANAGER JONES: And they trying -- yeah, and they're trying to fix the gap.

COUNCILPERSON J. DAVIS: (Inaudible).

CITY MANAGER JONES: As to what --

COUNCILPERSON GUYTON: Yeah. And so now they're trying to correct it.

CITY MANAGER JONES: Right.

COUNCILPERSON GUYTON: But, yeah. My point was, it was legally challenged and then they had to go back and try to correct it. So --

CITY MANAGER JONES: Right.

COUNCILPERSON GUYTON: -- it's not a smooth transition.

CHAIRPERSON THOMAS: Miss Jones, did you -- did you want to say something?

CITY MANAGER JONES: Yeah. Yeah, and I just wanted to, um -- and I realize we have two now councilpersons with us and I think all of this is important in order to bring them up to where we are.

CHAIRPERSON THOMAS: Uh-huh.

CITY MANAGER JONES: I just wanted, um, our two new councilpersons to know that we have been talking about this in the City since 2010. That was the first year Council gave us directive to go out and to pursue going this direction. In 2011 they gave us the directive to go on the street to get a vendor. Um, but we want to answer your questions.

And one of the other things is -- and I recognize that a half a million dollars in insurance money sounds like a lot. But when you look at how much a half a million is in a \$43 million budget, you're talking about 1 percent of that budget. And so, uh, a half a million is a lot but if we can get a half a million back to our businesses so that it helps with their insurance money, that was what we were also thinking about and trying to consider.

COUNCILPERSON GUYTON: I -- I would just like to know --

CHAIRPERSON THOMAS: Okay.

COUNCILPERSON GUYTON: -- why --

CHAIRPERSON THOMAS: Hold on one second, Mr. Guyton. Miss -- Miss -- Miss Davis, please?

COUNCILPERSON J. DAVIS: Yeah. And I think when we -- when we gave the direction to do this, it -- it really wasn't based on what the City could save. It was really to stop the -- the bleeding. Um, and not to affect any current employees but any --

CITY MANAGER JONES: Current employees or retirees.

COUNCILPERSON J. DAVIS: -- or retirees, but any new, you know, people that would be coming on.

CHAIRPERSON THOMAS: Okay. Mr. Guyton, go ahead.

COUNCILPERSON GUYTON: Just a question to staff. If we're -- you alluded to how long the council has been working on this. Why weren't the new council members provided with any data to bring us up to date? That's still boggling my mind. If -- if we have all these studies, all this information, we know it's coming before the Council, know that new people have to get up to speed, why weren't we provided any of the data that the rest of the colleagues who have been here were provided?

CITY MANAGER JONES: They haven't been provided any data. There were two workshops just like this with slide presentations. They haven't seen the -- the actuarials, any of the -- the crux of the numbers.

COUNCILPERSON GUYTON: Okay. Now -- now, that -- that is baffling to --

CITY MANAGER JONES: It was to -- it was to stop the bleeding.

COUNCILPERSON GUYTON: Okay.

CITY MANAGER JONES: Long term.

COUNCILPERSON GUYTON: So -- but -- but I mean, well, what are they making their decisions on if they're not being provided data? That's -- I'm -- I -- I'm not -- I'm not following.

CITY MANAGER JONES: The --

COUNCILPERSON GUYTON: Well, let me say it like this.

CITY MANAGER JONES: -- to stop the bleeding.

COUNCILPERSON GUYTON: I -- I would like to have data to make a decision. So if I'm to make a decision what staff is making a recommendation on, I would like to have the same data to review so I can be informed and educated. That's the only point I'm making. Okay? So if there is some data, I would like to have it, so that I can make an informed decision. Not just based on -- on a PowerPoint presentation.

CHAIRPERSON THOMAS: Okay. Um, are you finished with the PowerPoint?

FINANCE DIRECTOR SHERMAN: I have maybe four or five more slides to go.

CHAIRPERSON THOMAS: Why don't you go ahead and finish with that?

FINANCE DIRECTOR SHERMAN: Okay. Um, and again, just -- and Miss Jones kind of just touched on this. Um, last December -- last December? Last March there was a pension workshop. Uh, at that workshop it was determined that staff would go out and issue an RFP for a plan administrator so we could kind of take a look at -- at what we had there. We had seven responders. Committee narrowed that down to three. Uh, presentations were in October. Uh, staff negotiated -- or the committee members negotiated with the top firm.

Back in February -- that's a couple months ago -- committee decided actually to go in a different direction. Uh, what they're recommending is actually to go with the Florida League of Cities. Um, Florida League of Cities actually has cheaper fees so we'd save some additional dollars, plus by going with the League we would actually eliminate some of our ancillary costs such as legal and financial and -- and that type.

Um, we did have the discussion with plan members so the plan members that would go into the D.C. plan would obviously be all new employees hired after the date of adoption. And we also wanted to give the opportunity for those employees who are not yet vested under the current D.P. -- D.B. plans, if they wanted to actually join the D.C. plan.

And then back in the March presentation, uh, the City actually had a consultant and the consultant recommended at that time, um, for the first year there be an additional 15 percent contribution. Second year, a 12 percent contribution, and the third year a 10 percent contribution. But going --

CHAIRPERSON THOMAS: Uh, Mr. Sherman, I see a lot of comment cards coming in. We actually don't have public comment tonight. I see a bunch of the cards. It is a workshop. Um, I'll --

COUNCILPERSON GUYTON: I think the City -- oh.

COUNCILPERSON J. DAVIS: You can talk on an item.

CHAIRPERSON THOMAS: Hold on one second. It's a -- it's a workshop. So, um, maybe the agenda it does say that you can turn in a card. But on a workshop it's -- it's really not. Depending on how many cards we get, maybe we'll allow it. But you know, that -- that's not the normal setup for a workshop. So, um, any questions that you may have, go ahead and turn them in now and I'll -- I'll, you know, discuss if we're going to take public comment tonight. Go ahead, Mr. Sherman.

FINANCE DIRECTOR SHERMAN: By going with the League of Cities, again, I mentioned that we would actually save ancillary costs. If you set up a D.C. plan in house, you need tax counsel, you need financial advisors. Um, so by going with the League we'd actually eliminate that. But one thing the committee thought would be necessary would be actually hiring a third-party retirement planning advisor for our employees to be able to sit down one-on-one and talk about their personal retirement plans so that they could, you know, work -- work their investments in the D.C. plan appropriately. And we thought that we would allow employees to make changes once a year.

Uh, what we have on this slide are the recommended employee contributions. Um, SEIU and PMSA, these, again, for new employees coming in or those in the current D.B. plans that opt to, you know, back out of the D.B. plans and go into the D.C. plan -- is we actually gave the employees a tiered approach on their contributions. We have a minimum for every classification of employee. Five percent for SEIU and PMSA, 7 percent for public safety, 8 percent for management and elected officials we have at 5

percent.

But we're giving the employees, uh, the option of adding and going over the minimums by 2 and a half percent, trying to give them the incentive to actually put dollars away for their retirement.

On the City's side what we would do is we would actually match what the employee is putting in dollar for dollar. So if the employee chooses to stay at the minimum and give the 5 percent, that would be the City's contribution. If the employee decides to raise that to 6 percent, then we would contribute 6 percent or, again, if they wanted to go up to 7 and a half percent, we would match up to 7 and a half percent. So whatever the employee chooses to put in, uh, with -- between the minimum and the maximum, the City would match those dollars.

Um, as far as on the investment side, there would be one-on-one retirement counseling, as I just mentioned. Employees would actually direct their own investments after they've, you know, talked to the retirement counselor if they so desired. And the plan would have a menu of options so, again, they could get into, you know, fixed, bonds, you know, equity, international, whatever they wanted to get into. The employee would actually have that option of doing so.

The timetable that we were looking for, we need to have some discussions with the bargaining units, and then we would have to come back for a formal approval, uh, through the city council. We're looking for an implementation period of the July to September so that by October 1st, uh, we could actually get this effective and in place and operating.

Uh, and then finally I guess in closing here, uh, the current Defined Benefit Plan costs are rising and they're difficult to control. And they really are not sustainable. Um, Defined Contribution Plans make pension costs predictable and they're much easier for us to budget. Total pension costs will be reduced through implementing the plan, as we've talked about, and again, it's only for the new hires after October 1st, 2013 that would be required to participate. Others, again, that have less than five years in the D.B. plans can join it but that would be at their option.

CHAIRPERSON THOMAS: Okay. Uh, thank you. Um, it is a pretty intense topic so I'm going to allow public comment on it. Mr. Brenner, I don't know what you would like to speak on. Um, but whoever Mr. Joseph Brenner is, please -- I'll pass this back down and you can indicate. If you want to speak on this item, go ahead and fill out a comment card. I'll -- I'll take them in. If you want to speak on any of the other items on there, go ahead and have those prepared before the -- the item is read.

Okay. We're going to have three minutes. Do we have a time keeper? Mr. Jones, you got that? We'll have three minutes. It is a -- a long agenda. We don't normally accept public comment on workshops. Uh, we'll give you three minutes. If you don't need all three of them, you can definitely give them back. So -- but we do want to get a chance to hear everybody and their comments on it. So first we'll take Bessie Brown. Is she

here? Is Miss Brown here?

CHAIR PRO TEM PARDO: Yes.

BESSIE BROWN: Yeah.

CHAIRPERSON THOMAS: Oh. And if you're a pension board member -- I see a lot of them -- please just state that when you state your name.

BESSIE BROWN: Okay. Bessie Brown, General Employees pension fund. I -- I just have a question on in the past when we had open workshops, they was to have open discussion. But you -- you said tonight that when you have workshops, there's -- nobody speaks.

CHAIRPERSON THOMAS: Miss Brown, we don't have public comment during workshops.

BESSIE BROWN: No. No, I didn't say -- I didn't say public comment. I said open discussion for workshops.

CHAIRPERSON THOMAS: We are. We -- the board is. But please go ahead with your question so we can get through it.

BESSIE BROWN: Okay. The only question that I have is that, um, I was looking in the backup summary and it says, um, "On March 12, 2012, the City Council held a pension workshop, um, to discuss Defined Contribution Plans, and as a result of the workshop, staff was directed to issue a -- an RFP." I -- I have no knowledge of that. And it's -- and -- and up in the other -- other part of the summary it says, um, "Once all the information was obtained, Adam Levinson of Klausner & Kaufman, P.A. prepared a comprehensive report under the Defined Benefit -- Benefit pension," and it says, "This information was presented to the mayor, the city council, pension board members and labor unions."

It says, "Since the City would not achieve a savings, the staff opted to switch the investigation -- investigating the creation of a Defined Contribution Plan. And the City obtained the, uh, services of Michael Montgomery Plan Advisors in June 2011 to provide the City counseling services." (Inaudible) just that I asked a board member we never got any information or were requested to come to a March 12, 2012, uh, pension workshop.

CHAIRPERSON THOMAS: Okay. Um, thank you. Um, Mr. Lyndon Gray?

LYNDON GRAY: Hello. Lyndon Gray, General pension. Um, I just have --

CHAIRPERSON THOMAS: Are you on the board?

LYNDON GRAY: Yes. Pension board, yes.

CHAIRPERSON THOMAS: Okay.

LYNDON GRAY: I just have a comment. Um, as an employee here of the City of Riviera Beach, I feel like, um, this contribution would -- would be detrimental to all the employees because it would not help the General fund grow. It would constantly -- it would constantly break -- break down the payments to the benefits for all the -- the retirees, as well as the people that's working here. We won't have a chance to, um, have new employees contribute into the -- the benefits of our plan. And I feel like the, um -- we shall -- we shall want to have employees that's, you know -- that really have a stake into our job pay back into our benefit, because it -- it's only a help for us instead of tearing it down like the contribution will. That's my comment.

CHAIRPERSON THOMAS: Thank you. And you did say that you were on the General pension board?

LYNDON GRAY: Yes.

CHAIRPERSON THOMAS: Okay. Joseph Brenner? And if I mispronounce your name, please correct me.

JOSEPH BRENNER: It is Brenner. Uh, thank you very much for the time to speak tonight. I want to discuss the proposed closing of the Defined Benefit program to new -- new hires.

CHAIRPERSON THOMAS: Are -- are you on a board? Are you on a board?

JOSEPH BRENNER: No, ma'am -- no, sir.

CHAIRPERSON THOMAS: Okay. Are you representing anybody?

JOSEPH BRENNER: I represent -- I'm the negotiator for the Service Employees International Union covered by these --

CHAIRPERSON THOMAS: Please -- please make sure you -- you state that.

JOSEPH BRENNER: -- this plan.

CHAIRPERSON THOMAS: Yeah. Go ahead.

JOSEPH BRENNER: Um, the employees enrolled in this Defined Contribution system, to change the system from what it is right now would put all of the risk upon the employees, none of which on the City, which I'm sure that is not lost upon the council here. The average rank-and-file workers would have a -- will have difficulty accumulating adequate retirement savings when their average salaries are low. For example, our average Riviera Beach bargaining unit makes about \$17 an hour.

401k-style accounts like the plan being proposed here tonight are intended to supplement pensions and Social Security, to -- not to be the foundation of retirement savings. Uh, workers are able to accumulate too little after paying investment fees and suffering through the ups and downs of the economy as we've seen in very recent

years.

Um, our valued employees will have a higher risk of out-living their retirement savings and are being -- be forced to depend upon government services like food stamps and Medicaid that would be an additional cost to taxpayers. The proposal begins a slow depopulation of the Defined Benefit Plan by attempting to direct new hires into the -- the D.C. plan. That movement disrupts the funding stream in which the Defined Benefit Plan is dependent.

Forcing new hires into a 401k, uh, style -- type system does nothing to reduce your current obligations that you already have within the plan. Without replenishment of the plan from new hires, costs for current employees are going to go up.

So I have a couple of questions. What rate of return is being used to calculate your assumptions of the projected unfunded liabilities? Um, and as we all see from the -- my mike went out -- the -- could the rate of return improve as the economy recovers? That's something that we need to take into effect here.

Um, the presentation failed to include the costs associated with the inevitable decline in investment earnings as the Defined Benefit Plan is depopulated. How will current employees enrolled in the Defined Benefit Plan be affected in the long term? These are key questions that we need to know before we make a -- we make a move out of this program.

Um, who will be the third-party retirement planning advisor and what are the additional costs associated with that? Will there be access issues? And how can we be sure that the defined contribution employees, um, or enrollees are getting the best advice to maximize their investments? Um, these are key questions that need to be answered before any kind of change from -- from the current system to the, uh, proposed system.

CHAIRPERSON THOMAS: Thank you. And you say you represented a union?

JOSEPH BRENNER: Yes, sir.

CHAIRPERSON THOMAS: Which was the -- what was that union again?

JOSEPH BRENNER: Service Employees International Union.

CHAIRPERSON THOMAS: Okay. Thank you very much for your comments, sir. Um, Mr. Sherman, are you -- you jotting down some of these questions and --

FINANCE DIRECTOR SHERMAN: Yes.

CHAIRPERSON THOMAS: -- just so we can get some answers to them. And I -- my assistant is also jotting down some of these questions. We'll get some answers to them. Um, up next will be Frank LaPorta.

FRANK LAPORTA: Frank LaPorta, City of, um, Riviera Beach Police Department

pension trustee. A couple of people have already hammered home the points so I'm not gonna add too much as far as, um, you know, the Defined Benefit Plan going away and, um -- or going -- trying to transfer over and then how it's going to be underfunded as far as lack of, uh, contributions for -- for new hires.

However, um, a couple other things maybe just to throw at you so you can think about, you know, changing and going to your -- your number two as far as instead of number three. And, um, increasing maybe the years of service from -- on some of the plans from -- on our plan, anyway, from 20 to 25. Um, increasing normal retirement age from 55 to 60. A lot of things that we can do to maybe save money as opposed to going to a Defined Contribution.

Or create a step in the multiplier. Um, maybe we can do a -- a three-point step, 2 percent for -- for employees that are 10 to 15 years, 2 and a half percent for 16 to 20 years, and then, um, a 3 percent for the 21 to 25 years. A lot of things we could do to maybe save money in the long run.

Put a cap on the total percent of final compensation. Right now there is no cap on that. So you have people -- some of the people retiring at a hundred percent salary. I understand you need to save money, so there's a lot of things we could do as opposed to, uh, go to this Defined Contribution. 401k plan. You put a cap on it may be at 75 percent. As it -- like I said, as it stands now it's a hundred percent.

Um, no offense to General employees. Don't be mad at me. However, Police and Fire are high-risk, high-liability employees. Okay? Not a lot of, um, cities have them under their same -- they have a same or slightly less pension plan, the General employees do, than the Fire and Police. Maybe, um, you know, you can step things. 401k in -- in that might -- might be something you can consider.

Um, the effect that it's going to have on -- on recruitment and retention of new hires; that it was already spoke of. Mr. Guyton already -- already had mentioned that. That's going to be bad. We're already the lowest. The lowest starting salary. That's on FDLE's website. Lowest starting salary in the, um -- in the Tri-county area. Um, you put that we have high cost of health care on top of that, along with we go to the bottom of the list for -- for -- for pensions. Nobody else has, uh, 401k's for -- for Police and Fire at -- at this time.

You put all that -- all that together. We don't have take-home cars. What is the incentive that you're going to have to draw people to come here and to stay here? Riviera Beach Police Department, you know, is -- is already looked at as a -- as a training agency. Um, that's what -- that's what we're thought of amongst -- amongst the peers. People that come here, they get trained for -- for a few years and they go somewhere else. They -- they -- they generally excel and succeed at what they do. So the citizens of Riviera Beach, you know, they deserve the top in their field of personnel to -- to be working here and staying here. Um, you're gonna need to do something to make that happen. So --

CHAIRPERSON THOMAS: Thank you for your comments.

FRANK LAPORTA: -- thank you. Thank you for your time.

CHAIRPERSON THOMAS: Thank you. Next we have Mr. Juan Atkins.

JUAN ATKINS: Good evening.

CHAIRPERSON THOMAS: Good evening.

JUAN ATKINS: City council, concerned citizens, I wanted to -- my name is Juan Atkins. I serve on the Riviera Beach Police Pension Trustee Board, certified pension -- public pension trustee. I wanted to address, um, many other qualitative considerations that I don't feel, um, perhaps they either weren't articulated tonight or, um -- or perhaps studied. I don't know.

But as we all know and we've already alluded to, government wages are traditionally lower than wages in the private sector. So one of the competing, um, elements to combat trying to attract good employees is providing a pension fund which would provide a stream of income after they've met all the requirements. So I wanted to make that point first off. If we, um -- if we were to close the current pension fund and begin a 401k or some other Defined Contribution Plan, then it's going to make us much less competitive.

Um, we also know that 401k plans -- one -- one attribute of 401k's is they're very highly portable. You can take your money. You can go somewhere else. If you have a pension plan, a person is going to look forward to continuing to provide the level of service and quality as an employee, uh, so they can reap the benefits of the pension plan. So that gives more stability to your workforce.

So I think those qualitative aspects needs to be examined. And you can't really place a value, dollar value on those things. It's really priceless. I also wanted to make a point that we had mentioned that taking these -- taking this action, um, of closing the fund and -- and -- and -- and -- and just making 401k's for new employees, that it will stop the bleeding. I -- I would -- I would submit that, yes, it may stop external bleeding but it will begin internal bleeding. Things you can't see simply because of the -- you know, and -- and I've already alluded to some of the qualitative things. And you can't place -- put a price on that. So I think we need to tread very, very carefully and -- and -- and get -- and command all of the information that -- that you need in order to make an informed decision.

Um, I -- I really feel that the actuary should have been here to present his actuarial study. 'Cause I seen the actuarial study and some points of that study I interpret much more differently than what I heard here tonight. So I really think it would benefit the council to actually have the actuary, him or herself, present his findings so that you rely on the -- the -- the -- the maker of that study as opposed to the interpretation, uh, you know, of staff. Now, notwithstanding staff's ability to -- to do that. I really -- I have all the confidence in the world. But -- but I've -- I've always been a person that -- that

believe that you want to see things for yourself so you can make those decisions for yourself. There are many other things I could talk about but we only have three minutes. But I wanted to make those points known.

Um, there was also one other thing I wanted to talk about. Um, and this is the whole issue with unfunded liability.

CHAIRPERSON THOMAS: Is his time up?

JUAN ATKINS: Unfunded liability is an unrealized --

DEPUTY CITY MANAGER JONES: It just didn't beep. It didn't beep.

JUAN ATKINS: -- is -- is --

CHAIRPERSON THOMAS: Oh.

JUAN ATKINS: Oh, sorry.

CHAIRPERSON THOMAS: I'll give you about 10 seconds to finish, Mr. Atkins.

JUAN ATKINS: Okay. Unfunded liability is unrealized. Um, so -- so, yes, we may be around 80 percent funded but that's just a snapshot which will -- and can improve with prudent management and -- and investment decisions of the pension fund. Thank you.

CHAIRPERSON THOMAS: Thank you. Um, Charles Lupo? While -- while Mr. Lupo is coming, are there any other members of any other pension boards that did not get a chance to, um, fill out a card that want to speak, I'll definitely hear you. I do want to hear your perspective tonight. So if you -- if that's the case, you can signify by raising your hand. Okay. I see you, Miss Brooks. No need to fill out a card. I'll call you. Okay. No problem. Mr. Lupo?

FIRE CHIEF LUPO: Yes, Chuck Lupo, represent Local Firefighters, Riviera Beach. Um, a couple comments and a couple of concerns with the study. Um, first I'd like to start by we're currently at the table negotiating a contract. Actually, we've been at the table for quite some time negotiating a contract. Um, the pension article is open. We were told by, uh, the City's attorney that represents you for labor that it was your idea. Obviously that's -- that's come to, uh -- to full exposure that it was your idea as a council to close the pension plan.

Um, and when that was brought up, we asked for certain things as far as data back. Um, in this study, which we got through, um, certain members of the trust and the pension plan, um, brought out some ideas and some concerns.

One being, um, obviously we've got the dog -- or the tail, rather, wagging the dog when we come into Exhibit 2, and we're talking about making major changes to your pension for new hires and -- and how it affects the existing, uh, recruitment efforts, which obviously, um, it was brought to light here today.

If we want to compare to West Palm, we're more than willing. We'll compare every -- every article and every line item to the City of West Palm firefighters for the City of Riviera Beach. I would be thrilled to sign on the dotted line if that's what we want to do, is compare West Palm to Riviera Beach, or Riviera Beach to West Palm.

Um, in this study, a couple of things: One very important item, which is part of our proposal, actually, at the table. Um, there was a Senate Bill 1128, which is the July 2011 changes that were done to the 175 funds. In that change, you limit the amount of overtime; you limit the sick. None of that is included in the GRS study. And it even says that, "The study does not reflect any of those changes in Senate Bill 1128."

Um, the other -- the other items, um, actually comes from the City's CAFR and also the assumptions that you use when you're putting together your -- your plan of action. Uh, you do the -- the 30-year amortization period. You do a five-year smoothing. If you look at the five-year smoothing and you take 2008, which will drop off pretty soon here, your fund is probably one of the best funded and best pensions currently, the way it is right now, and that is an attraction to firefighters to your city. Really, the only attraction that you have. The salary's not there, but the pension is. To start tweaking and making changes to it now, you're going to affect your recruitment efforts. But one idea or one --

CHAIRPERSON THOMAS: Chief, I'm gonna -- I'm gonna give you about another 10 seconds. Our clock is --

FIRE CHIEF LUPO: Okay.

CHAIRPERSON THOMAS: Give me a hand signal at 10 seconds. (Inaudible). You got 10 more seconds.

FIRE CHIEF LUPO: Okay. The projected salary increases that are used in the assumptions are 7 and a half percent. Also, um, which I'd love -- love to be able to get. And then the investment rate of return, um, is at 7.5. I understand that the board has agreed to drop that assumption rate from 7 and $\frac{3}{4}$ down to below 7, which I don't know why they did that. That's only going to affect your contribution rates. That's all. Thank you very much.

CHAIRPERSON THOMAS: Okay. Thank you. Thanks. Next we'll have, um, Fred Angelo.

COUNCILPERSON GUYTON: As -- as he comes, Mr. Chair --

CHAIRPERSON THOMAS: Go ahead, Mr. Guyton.

COUNCILPERSON GUYTON: -- um, the last speaker made a good point about a pension methodology. He used the term "smoothing." And that addresses, um, if there is a shortage in one year it can be made up in another year. And it depends on the length of time that the smoothing has been identified. So if there is a loss, it's not a loss as it relates to the totality of the plan. Um, there is room to make it up. And that is -- that wasn't brought up in any of the presentations. Thank you.

CHAIRPERSON THOMAS: Okay. Mr. Angelo?

FRED ANGELO: Thank you, Mr. Chair, Council. Good to see everybody. Uh, a couple of things. I'm Fred Angelo, Professional Firefighters Paramedics Palm Beach County. Uh, I do the politics. I actually just drove here from six hours from Tallahassee listening to the presentation. I'd like to report that pretty much Senate Bill 7011 that was reported here that was gonna pass, um, still has three committees in the Senate and is not agenda'd this week so we have a week and a half left. It does not appear it's gonna be agenda'd. I'll be there next week but I doubt it's gonna be agenda'd.

Um, Senate Bill 1392 is not even on special order to be heard on the floor but is more likely to pass than Senate Bill -- or than House Bill 7011.

COUNCILPERSON GUYTON: Which is what (inaudible)?

FRED ANGELO: That addresses the FRS to put everybody into a 401k. Uh, moreover, for firefighters and police officers, um, the 401k system does not address a death and disability benefit. I can tell you my family would depend on that. I've been stuck at the bottom of a canal before. These guys go into burning buildings.

For General employees, they're out here directing traffic sometimes on some of these things. They're -- you never know what you're going to encounter. The Boston Marathon, that wasn't just police and firefighters helping those people. It was citizens, employees of the City of Boston. So we need to address that in these things.

Um, 401k. 1930 the market rebounded. The worst recession ever. 2008, the second worst recession ever. The market's rebounding. You know, this isn't a fast-food business. It's not McDonald's. We're not gonna pull up and get a double cheeseburger. This is investments, long-term strategy.

Um, one of the other things in the presentation, the employee can only make one change a year. Are we going to leave them stuck in the 2008 market conditions because they can only make one change a year if we switch these employees? I mean, that's -- that's crazy.

Our employees don't get bonuses. 401k was never meant to be a retirement system. Time magazine in 2009 has an article says, "Is it time to retire the 401k?" And being a -- being a -- a student of this game, 55- to 64-year-olds right now in this country who are in the 401k system have less than \$60,000 in their 401k. That's going to be a problem for our state.

And most of our employees in Riviera Beach live in Riviera Beach and retire and stay in Riviera Beach. So that would become a problem for Riviera Beach.

So let's do the right thing. Let's see this thing through. These employees and myself and all these unions have been working with the Council to make it stay right. The ship's starting to sail in the right direction. Let's keep it on course.

CHAIRPERSON THOMAS: Thank you, Mr. Angelo. Next we'll have, uh, Bobbie Brooks, Jr.

BOBBIE BROOKS, JR.: Thank you, Council, Chairman. Um, I'm Bobbie Brooks, Jr. I work with the Riviera Beach Firefighters' Pension as chairman. My concern about the discussions that have taken place so far, um, is that they really haven't had a full, I think, perspective of pros and cons for D.B. plans and D.C. plans. And what I've heard so far is that the Council has mostly heard things from the benefits of a Defined Contribution Plan but hasn't -- hasn't really heard much about the benefits of a D.C. -- uh, D.B. plan.

Uh, a couple months ago, maybe last year, I sent an e-mail to the Council -- maybe you don't check your e-mails too well, but I did ask for them to have a workshop from the FPPTA, which is what the Council is required for us as trustees to attend to be certified, so we can be educated and make educated decisions. But I felt as a concern that the Council wasn't really making a full educated decision when it came to making a decision about the pension plans.

The FPPTA, which you told us to go and attend, offers workshops for council members and for stakeholders when it comes to pension plans and choices for the pension plans and getting a broader perspective. Um, and I would encourage the Council to have a workshop that the FPPTA will send members to, their presenters to, so you can get a -- a broader perspective for D.B. and D.C. plans and the pros and cons for both.

But at this point I think the Council hasn't really received that much information. And I understand the fact we want to stop the bleeding, 'cause all cities across, you know, America are wrestling with lack of funds and concerns for being able to supply services to their citizens. And I'm concerned about that, too. I live in Riviera Beach, born and raised. I've been here all my life. Plan on being here much longer.

Um, but the fact is if we make a knee-jerk decision to stop the bleeding, we could hurt later on more so by it. So we need to make sure whatever decision our council makes is a well-educated, a well-informed decision, not just coming from one perspective but from a broader perspective.

So I'm encouraging the Council -- I'm -- I'm presenting this to you for all of you right now, let's allow the same group of people you told us that we have to go to to be certified, uh, to be a part of this boards that we're a part of, for you also to get some education so that you can make an educated decision on the pension future for Riviera Beach and not just a knee-jerk reaction and getting things from a single perspective. Okay?

So, um, I'll send out the request again if I need to. I've talked to -- contacted the FPPTA. They're more than willing to come and do a workshop for the stakeholders. They say really it's -- it's more valuable when it's done for the stakeholders such as yourselves as opposed to just a general one. So if you can map out a schedule on your calendars to have a workshop, I'll get it done. Okay? So let me know that.

CHAIRPERSON THOMAS: Thank you. Thank you. Uh, Mr. Brooks, it -- it's funny. I -- I've said this approximately a little over a year ago, almost two years ago, that we should all have participated in that and become certified for these very reasons. And some of the pension boards didn't think that it was -- it was necessary at that time. Um, I'm pretty sure they probably wish that maybe we would have, you know, gotten that 'cause it's a -- it's a real decision. It's a tough thing, you know --

BOBBIE BROOKS, JR.: It is.

CHAIRPERSON THOMAS: -- to -- to deal with that. So thank you for that comment and we will look into it once again.

BOBBIE BROOKS, JR.: Okay.

CHAIRPERSON THOMAS: You know, uh, looking at that. Councilwoman Brooks?

CITY MANAGER JONES: Mr. -- Mr. -- Mr. Chair?

CHAIRPERSON THOMAS: I see you. I see you. Come on. Did you -- I didn't --

CITY MANAGER JONES: Uh, Mr. --

CHAIRPERSON THOMAS: Hold on. It --

COUNCILPERSON GUYTON: She's (inaudible).

CHAIRPERSON THOMAS: I -- I got it.

CITY MANAGER JONES: Yeah.

CHAIRPERSON THOMAS: No problem. I -- I asked for a show of hands. I didn't see you, Miss Becton. I'll take these last two 'cause I asked for that. Come on up, Miss Becton. While you're coming, Miss -- Miss Jones.

CITY MANAGER JONES: And I just wanted, um --

CHAIRPERSON THOMAS: I mean, Miss Brooks.

CITY MANAGER JONES: -- Mr. Brooks to know that we did get your e-mail. It was forwarded to all council members, as well as Councilman Guyton also sent the exact same e-mail. So they did get it and I know some are thinking about going. It's in May if that's the same one.

BOBBIE BROOKS, JR.: I -- I can have them come here. They'll come here and do a workshop here --

CITY MANAGER JONES: Yeah. Okay.

BOBBIE BROOKS, JR.: -- for our council members. It's (inaudible) so I -- I can

arrange that if you allow me to do that.

CITY MANAGER JONES: Yeah. So --

CHAIRPERSON THOMAS: Okay. Okay. I probably will.

COUNCILPERSON GUYTON: (Inaudible).

CHAIRPERSON THOMAS: Councilman Brooks.

BILLIE BROOKS: Hi, Billie Brooks. Um, now serving on the Police Pension Fund. And, uh, I want to ditto what my son just said about the importance of every one of you being educated on the whole pension system.

Coming up May 20th, there will be, sponsored by the Division of Retirement, a trustee school. And I think it would be good if the chair or someone -- I believe somebody from staff probably definitely should go. Because there is so much to be learned about what is going on in the system. And certainly you'd get an update on what's happening legislatively, as well.

When I went last year, right after we were proposing to go this route, it was March of last year and I went to the trustee school and I learned so much. This was in May. One, I learned that we were not even collecting all of the money that we were entitled to collecting, which meant that we were missing out on quite a lot on, um, those tax -- premium tax dollars.

But it's just so important that we get educated. For every recommendation that's here, we ought to know what is the impact on us as we look at the State. It's so important because -- and then the State gave us some options on what we could do, not just going strictly with direct contribution, a Defined Contribution, but there were other options, as well. And so we really need to be well-informed on what is on the State side, and as my son has said, we need to be informed by the FPPTA. So please take that under advisement and thank you so much.

CHAIRPERSON THOMAS: Thank you. Miss Becton?

COUNCILPERSON GUYTON: And as she comes, Mr. Chair --

CHAIRPERSON THOMAS: Mr. Guyton? --

COUNCILPERSON GUYTON: -- to respond to Mr. Brooks, um, suggestion about having a workshop, I did reach out to the FPPTA and Ray Edmondson, who is the, um, chairman/CEO of that organization --

UNIDENTIFIED SPEAKER: CEO.

COUNCILPERSON GUYTON: -- indicated that whenever we want to have a group of people who are knowledgeable in these issues to give an objective, um, presentation

about the pros and cons, they'll come to us at no charge.

CHAIRPERSON THOMAS: Okay.

COUNCILPERSON GUYTON: So if the Council want to take him up on it, please let me know and I'll get with the City manager and we can make it happen.

CHAIRPERSON THOMAS: Miss Becton?

CINTHIA BECTON: Good after -- good evening. It is evening. Good evening, everyone. I'm Cinthia Becton and I serve on the General Employee, uh, Pension Board as a trustee. I'm also a certified trustee. I did go through the training to get that certification.

The only thing that I wanted to make sure that I echoed was the -- several of the comments that were made. Truly it is a time for the boards to meet with the Council, and the FPPTA will bring that knowledge base that we need. I totally agree with that. Didn't want to sit and not put -- make that a matter of record. We've had this discussions at our meetings, and so I think since we have a quorum here, uh, we can say General Employee Pension, we'll be here when you set the workshop.

CHAIRPERSON THOMAS: Okay. Thank you, Miss Becton. Miss Kendrick? And I know I said that was gonna be the last -- this is the last person, but if there's another member of the pension boards, of any pension board who would like to say something, last call. Last call. You want to say something? Okay. I'll let you say something right after Miss Kendrick.

BETTY KENDRICK: Hello. I'm Betty Kendrick, chair of General Employee Pension. I don't usually say anything. I usually listen. I'm a good listener. Um, most of the comments that come through today were true about the different things that are defective in us moving to the D.C. plan. We've been with the D.B. for so long and we -- we have learned all of this in school. I've been attending school for 18 years so I've past, like, 12 years of high school. I'm going into colleges as far as the years that I've been going to school with the pension.

And so there's a lot of good things that the Council really need to know concerning the good things and the bad things about conversion from one plan to another one. And before we throw the baby out with the bath water, we need to look and see where the contaminants are. There are problems that are defective in all plans.

But we also need to -- if we're going to say we're hiring new employees and they're going to have to know how to do their own investments, how many new employees come into this building already know how to do investments? You're gonna bring people in and tell them, This is one of your benefits. You come in here and you put your money over here and when you retire, you're going to have a nest egg. They're going to have a goose egg 'cause it might not have anything when they retire if the investments are bad.

We went to school 18 and some of us 20 years to learn what we have learned. And you're thinking of hiring brand new employees and allowing them to maximize their benefits for the rest of their life by a bad decision that they could possibly make because it's an uneducated decision. We need to think about that. And, uh, that was something we didn't mention, you know? I just thought I would throw that in. Okay.

CHAIRPERSON THOMAS: Thank you, Miss Kendrick, I appreciate the -- the -- the comment. I think that's the first time I've ever heard you give a comment. I was glad to hear that. Miss Daily?

MISS DAILY: No, I'm good.

CHAIRPERSON THOMAS: You good?

MISS DAILY: They said what I needed to say.

CHAIRPERSON THOMAS: Okay. Is there -- is there any other pension board member? This is your chance to address the council. Okay.

All right. No problem. That -- that was the, um -- the -- the final comment from the, uh - the public and the -- the pension board and anchored so greatly by Miss Kendrick. It's discussion of the board time.

COUNCILPERSON GUYTON: Mr. Chair?

CHAIRPERSON THOMAS: Mr. Guyton?

COUNCILPERSON GUYTON: I reached out to the Department -- the highest-ranking person on the staff level in the, um, pension -- the pension department for the State of Florida. Her name is Trish Shoemaker. She's been there, like, 35 -- I don't know, almost 40 years. She's been dealing with pension plans a long time. And, um, I, as I often do, sought some direction in regards to what we were discussing. But there was one paragraph that I would like to read into the record that, um, she responded to, if I may.

CHAIRPERSON THOMAS: Yes, sir.

COUNCILPERSON GUYTON: And as I indicated, this is from Trish Shoemaker. Actually, Patricia. And she's the one that actually coordinates the -- the State Fire and Police Annual Pension Conference that everyone learns a lot at. And, um, she's been around a long time. But she said, "If the goal of the Council is to reduce their contribution requirements, closing the Defined Benefit Plan may actually have the effect of increasing the cost in the short term. Alternatively, you may be able to make some changes to your Defined Benefit Plan that would make the contribution requirements more affordable. The City may wish to consider some of the cost-saving options that our cities -- that other cities have used.

"For example, a stop/restart provision to prospectively reduce benefits and then

reinstating those same or some level of benefits." Stop/restart. I've heard actuaries talk about that method, as well, to -- to gain control of the cost.

She said, "This produces a cost impact for the new" -- she put in quote -- "benefits allowing a larger amount of the State monies to be used to offset the City's contribution requirements. Others have increased the employee contributions or created two-tier plans with reduced benefits for all employees or for new hires, etc. The City may wish to discuss various options with the plan actuary --" and someone alluded to bringing in the actuary; I think it was Ron -- "to come up with a scenario that works for the City and protects the employees' pension benefits."

And I think that, um, people who have been doing this a long time, like she has, has a lot of valuable input and we need to consider some of the options that she's alluded to.

CHAIRPERSON THOMAS: Thank you, Mr. Guyton. Any other board member? Okay. Well, where, Miss Jones --

COUNCILPERSON J. DAVIS: Yeah, Mr. -- Mr. Chair?

CHAIRPERSON THOMAS: Miss -- Miss Davis?

COUNCILPERSON J. DAVIS: Uh, I have just one comment. Um, and it's really informational. Um, we are very much involved with the League of Cities, um, on a national and Florida level, Palm Beach County level. Um, and I think our board member can attest to that and if I'm wrong, you can correct me. But I think one of the priorities that they are looking at is pension reform.

And that's just given to you for your information. Um, I mean, we -- we talk about how much we are involved with the League, so I just wanted you to have that information prior to going forward.

CHAIRPERSON THOMAS: Okay. Miss -- thank you, Miss Davis. Anything from any of the other board members? Okay. Um, I want to know where we are with this, 'cause it really doesn't seem like we're, um -- it doesn't seem like we're really comfortable with moving forward in light of having -- fortunately or unfortunately one of our new board members is a certified pension, um, individual who could add some, definitely, light. We may need to continue to workshop it or we may need to not. But where are we with this process at this time?

CITY MANAGER JONES: Um, right now we need Council's recommendation on how to proceed. As you'll recall in the, um, presentation, we've already gone out on the street. So if it is the desire to move forward, we can move forward. If it is not the desire to move forward and continue to workshop and talk, we can also do that.

CHAIRPERSON THOMAS: Okay. Um, if the -- if the board is not ready, then just pull it off the street and, you know, just, you know, deal with it at a later time. If the board is not ready. Is the board -- is the board ready to make a decision one way or another?

CHAIR PRO TEM PARDO: I'm not ready.

CHAIRPERSON THOMAS: Mr. Davis?

COUNCILPERSON T. DAVIS: No.

CHAIRPERSON THOMAS: Pull it off the street and --

COUNCILPERSON GUYTON: And neither am I.

CHAIRPERSON THOMAS: -- and, um -- and, uh, we'll -- we'll continue -- we'll continue to move and -- and work (inaudible).

COUNCILPERSON GUYTON: Uh, Mr. Chair, I would like to get some direction in regards to whether we can direct staff to contact the FPPTA to come down and -- and give us a broad perspective.

CHAIRPERSON THOMAS: Yes. Miss -- Miss -- Miss Jones, contact the FPTA [sic] --

COUNCILPERSON GUYTON: Uh, I'll give you the information.

CHAIRPERSON THOMAS: Yeah.

COUNCILPERSON GUYTON: We'll -- we'll -- we'll --

CHAIRPERSON THOMAS: Yeah.

COUNCILPERSON GUYTON: -- I'll work with you.

CHAIRPERSON THOMAS: Good. Okay. We're going to go on to, um, Item 2. Everybody who's leaving, please leave quietly. I'm sure that was the --

COUNCILPERSON GUYTON: Main --

CHAIRPERSON THOMAS: -- the main concern. Nobody's probably concerned about the registry of foreclosed homes or anything like that. So y'all go ahead. I mean, is everybody going to leave? We -- no, I'm just kidding. Go ahead. Go ahead. See you later. See you later. Go -- go -- go ahead, Chief.

POLICE CHIEF WILLIAMS: Oh, I -- I thought it was me, Mr. Chair.

CHAIRPERSON THOMAS: No. That's (inaudible) open house.

POLICE CHIEF WILLIAMS: Clarence Williams, Police Chief. Uh, good evening, members of Council and city manager. Um, the police department is, uh, presenting and advancing three pieces of legislation that, uh -- and in-service areas that have had a disproportionate impact on governmental services. And what we are proposing and suggesting is going to balance that -- that impact.

We're going to have a presentation by our Code Administrator Mrs. Moore, and she's going to be assisted by Attorney **Christy Goddeau** [phonetic]. Uh, so we're ready to go. Ladies?

CHAIRPERSON THOMAS: If there is anybody who would like to speak on Item 2, please fill a comment card out. And seeing that everyone that's left here in the building is an employee, just kind of raise your hand if you want to have any public comment on Item 2. Chief Williams, are -- are you going to be responsible for the presentation for 3, as well?

POLICE CHIEF WILLIAMS: 2, 3 and 4.

CHAIRPERSON THOMAS: Okay. Well, we can keep them going in succession.

NATALIE MOORE: Good evening, Council.

CHAIRPERSON THOMAS: Good evening.

NATALIE MOORE: My name is Natalie Moore, Code Enforcement Administrator with the City of Riviera Beach Police Department Code Enforcement Division. And I'm here to discuss with you tonight the registration of foreclosed and mortgaged real properties.

This has been, um, a project that the City has wanted to implement for a number of years. And what we've done in the City of Riviera Beach is take advantage over the last couple of years of the, um, other cities that have been working to implement this process so that we're now ready to implement it. And they worked out most of the kinks with the system so, um, we have the benefit of that experience as we move forward to address the foreclosure and vacant properties in our city.

The legislative intent of this ordinance is to limit and reduce the deterioration of foreclosed and mortgagee-owned property in the city, to establish a registration program to provide the city with current property owner name and contact information. And that's very important in the enforcement of code violations and property maintenance issues against foreclosed properties.

Require owners of foreclosed properties to regularly inspect and maintain properties. It puts the onus of property maintenance/inspection on the property owners, not on the City as it currently stands. Establish maintenance standards for foreclosed and mortgaged-owned properties. And this is also important in that we currently have property maintenance standards, but a lot of times banks and people who have, um, foreclosed properties tend to assume that that applies to those other properties and not to vacant and abandoned properties.

So we're making clear in this ordinance that if your property is foreclosed, if your property is -- has a lis pendens filed against it going into foreclosure or if you've been through that process, you still have maintenance standards. And last, it establishes an annual registration fee.

Some ordinance highlights. The ordinance declares a public nuisance for any unsecured or unmaintained abandoned and vacant real property in the City of Riviera Beach. We have existing nuisance standards; however, again, we are incorporating them into this ordinance to make it clear for these properties that we require them to be secured and maintained.

This applies to any occupied or abandoned vacant property which is in foreclosure or ownership has been legally transferred to a lender or mortgagee. And this is important because a lot of times there may just be a lis pendens filed on the property and a lot of times the ownership doesn't change in the county records at that time. But this is putting people on notice that as soon as you file the lis pendens to go into foreclosure, you need to be registering with the City of Riviera Beach.

It requires mortgagees to register real property and cause inspections within 14 days of declaration of mortgage default. It requires the maintenance of landscaping and removal of junk and debris and graffiti. And it requires the property to be secured to prevent unauthorized entry. And it requires property owners -- and this is important -- to post contact information for their property maintenance companies.

This is an ordinance survey of municipalities to show the prevalence of foreclosure registration ordinances throughout Palm Beach County and in other counties in the State of Florida and in our South Florida area. And the City -- City of Riviera Beach, again, we would be consistent with the other municipalities, because the foreclosure crisis, the abandoned property crisis affects all of us, not just Riviera Beach. And this is indicative of showing how widespread the issue is that all cities from Wellington to Dania to the City of Riviera Beach are enacting these ordinances.

Let me see if I can get this over where I can discuss it. Um, one of the -- does this mean -- thank you.

DEPUTY CITY MANAGER JONES: Let's see. (Inaudible).

NATALIE MOORE: Okay. This light is indicative of some of the costs that the City currently incurs in its maintenance of vacant properties. And this is just for one quarter. For the last quarter of the fiscal year 2011 to 2012, we spent \$24,900 for property maintenance, meaning lot clearing, home cleanings and that means cutting the yards of vacant properties and boarding and securing of those properties. This is what we do routinely in Code Enforcement to address the vacant properties, the prevalence of vacant properties in our city. So this is just a snapshot over a three-month period. Click those --

DEPUTY CITY MANAGER JONES: (Inaudible) this one. This one here. Click this one.

NATALIE MOORE: Oh, no. I'm on the mouse. Thank you, sir.

DEPUTY CITY MANAGER JONES: Yeah, uh-huh.

NATALIE MOORE: Okay. There you go. Thank you.

DEPUTY CITY MANAGER JONES: Okay. This is good right here.

NATALIE MOORE: Okay. By the numbers, this again -- this slide here is showing the urgency of the need for addressing foreclosure registries throughout the state and also in Palm Beach County. Um, I think you may have heard about a year or so ago the courts requested that they be given additional monies to address the backlog of foreclosure lawsuits that were clogging the system. And these are just some of those numbers.

There were almost 500,000 backlogged foreclosure cases. Now, what does that mean to us? That means here in the City of Riviera Beach, when we're addressing code violations and maintenance of properties, these properties are in limbo. And a lot of times when properties are in limbo, no one wants to take responsibility for these properties. So that's what the foreclosure registry is going to do by requiring that registration at the time of lis pendens. It's going to get those properties up to the -- the notice and the contact for cities, not waiting until you complete the foreclosure process.

Okay. We did a windshield survey and this is to discuss some of the -- so we can extrapolate some of the vacant properties we'll be dealing with in foreclosure issues throughout the city in some of our communities. In the Congress Lake development, we didn't observe -- this survey was done in February of last year. There weren't any vacant properties at -- in that -- at that time.

Um, in Lone Pine, there were about, um, 28 vacant properties at that time. Now, we're saying vacant. Again, vacant doesn't mean that the property's in foreclosure. And the fact that it's occupied doesn't mean that it's not. So this is just what we could see while we were doing the survey. So when you have 8 percent -- and again, if we want to extrapolate 8 percent times the total number of properties in the City of Riviera Beach, what that would be.

National Village, about 17 properties. That was about 12 percent. And we have a cul-de-sac right near, um, the entrance where we're going into Suncoast and that's -- we, um, just surveyed that area and we had three vacant properties in that little area of 17 homes. So that's about 17 percent. So we're saying as we extrapolate throughout the city, we are seeing at least maybe a minimum of 10 percent, even -- maybe even more of our housing stock that could be in this -- in the state of foreclosure, either going in or have a lis pendens filed.

And in discussion with, um -- let me get his name correctly. I don't want to mispronounce it. It's Mr. Sluggett who represents the vacant registry. He estimates that there are about 900 properties in the City of Riviera Beach that could be subject to foreclosure at this time. But this is just a brief summary. It could be more than that.

So the proposal that we're making takes advantage of existing ordinances and existing, um, programs in other cities. This -- these, um, ordinances have already been tested. They've been implemented and they're helping cities realize, um, the registry. They're

taking advantage of the expertise of vendors that are able to do this research for cities. And that helps us as we proceed to maintain these properties and also reduce the costs that you saw that we are already currently expending to maintain these properties. That's it.

COUNCILPERSON J. DAVIS: Did I understand you to say we get money for this?

CITY MANAGER JONES: (Inaudible) talk about how it works.

NATALIE MOORE: Yes. Um, the -- as you saw in the slide, we were talking about a registration fee. And consistent with most cities, the average registration fee is \$200. And this applies, again, not when the property is foreclosed. We're talking about when you file the lis pendens. And what happens is the vendors that currently provide this service for cities, um, what they do, they have a database and they routinely check the court filings.

This is something that is very labor-intensive for cities, but that's all they do. And as soon as those properties come up on lis pendens or as a filing of a default of a mortgage, then they are contacting, you know, in this partnership -- it's a partnership with the City and with this vendor.

They're contacting those companies and saying, "Listen, your property is in the City of Riviera Beach. You now have 14 days to register with the City of Riviera Beach because they have an ordinance that requires this." And that's generally what's done in this partnership of cities and the vendor right now. So that, you know, as soon as this ordinance comes on board, we expect that, you know, if we contract with these vendors, what they'll be doing is letting everyone know -- 'cause they already have the relationship with the banks because they have the database for the numerous cities that they use now. They would be contacting them and telling them the City of Riviera Beach also has an ordinance. You need to be registering. You need to get, um, in contact with them. You need to pay us the registration fee.

And then what they would do is the money that's collected, half goes to the vendor, the other half comes to the City. Okay? So now we have a database that they'll be maintaining for us. Any problems we have, we're contacting property owners, it's in the database. As it changes, as it flips, that's something that they're constantly updating, constantly doing. That's something that's very labor-intensive to -- for us right now. But it will save the City and staff a lot of time.

COUNCILPERSON GUYTON: All right. Mr. Chair?

CHAIRPERSON THOMAS: Mr. Guyton?

COUNCILPERSON GUYTON: Uh, Miss Moore, as it relates to the third-party vendors that you're referring to -- and I'm assuming that's what you're referring to, to administer this program for us?

NATALIE MOORE: Yes.

COUNCILPERSON GUYTON: Um, would -- would there be either one or more and if so, how do they get paid and do we as a city have to put anything up front in order to secure their services as -- by way of funds?

NATALIE MOORE: The mortgagees will be paying the fee. The City is not required to pay the fee. And they collect that fee. They take half of that fee and the City gets the other half of that fee.

COUNCILPERSON GUYTON: Oh, they get half of the fee that they collect?

NATALIE MOORE: So they do that notification and they keep that database that -- so that we're able to get that as this partnership. Cities have tried it. And this is what I was saying, the benefit for us to wait a little bit, to watch how it was done. We had some cities who thought they could do it, and they tried to do it. And they couldn't do it.

And when we went to talk with, um, Palm Beach Gardens at that time, they were thinking they could do it themselves. They couldn't do it themselves. So -- because again, the nature of the beast. There's so many foreclosures. Properties are coming in and out of foreclosure. It's just almost impossible to keep up with them. But this is what the vendor would do.

COUNCILPERSON GUYTON: Mr. Chair? A follow-up.

CHAIRPERSON THOMAS: Mr. Guyton.

COUNCILPERSON GUYTON: So how many -- would -- would you recommend selecting a vendor or will you have a variety of vendors that you would recommend that we may secure?

NATALIE MOORE: Well, just from --

CITY MANAGER JONES: Can I respond to that? I'm sorry.

COUNCILPERSON GUYTON: Anybody (inaudible) --

CITY MANAGER JONES: Let me respond to that.

CHAIRPERSON THOMAS: Miss -- Miss -- Miss Jones, go right ahead.

CITY MANAGER JONES: Because of the potential dollar value that, um, could be achieved as a result of this, it is necessary for us to follow procurement rules.

COUNCILPERSON GUYTON: Okay.

CITY MANAGER JONES: And so in that particular case you would be selecting one vendor. The -- and so whether you piggyback on someone else's solicitation, like Gardens or Wellington, or if you go out on your own, but you would be selecting one vendor --

COUNCILPERSON GUYTON: Okay.

CITY MANAGER JONES: -- through the procurement process, either piggybacking or doing an RFP.

COUNCILPERSON GUYTON: Okay. Thank you.

COUNCILPERSON J. DAVIS: Mr. Chair?

CHAIRPERSON THOMAS: Miss Davis?

COUNCILPERSON J. DAVIS: Do -- would we have access or shared access, um, of the database for our city?

NATALIE MOORE: Yes, we would. And again, that's the benefit of the partnership.

COUNCILPERSON J. DAVIS: Okay. All right.

CHAIRPERSON THOMAS: Any other questions/concerns from other board members? Thank you.

NATALIE MOORE: Thank you.

CITY MANAGER JONES: Well, if --

CHAIRPERSON THOMAS: We'll move to --

CITY MANAGER JONES: -- if it is the desire of Council, we will have this on the May 1st agenda.

CHAIRPERSON THOMAS: Okay. We'll go to --

COUNCILPERSON GUYTON: But -- but would -- uh, is -- are we directing staff to move forward on this?

COUNCILPERSON J. DAVIS: I think it's a great idea.

CHAIR PRO TEM PARDO: I think we should move forward.

COUNCILPERSON GUYTON: I do, too.

CHAIRPERSON THOMAS: We --

COUNCILPERSON T. DAVIS: Yes.

CITY MANAGER JONES: Okay.

CHAIRPERSON THOMAS: Could I hear the, uh -- any --

COUNCILPERSON GUYTON: Objection?

CHAIRPERSON THOMAS: -- suggestions from the discussions 'cause we don't take votes in workshops.

COUNCILPERSON GUYTON: Okay. I -- I just want to make sure staff has a clear direction as to what --

CHAIRPERSON THOMAS: I -- I (inaudible). (Inaudible).

CITY MANAGER JONES: And while they're preparing for this, both of their next two items are also coming, um, out of the Code Enforcement Division of the police department. Periodically, we've found it is important for us to go back and look at our ordinances and add to the ordinances or either establish new ordinances. And so the presentation that you're getting ready to have is one where we're doing an addition to an existing ordinance to include shopping carts. We have junk cars. We have all those others. But we cannot -- we don't have in our ordinance shopping carts.

CHAIRPERSON THOMAS: Is the presentation --

CITY MANAGER JONES: So if you all think it's appropriate to add that --

CHAIRPERSON THOMAS: -- yeah, I was gonna say --

CITY MANAGER JONES: -- we will go ahead, add shopping carts, and like with the previous one, go ahead and prepare for April -- May 1st.

CHAIR PRO TEM PARDO: Um, Mr. Chair?

CHAIRPERSON THOMAS: Yes. Yes, ma'am, Miss Pardo.

CHAIR PRO TEM PARDO: All right. This is like déjà vu.

CHAIRPERSON THOMAS: Yeah. We -- we --

CHAIR PRO TEM PARDO: Weren't we here? I thought we already had an ordinance with regards to shopping carts.

COUNCILPERSON J. DAVIS: I (inaudible), too. For shopping carts. I did, too.

POLICE CHIEF WILLIAMS: Um, is -- Miss Pardo, I -- I --

CHAIR PRO TEM PARDO: I remember the discussion and --

POLICE CHIEF WILLIAMS: -- uh, we -- we did. We workshopped it. Um, and we, uh, never brought it to fruition in terms of creating and having it adopted by Council. So it -- and when we discovered it, it's been so long we just added it to this discussion. But, uh, you have long since given us direction on that to move forward. And so we're -- we're -- we're cleaning up an administrative process here --

CHAIR PRO TEM PARDO: Yeah. Oh.

POLICE CHIEF WILLIAMS: -- with this discussion.

CHAIRPERSON THOMAS: I -- I think the majority of us are fine. Any -- any board member having any other questions, concerns or needs anything regarding the shopping carts? Okay. Let's go to the next one.

POLICE CHIEF WILLIAMS: Okay.

CHAIRPERSON THOMAS: Let's go to, um; 4.

COUNCILPERSON J. DAVIS: Just -- I have one question --

CHAIRPERSON THOMAS: Miss Davis, go right ahead.

COUNCILPERSON J. DAVIS: -- concerning the junked, wrecked abandoned property but, um, okay, so -- never mind. I'll get with you, Chief. We'll -- we'll move on.

CHAIRPERSON THOMAS: No. If you -- if you --

COUNCILPERSON J. DAVIS: No, that's all right. Go ahead.

CHAIRPERSON THOMAS: Okay.

COUNCILPERSON J. DAVIS: I'll get with him.

CITY MANAGER JONES: (Inaudible) departments.

COUNCILPERSON J. DAVIS: I know.

CHAIRPERSON THOMAS: Okay. Um, go ahead, Chief. Four?

UNIDENTIFIED SPEAKER: Four.

CITY MANAGER JONES: This ordinance, um, deals with alarms and particularly false alarms. Um, one of the things over the years the police department has found out is that they can spend a great deal of time responding to false alarms. And we always want to be available to our businesses and our residents; however, um, when we start talking about the impact of the delivery on that particular service without having some penalty or fee, um, it begins to have a negative impact on the delivery of the services.

So this ordinance is dealing with false alarms, and we'll ask Captain Snow if she would make that presentation.

CHAIRPERSON THOMAS: Oh. That's who Captain Snow is. Okay.

CAPTAIN SNOW: Hi. Good evening, all.

CHAIR PRO TEM PARDO: Hi.

CHAIRPERSON THOMAS: Good evening. Good evening..

COUNCILPERSON J. DAVIS: Good evening.

CAPTAIN SNOW: Good to see you. I'm Vanessa Snow, one of the, uh, captains for the police department. I am assigned to Support Services. I am here with you this evening to discuss the false alarm ordinance as laid out.

CHAIRPERSON THOMAS: Captain Snow, let me ask a question, though, before you get started.

CAPTAIN SNOW: Yes, sir. Sure.

CHAIRPERSON THOMAS: Don't we already have one of these in place, as well?

CAPTAIN SNOW: We absolutely do have one of these in place.

CHAIRPERSON THOMAS: So why are we --

CAPTAIN SNOW: So what we've found --

CHAIRPERSON THOMAS: -- (inaudible) --

CAPTAIN SNOW: -- while looking at our current ordinance is that it lacks the depth that we were looking for as far as seeking compliance to reduce our false alarms. Our current ordinance is a six-month duration, and the ordinance that we're going to propose to you is a 12-month duration, so it expands the length of time that we can look at responding to false alarms and also it looks at our current -- current ordinance. The fee structure is different than what we're going to propose, and we'll get into that in a moment.

CHAIRPERSON THOMAS: Okay.

CAPTAIN SNOW: So what we're looking at is a -- a mechanism to reduce our false alarms, thereby leaving our law enforcement resources available for in-progress emergency calls while also engaging in some proactive intelligence-led policing.

So before we get started looking at our current issues, we're going to look at some national trends that's going to lay out the foundation real quick. So as you can see nationally speaking, there are about 36 million false alarm calls that are answered across the country. Of those 36 million it's been determined that 94 to 98 percent nationally are false alarms. That means that when an officer is responding to a false alarm, they're not available to answer an in-progress call or engage in proactive policing.

Now, of those 36 million alarm calls that are answered, that's costing \$1.8 million or

about \$50 per call that's not a legitimate alarm call. So again, the goal is going to be to reduce those false alarms. Now, as you can see, we match up with the national average, for the most part, for the number of officers that we have to our 1,000 residents. What you see is a drastic change is where we have almost double the amount of Part I offenses, which are murders, rapes, robberies, burglaries, auto thefts in our city that our officers have to respond to.

Now, when our officers are responding to false alarm calls that are fake, that are not legitimate alarm calls, they're not responding to our in-progress Part I calls as a result.

As you can see from this chart here, alarms, they're our third highest call for service in the city. Now, what we did was we did a five-year study. We looked at alarms for the past five years across our jurisdiction, and what we see is over those five years, that in total, we've responded to 16,484 alarm calls. Now, of those, we see that an average is about 3,300 alarm calls a year, which makes it about nine alarm calls a day. Well, as we follow the line over a little further, we see that of those alarm calls that we answer every day, approximately 73 percent of them are false alarm calls.

So when you do the math and you do the numbers, the average length of time that our officers spend on an alarm call is 20 minutes. And our practice is to send, for officer-safety reasons, two officers to every alarm call. Well, then you have about 40 minutes they're taking up of time. When you follow the math and you're saying seven out of every nine alarm calls are not legitimate, that they're false alarms, our officers are spending four and a half hours a day responding to false alarm calls.

So the goal is to reduce those false alarms and get our officers back on the streets answering these high-priority calls or engaging in proactive policing. So this is what we're looking at. Our current ordinance draft in front of you would be for 12 months and it would require a permit. It's a \$25 permit fee. And for every alarm that is activated at the house that's a false alarm, the homeowner or the resident or the business owner will receive notification of the first and second false alarm.

So they'll be put on notice that we've responded and the alarms either malfunctioning or something's not working properly with the alarm, so it wouldn't be a surprise to them when they got the third notice indicating that a fee would be associated with a third false alarm in a 12-month period.

Our current ordinance indicates that after the third false alarm in a six-month period the fees will start accruing. Now, we do have, um, an appeals process now in our draft policy, our draft ordinance, that was not present in our current ordinance. So this appeal process will allow the complaining party to hear their complaint in front of a hearing officer, which would either be the chief of police or designee or special magistrate. And the hearing officer will either uphold the violation, reduce the penalty or dismiss the violation all together. And we, of course, would review all violations that were sent out to determine if there was a weather-related event which would consequently have us eliminate that.

Here's our fee schedule. And that's been presented for you for your review. The benefit of the alarm registration and renewal is that it keeps data accurate and timely and up to date. It gives a -- a benefit to the homeowner or business owner so that information in our database doesn't just languish forever. It gives us a reason to keep that information current.

CHAIRPERSON THOMAS: Captain Snow?

CAPTAIN SNOW: Yes, sir.

CHAIRPERSON THOMAS: Um, how are you going to get this money?

CAPTAIN SNOW: This money right here?

CHAIRPERSON THOMAS: Yes.

CAPTAIN SNOW: We're going to engage -- we've engaged conversation with a vendor. And they will be sending out the permits, registrations, and we would suggest that we send out the advanced notification in our water bills just to let our residents and business owners know that this -- this process is coming, to be prepared for it and not be surprised.

Um, and what we did was we researched the fees from our area municipalities, Jupiter, Tequesta, Palm Beach Gardens Sheriff's Office. These are on par and in a lot of cases lower.

CHAIRPERSON THOMAS: No, no, no. No, no, no. That's -- that's not my question. My question is: How are you going to get this money? So on the third call when they're fined \$50, how do you --

CITY MANAGER JONES: The vendor.

CHAIRPERSON THOMAS: -- receive this money? How do you get it from them?

CAPTAIN SNOW: The vendor will notify the business owner or homeowner about the fee.

CHAIRPERSON THOMAS: Uh-huh.

CAPTAIN SNOW: The person, the property owner, will have the opportunity to pay either online through a secure service with the vendor --

CHAIRPERSON THOMAS: And when they don't voluntarily pay, what happens?

CAPTAIN SNOW: A late fee is associated.

CHAIRPERSON THOMAS: And when they don't pay the late fee --

CHRISTY GODDEAU: Good evening, Christy Goddeau. Um, just to comment on that

question.

CHAIRPERSON THOMAS: Yes, please.

CHRISTY GODDEAU: What did happen is that --

CHAIRPERSON THOMAS: Please -- please -- please talk into the mike.

CHRISTY GODDEAU: Sorry -- is the hammer is ultimately if they don't pay, we can take them through Code Enforcement and we can put a lien on their property for failing to comply with this ordinance. The way it's set up right now is we're looking for voluntary compliance using an outsourced vendor sort of in a partnership to get folks to register, to get us that information so we have up-to-date information and get voluntary compliance. If we're having a problem with a business owner or homeowner who has three or more false alarms and we can't get them to register, the hammer is Code Enforcement.

The other hammer we have is that the Chief of Police can tell them, "We're not going to respond anymore unless you register." Now, in reality, will that happen? Maybe not. But there's also that possibility that if you're having consistent false alarms, you're not registering and we don't have up-to-date information, we do have some other sources that we can enforce this.

But the way it's set up now is we want voluntary compliance to get everybody to get us their information, keep it updated, work with a vendor who will handle the administration of all this, so that ultimately we reduce false alarms and we get a better response.

CHAIRPERSON THOMAS: I -- I get your point and I see the hard work that's been put into this. This is my issue. At some point the rubber gonna have to meet the road. So if we're not able to collect these funds, then we're going -- you've gone through a lot of preparation, and we're going through a lot of time listening to something that I just can't see that -- I can't -- I -- the chief is not going to be able to tell somebody that we're not going to respond. You know, so I -- I just don't --

CHAIR PRO TEM PARDO: Yeah. You have to respond.

CHAIRPERSON THOMAS: -- I -- that's just my trigger. That's just my trigger. I'm just trying to find out how we're going to -- 'cause we have liens on properties now that we never get until someone sells them and sometimes we don't get them then. You know? I'm just -- I'm -- I'm real curious to know, you know, what did we really put in place. 'Cause voluntary compliance, it's just probably not gonna happen. If that was -- if that was the case, they'd be more responsible in making sure that their alarm is not just malfunctioning. So that's where, you know -- that's where I'm at with it.

POLICE CHIEF WILLIAMS: Well, yeah, Mr. Chair, the -- you know, the harsh reality is that, uh, persons who -- who don't register, who don't pay the fines, you know, ultimately all we have is to deny services. If you think in terms of what it is that we're doing, we're providing a service. Right now the service that we're providing, uh, is at no -- at great

cost to us, at no cost to the customer. Uh, so there's no incentive for them to make certain that their alarms are operating consistently.

Not responding, if you have not properly registered or if you've gone through this process and you haven't paid us, is not foreign. If you right now live in Palm Beach County, if you have not registered, if you live in West Palm Beach, if you have not registered, they don't come. Uh, I ran into that situation in my own home. I have -- I have a -- I have a --

CHAIRPERSON THOMAS: You do live in Riviera Beach, right?

POLICE CHIEF WILLIAMS: I live in the City of Riviera Beach.

CHAIRPERSON THOMAS: Okay.

POLICE CHIEF WILLIAMS: And my ZIP code is 33407.

CHAIRPERSON THOMAS: Uh-huh.

POLICE CHIEF WILLIAMS: My alarm company had me in West Palm Beach.

CHAIRPERSON THOMAS: West Palm. Uh-huh.

POLICE CHIEF WILLIAMS: And so when the alarm went off they called West Palm Beach. West Palm Beach, "Oh, we're not going there. He's not registered." So municipalities do do that. Of course, we've worked hard to try to identify the difference between medical kinds of alarms and we talked about that as we brainstormed this. Medical, panic type of alarms, you know, we will -- we will go, of course, if we get those.

CHAIRPERSON THOMAS: How would you know the difference?

POLICE CHIEF WILLIAMS: Uh, because they come over -- they're monitored differently from the alarm companies. You'll know the, you know --

CHAIRPERSON THOMAS: Okay.

POLICE CHIEF WILLIAMS: -- the type that they are.

CHAIRPERSON THOMAS: Okay.

POLICE CHIEF WILLIAMS: Uh, so it -- it is, um -- unfortunately, you know, municipalities, uh, those are the only ways that they have to -- to collect funds is to lien properties and to -- to withhold services and so that's (inaudible) --

CHAIRPERSON THOMAS: What's the risk of exposure legal-wise? What's the risk of exposure legal-wise?

POLICE CHIEF WILLIAMS: Um, minimum. Did -- did I overstate that, Miss Gateau?

CHAIRPERSON THOMAS: Has there ever --

CHRISTY GODDEAU: No. Uh, and, you know, maybe Pamala Ryan would be best to talk to this. But if -- if we have in our ordinance, which is in the proposed ordinance, that if you don't register, we will not respond. And the way liability occurs for police departments is when you take some steps towards responding and -- and take some sort of action that now creates this zone of you're going to do something, that's where your liability starts --

CHAIRPERSON THOMAS: (Inaudible).

CHRISTY GODDEAU: -- ticking.

CHAIRPERSON THOMAS: You -- you -- you -- you explained that perfect.

CHRISTY GODDEAU: Okay.

CHAIRPERSON THOMAS: You explained that perfect.

CITY ATTORNEY RYAN: Mr. Chair?

CHAIRPERSON THOMAS: Um, Miss Ryan?

CITY ATTORNEY RYAN: I was just -- I was gonna add a little bit to that. She's correct. But also, um, alarms are not like 911 calls. We have to respond to those. These are alarms -- people get them because they want to get them. And you're not --

COUNCILPERSON J. DAVIS: Uh-huh.

CITY ATTORNEY RYAN: -- required to respond. So if they're not paying we don't have to respond. But as Miss Gadow [phonetic] said, if you do respond, you have a duty to do it correctly.

CHAIRPERSON THOMAS: She -- she -- she stated it -- she stated it perfect. It hit home with me.

CITY ATTORNEY RYAN: There you go.

CHAIRPERSON THOMAS: Any other questions from the staff member -- uh, the board members?

COUNCILPERSON J. DAVIS: Mr. -- Mr. Chair?

CHAIRPERSON THOMAS: Miss Davis?

COUNCILPERSON J. DAVIS: Um, you asked one of the questions, uh, I was gonna ask -- how will the fees be collected? -- and you said through an outside vendor. Um, so I'm assuming that the police would send some -- something to the vendor, um, when a person is over those -- that whatever -- let's see, three to five alarms? Your -- your --

CAPTAIN SNOW: What will happen is daily the alarm company will receive our, um, call data.

COUNCILPERSON J. DAVIS: Uh-huh.

CAPTAIN SNOW: And they will tabulate which have been false alarms and which have not.

COUNCILPERSON J. DAVIS: Okay. So you're -- you've thought that through?

CAPTAIN SNOW: Yes, ma'am.

COUNCILPERSON J. DAVIS: Okay. And, um, who's going to be responsible for sending out the -- the, um -- okay. So that's -- that question is null and void because it's going to be an outside vendor. Okay. Thank you.

CHAIRPERSON THOMAS: Um, and I'm assuming that we're gonna have --

CHAIR PRO TEM PARDO: Mr. Chair?

CHAIRPERSON THOMAS: Yes, ma'am. I'll come right to you, Miss Pardo.

CHAIR PRO TEM PARDO: Okay.

CHAIRPERSON THOMAS: I'm assuming we're gonna have -- I'm assuming, which you should probably never do in government -- um, that we're going to have some shared costs here with the vendor?

CAPTAIN SNOW: That is correct. It's --

CHAIRPERSON THOMAS: And what's the percentage of that shared cost?

CAPTAIN SNOW: And by estimating our past 12-month false alarm call data, and tabulating that with the vendor, it would be at a 28 percent sharing. So they would take 28; we would get the remaining 72.

CHAIRPERSON THOMAS: Anything else come out of our 72?

CAPTAIN SNOW: No, sir.

CHAIRPERSON THOMAS: Do we get our 72 off the top?

CAPTAIN SNOW: Yes, sir.

CHAIRPERSON THOMAS: All right. Miss Pardo?

COUNCILPERSON J. DAVIS: Mr. Chair, I have one more question --

CHAIRPERSON THOMAS: Okay.

COUNCILPERSON J. DAVIS: -- that I forgot.

CHAIRPERSON THOMAS: Um, let me -- let me -- let me go to Miss Pardo and I'll come right back to you, Miss Davis.

COUNCILPERSON J. DAVIS: Okay.

CHAIR PRO TEM PARDO: Okay. My question is, um, so if someone has an alarm, they get it through an alarm company. And the alarm company is the person that contacts the police department, correct?

CAPTAIN SNOW: Correct.

CHAIR PRO TEM PARDO: So is there any way that instead of going after the homeowner, that we can go after the alarm company? And then have the alarm company go after the homeowner for the fee? Have the alarm company pay, you know -- tell the alarm company what would --

CHAIRPERSON THOMAS: That's -- that's a pretty good idea.

CHAIR PRO TEM PARDO: Thank you very much.

CHAIRPERSON THOMAS: That's a pretty good idea.

CHAIR PRO TEM PARDO: And it's almost bedtime, too. I'm still sharp. Um, yeah. Maybe that's something that we could think about. You're probably -- I'm sure you'll get the money from the alarm company faster than you'll get it from some of the residents. So maybe that's something you want to think about?

CAPTAIN SNOW: Absolutely.

CHAIR PRO TEM PARDO: Toss around?

CAPTAIN SNOW: We'll research that.

CHAIRPERSON THOMAS: Miss Davis?

COUNCILPERSON J. DAVIS: Okay. And, um, as for the permits themselves, who --

CAPTAIN SNOW: Yes.

COUNCILPERSON J. DAVIS: -- is it the, um, police or utility billing who's going to be sending out the notices that people need to renew their permit?

CAPTAIN SNOW: The vendor will also handle that.

COUNCILPERSON J. DAVIS: Okay, great. Thank you.

CHAIRPERSON THOMAS: That's a part of their 28 percent?

CAPTAIN SNOW: Yes, sir.

CHAIRPERSON THOMAS: Nothing additional?

CAPTAIN SNOW: Uh-uh.

CHAIRPERSON THOMAS: All right. Okay. Any other questions from the -- from the board? Captain Snow, we appreciate it.

CAPTAIN SNOW: Appreciate it. Thank you for having me.

CHAIRPERSON THOMAS: Thank you.

CHAIR PRO TEM PARDO: Thank you.

CHAIRPERSON THOMAS: All right. On to Item 5. And if you want to, um -- if you want to research what Miss Pardo was saying prior to just researching it, then you can give that in an additional presentation when you bring it back before us next meeting.

CAPTAIN SNOW: Sounds good.

CHAIRPERSON THOMAS: That's all right? That's good? All right.

CAPTAIN SNOW: Thank you.

CHAIRPERSON THOMAS: Good to see you, Captain Snow.

CAPTAIN SNOW: You, as well.

CHAIRPERSON THOMAS: All right. Item 5.

CITY MANAGER JONES: Mr. -- Mr. Chair and members of Council, the next two items are items that, um, staff were asked to draft for your consideration. Um, we're a little short. It's been about four months or so when we were asked to bring these forward. What we want tonight is to hear your feedback, what you would like for us to change and revise, um, so that we can get that also out to you.

CHAIRPERSON THOMAS: You were asked by --

CITY MANAGER JONES: Council.

CHAIRPERSON THOMAS: -- this council to bring these forward?

CITY MANAGER JONES: The previous -- the last five people, yes.

COUNCILPERSON J. DAVIS: Uh-huh.

CHAIRPERSON THOMAS: Oh, I -- I've been a part of the last five people for the last six years and I don't remember bringing --

CITY MANAGER JONES: It was --

CHAIRPERSON THOMAS: -- asking that.

CITY MANAGER JONES: -- a -- it was -- this one came at the end of the discussion about Miss -- 'cause Miss Brooks had some scholarship money and then we had some scholarship money and whether those were the same and what was said was we need to develop protocols. Here are your protocols.

CHAIRPERSON THOMAS: Yeah. Well, my only issue was I -- I -- I was never a part and I don't know who was a part of the actual making up of this policy. And when you're talking about legislative policy and donations policy, you probably should have workshopped that to see what thought process we needed to -- or we thought that would be comfortable to put it in, you know, as well.

Um, I've read through the policy several times, um, and some of which I think is very good and -- and needed. Some of the stuff that's in there are, you know -- I don't -- I don't see the need for it. And it's just my personal opinion. But I don't recall having a chance to make my thoughts about it. Maybe I thought that something needed to be put into the policy. There was no request from the boards, Would you like to see anything from this policy or would you like to add anything to this policy? Is there anything in here that you see that may be unreasonable?

CITY MANAGER JONES: That's what we're doing now. This is the first time and that's what we want you to do right now.

CHAIR PRO TEM PARDO: So who put this together?

CITY MANAGER JONES: To tell us what you need for us to take out, tell us what you want us to change. This is the first time it has come before you for discussion in a workshop.

CHAIRPERSON THOMAS: Okay. Well, um, I'm not sure if the time will permit, but we can definitely, you know, start and -- and go through. But I'm definitely not gonna rush something that this is -- that's this important. I'm not ready -- and I'm just only speaking individually -- to move this forward to the next agenda. But if the board is --

CHAIR PRO TEM PARDO: I'm not ready for this.

CITY MANAGER JONES: This one is -- we're not ready for agenda. We want your comments so we know how to edit, what to take out --

CHAIR PRO TEM PARDO: I don't even know what (inaudible).

CITY MANAGER JONES: -- what to put in. This will probably be the first of two or three versions that you need to see.

CHAIR PRO TEM PARDO: Um --

CHAIRPERSON THOMAS: Miss Pardo?

CHAIR PRO TEM PARDO: -- Mr. Chair?

CHAIRPERSON THOMAS: Yes, Miss Pardo?

CHAIR PRO TEM PARDO: Well, I think what we should do is, um, go down the -- you know, go through this document and have staff tell us their reasoning behind putting, you know, each item here. That's what I would like to know.

CHAIRPERSON THOMAS: Okay.

CHAIR PRO TEM PARDO: You know, 'cause maybe there's things going on that I'm not aware of.

CHAIRPERSON THOMAS: And I -- you know, my -- my issue is when you're dealing with something like this, you know, this -- this shouldn't be the first time that we've had an opportunity to -- to -- to have this, you know -- this agreement. I -- I do think that everyone should be able to put in their points of views on it and just because we may not agree with it doesn't mean that it shouldn't go in. Um, but, you know, I don't think that this is the appropriate time. However, the --

CHAIR PRO TEM PARDO: And the Mayor's not here.

CHAIRPERSON THOMAS: -- the Mayor is definitely not here. Um, and because it is a policy for total legislative -- legislative, um, it's important that we -- we probably need to discuss it as a whole body, workshop it, do, you know -- retreat it, whatever you want to do. But at this time it's the pleasure of the board. So, you know, um, Mr. Davis, if you want to -- you know, Miss Pardo doesn't, either. I don't but Mr. Guyton or Miss Davis, if you want -- the Mayor is here now but I'm still not going to, um -- I still -- I still am not ready but if Mr. Guyton or Mrs. Davis, if you're ready, we can definitely entertain it.

COUNCILPERSON J. DAVIS: I'm ready. I -- I -- I -- Miss Jones sent out the -- a copy of it some time ago.

CITY MANAGER JONES: Yeah.

COUNCILPERSON J. DAVIS: So -- a couple weeks ago.

CHAIRPERSON THOMAS: Understood. Mr. Guyton?

COUNCILPERSON GUYTON: It really doesn't matter to me. Um, I'm -- you know, if the majority of the board want to defer it to another time, I don't have a problem with that. I would request if -- if we do decide to defer it, um, could those who may have a concern submit their concerns to the city manager so that whenever it comes back, those issues can be addressed?

CHAIRPERSON THOMAS: I -- I believe that that would probably be appropriate.

CHAIR PRO TEM PARDO: I agree.

COUNCILPERSON GUYTON: Okay.

CHAIRPERSON THOMAS: Um, Mayor -- and just for the -- the record, the Mayor is, uh, here. I -- I saw on the news, man, that you were gonna be down at the, uh, Palm Beach School District fighting for the -- the, uh -- the, um -- the -- the metal detectors. However, uh, the board decided that we're going to make our --

COUNCILPERSON GUYTON: Defer it.

CHAIRPERSON THOMAS: -- uh, defer it to another meeting and make our comments on, you know, what our issues are -- and you can get whatever updates you need on these two policies at another meeting.

MAYOR MASTERS: That's fine. I'm not ready, either. I'm fine.

CHAIRPERSON THOMAS: Okay. Um --

COUNCILPERSON J. DAVIS: Um, Madam -- Mr. Chair?

CHAIRPERSON THOMAS: -- Miss Davis?

COUNCILPERSON J. DAVIS: Um, the -- I believe that this was brought about because, um, I think, Miss -- when the Mayor went to China, which that's -- you know, that has been discussed before, um, and concerning other donations, this was, um, brought forward and it was discussed by the board. And it was agreed that, you know, if there is no policing of ourselves, then, you know, what's the point?

I think that, um, this, as well as other policies, need to be in place so that those kinds of things don't happen in the future. But, you know, if the rest of the board says they don't want to deal with this, then I'm pretty sure it probably won't come back again. But, um, you know, it's -- that -- it's Council's decision.

CHAIRPERSON THOMAS: I think the board wants to deal with it. I think everybody just wants to have a chance, as they said, to look at it and get it to the -- the managers. Okay. Any discussion by any of the, um -- the board members? Any discussion that you want to bring up about reports or projects in the districts or the entire city? Anything at this time that you want to bring up?

CHAIR PRO TEM PARDO: Yes.

CHAIRPERSON THOMAS: Miss -- Miss Pardo?

CHAIR PRO TEM PARDO: Um, all right. I received -- and I'm sure everyone did -- we received an e-mail from the city manager a couple weeks ago saying that we were hiring a receptionist for the Legislative Office, Miss Hansen. And she gave us the salary. And I would like a job description. I'd like to know what she's doing and, you

know, who -- who she's working for. And, you know, I see her sitting in the office and, you know, what is she doing?

CITY MANAGER JONES: Okay. Um, and I will get you the written job description that goes along with the classification, Miss Pardo. Um, Miss Hansen works out of the city manager's office, um, assisting in answering the telephone in the Legislative Office, as well as ordering supplies, some of the general things that need to take place out of the Legislative Office, as well as, um, some other work for the city manager's office. But I will get you the job description, um, for that particular classification.

CHAIR PRO TEM PARDO: Okay. So she's not doing any tasks for council people, correct?

CITY MANAGER JONES: If they desire, she has done and is available to do so.

CHAIR PRO TEM PARDO: Okay. So then she's available for everyone also. So that's part of her job description?

CITY MANAGER JONES: Yes, ma'am.

CHAIR PRO TEM PARDO: Okay. Yeah. I'd like to see that job description as soon as possible, please. Thank you.

COUNCILPERSON J. DAVIS: And -- and one other question regarding that, um --

CHAIRPERSON THOMAS: Miss Davis?

COUNCILPERSON J. DAVIS: -- Miss Jones, um, is her salary paid through Vocational Ed. or through the City?

CITY MANAGER JONES: Out of the city manager's office.

COUNCILPERSON J. DAVIS: Okay.

CHAIRPERSON THOMAS: Okay. Any other --

CITY MANAGER JONES: And it's a part-time position through September 30th. There's no commitment after then.

MAYOR MASTERS: Mr. Chair, I have a question.

CHAIRPERSON THOMAS: Okay. Mr. Mayor?

MAYOR MASTERS: Madam Manager, is it a fact that a former councilperson sent an e-mail to all of us or to you asking if we could find a way to keep that particular person on, please do?

CITY MANAGER JONES: I believe --

CHAIRPERSON THOMAS: Mr. Mayor, hold -- hold on one second. Hold on one second. Mr. Mayor, I'm going to respectfully ask that the former council people be just what they are. Not disrespectful but just be formal. We're trying to get some continuity here and I think that's a real unfair statement, with all due respect. I just think that we should just move forward with whatever we need, you know, to do. So if it's a -- it's a question -- and I'm not chastising the mayor.

MAYOR MASTERS: Well, I would --

CHAIRPERSON THOMAS: I'm just asking as a -- as a -- as a form of respect, let's go ahead and let the former council people just be former council people.

MAYOR MASTERS: Well, it -- it -- it can rest but let me rephrase the question, in all respect to the Chair. Uh, certainly it's not intended to, um, take us back but to move us forward. Did not we receive or you receive an e-mail asking if we could find a way to keep the employee on and -- and working for all of us?

CHAIRPERSON THOMAS: Mr. -- Mr. Mayor, just so you know that that's --

MAYOR MASTERS: That's (inaudible) --

CHAIRPERSON THOMAS: -- that is the same question. But I just, you know -- fine, if you just really have to -- to -- to get an answer to that. I don't see the importance of it. I'm really, really trying to make sure that we can continue to move forward. The person has had an offer made to them through September 30th and this deliberation, I don't think, affects that one way or the other.

CHAIR PRO TEM PARDO: That's right.

CHAIRPERSON THOMAS: She technically works through the city manager and it -- she's already been -- you know, she's already been extended the offer. You know, at this point, I think anything else would just take us into a negative atmosphere. But if you decide that you want to ask that question again, by all means, do so.

COUNCILPERSON J. DAVIS: Mr. Chair?

CHAIRPERSON THOMAS: Let me just make sure that the Mayor's finished.

COUNCILPERSON J. DAVIS: Okay.

CHAIRPERSON THOMAS: I don't want to -- I'm just giving him my point of view.

MAYOR MASTERS: (Inaudible). I don't know, Mr. Chair. I -- I don't -- I'm not trying to open up a can of worms. I just thought it was a legitimate question. But if you feel it isn't, then I rest.

CHAIRPERSON THOMAS: Mr. Mayor, I really appreciate that.

MAYOR MASTERS: I defer to Miss Davis, Councilwoman Davis.

CHAIRPERSON THOMAS: I -- I -- I really appreciate that. Thank you, sir. I really appreciate that. Miss Davis?

COUNCILPERSON J. DAVIS: How -- and I just want a clarification, um, from the city manager. Was that position ever paid through Vocational Ed.? At one time I thought both -- both of the positions that, um, the former councilperson brought up were paid through Vocational Ed.

CITY MANAGER JONES: The two positions were paid through Vocational Rehabilitation, whatever the --

COUNCILPERSON J. DAVIS: Yeah.

CITY MANAGER JONES: -- particular state agency is. But how it worked is that we paid and then they reimbursed us.

COUNCILPERSON J. DAVIS: So will they be reimbursing us?

CITY MANAGER JONES: They will be. We -- Finance has submitted the reimbursement request, um, for us to get the money back for the salaries paid from August to March.

COUNCILPERSON J. DAVIS: Well, that -- that was my question. I mean, so, I mean, we pay it but it's reimbursed to the City. Okay. So it's not really City funds that are paying for the position.

CITY MANAGER JONES: That pay -- that paid for the previous employment, correct.

COUNCILPERSON J. DAVIS: So -- so are we gonna get --

CITY MANAGER JONES: Rightly --

COUNCILPERSON J. DAVIS: -- reimbursed for this period through September 30th?

CITY MANAGER JONES: No, no, no. The -- from -- the current is not paid through Rehab.

COUNCILPERSON J. DAVIS: Okay. All right. Thank you.

COUNCILPERSON GUYTON: Uh, Mr. Chair?

CHAIRPERSON THOMAS: Um, hold on one second. Mayor, are you -- okay, Mr. Guyton?

COUNCILPERSON GUYTON: I would just like to say for the record that I think that the position is definitely needed. As a legislative body, prior to my being elected, on several occasions, I was able to walk through the door, no one there. Walk straight back to

council members' offices. We are the highest-ranking officials in our city. And I think that it would be very unprofessional if we didn't have someone at least answering the phone and greeting the people.

There may be a question about the person. I don't have a problem with the person. They have been very helpful to me. They are very knowledgeable about the, um, runnings of the office. And it's not coming out of the legislative budget.

COUNCILPERSON J. DAVIS: Uh-huh.

COUNCILPERSON GUYTON: It's coming out of the city manager's budget. And if this was already budgeted -- and I'm -- it's my understanding that she didn't have to transfer any money into -- when I say "she," the city manager, um -- and correct me if I'm wrong. You didn't have to transfer any money from any other line item for this position; is that correct?

CITY MANAGER JONES: No, sir. I did not.

COUNCILPERSON GUYTON: Okay. So this -- the Council prior to me has already approved the budget that allows for this use. And if it's the city manager determination that, you know, that is what she would like to use it for, I think that we need to allow her to do what we've hired her to do and if that is the position -- and I do agree with her that we need -- I think we should let her handle her business.

CHAIRPERSON THOMAS: Mr. Guyton, first of all let me say that I 100 percent echo those comments. Um, but you've left out one thing. It's also a safety issue that not everybody is very fond of us. If that was the case --

COUNCILPERSON GUYTON: Yeah.

CHAIRPERSON THOMAS: -- we would have 100 percent, you know, voters. Uh, but not everybody, you know, is -- is fond of you. And, you know, sometimes it's kind of, you know, unsafe not having anyone sitting there at the front. So you know, I do agree with that, as well. Whatever the other extenuating circumstances are, I'm really not privy to. I don't have an issue with the position or with the person that's, um, there doing that now. But it doesn't mean that the issue shouldn't be addressed. I just wanted to make sure that I echoed to the city manager that I concur with Mr. -- Mr. Guyton. Any other member comments on this?

CHAIR PRO TEM PARDO: Yes. Mr. --

CHAIRPERSON THOMAS: All right. Miss -- Miss Pardo.

CHAIR PRO TEM PARDO: -- yeah, Mr. Chair, I'll tell you what my problem is. When we went through this -- was it two years ago or almost two years ago now? We stated that each councilperson would get an aide. And the -- the hope was that in the long run, we would be saving money. Each council aide would be responsible for picking up the phone for their councilperson and that's why we all got individual telephone numbers.

Um, my feeling is I -- I still don't believe that we need an extra person down there, regardless, you know, where the money is coming from. At the end of the day, you know, the money should be in the general fund and it's taxpayer dollars. And you know, if we're concerned about people coming into the office, then just keep the office door locked.

And what I would propose is putting everyone's hours on the door, the hours when your legislative aide is going to be there, the hours when your -- when the councilperson is going to be there. If someone wants to come see you, they can go to the information desk and I think, you know, that's where we were going when we originally put this -- this plan together.

Let them go to the -- the information desk and they'll either call upstairs to the aide or call the councilperson and have them come out and, you know -- and address the resident's concerns. You know? \$17,000 might not be a lot to some people but it is a lot. We can do other things with the \$17,000. So you know, that's -- you know, I just had to say that. That's how I feel.

CHAIRPERSON THOMAS: Okay.

CHAIR PRO TEM PARDO: You know, we -- each of us were supposed to take care of, you know, our business with our legislative aide and that was going to be the end of it. Thank you.

CHAIRPERSON THOMAS: Okay, Miss Pardo, thank you. Any other questions from any other board members?

MAYOR MASTERS: Yes, Mr. Chair.

CHAIRPERSON THOMAS: Okay, Mayor.

MAYOR MASTERS: Just -- just for the record, I certainly don't have a problem with the person at all. Period. Matter of fact, I like working with -- with the person.

CHAIR PRO TEM PARDO: Right.

MAYOR MASTERS: So, um, I just want to make it clear that when people have questions or make comments, it's not necessarily that someone has a problem with the person. And I don't. I just wanted just to be clear, just for the record.

CHAIRPERSON THOMAS: Thank you. I'm -- I'm sure everybody --

MAYOR MASTERS: Thank you.

CHAIRPERSON THOMAS: -- concurs with that.

CHAIR PRO TEM PARDO: Agreed.

CHAIRPERSON THOMAS: Yeah, I'm sure everybody concurs with that. All right. Anything -- Mr. Davis, anything from you?

COUNCILPERSON T. DAVIS: (No audible response).

CHAIRPERSON THOMAS: Madam Attorney, anything?

CITY ATTORNEY RYAN: No, sir.

CHAIRPERSON THOMAS: Miss Jones, any additional?

CITY MANAGER JONES: No, sir.

CHAIRPERSON THOMAS: Madam Clerk, anything from you?

COUNCILPERSON J. DAVIS: You forgot number 6. Did we get number 6?

CITY MANAGER JONES: We put those -- 5 and 6 together.

CHAIRPERSON THOMAS: Yes, we did.

COUNCILPERSON J. DAVIS: Oh. Okay.

CHAIRPERSON THOMAS: All right. Entertain --

MAYOR MASTERS: (Inaudible) have an announcement. I'm sorry. I didn't know --

CHAIRPERSON THOMAS: Oh, hold on. Hold on one second. Hold on one second.

COUNCILPERSON J. DAVIS: I -- you -- you were asking for things that we wanted to talk about?

CHAIRPERSON THOMAS: Yes, ma'am.

COUNCILPERSON J. DAVIS: Yes. Yes, sir. Um, it says, "Discuss initiatives reports and/or projects, okay, impacting your district," so I wanted to bring this forward. Um, Mrs. Manager, um, on 17th Street, uh, just west -- just east of Avenue H, there is a vacant lot. We cleaned it once, but apparently people just throw bottles, cans, whatever there. And, um, I -- I don't know whether we need to bring it -- it -- it's done through by some of the neighbors, I believe. That's what I was told. But whoever the owner is needs to address that issue. Um, and along Avenue H --

CITY MANAGER JONES: It's vacant?

COUNCILPERSON J. DAVIS: Yes. Along Avenue H East, there the, um, residents are getting together a petition for speed bumps because as you turn, uh, going down Avenue H, going south on Avenue H, there are about four stop signs. And I am -- I'm a witness that the stop signs are not doing any good. People run them all the time. So, um, if you can give me the budget for speed bumps, hopefully we can get that done.

And last but not least, um, on Blue Heron Boulevard -- and I -- I intended to drive down Blue Heron Boulevard before I came here. Um, from Old Dixie west I know right there where the service station is that just reopened, um, the little grassy area next to the curb, that has pavers. But I just don't know how far it goes down. East of Broadway, that grassy area next to the curb has been removed and there are pavers. It's just this section, uh, from Broadway to Old Dixie I thought was going to be taken care of during this paving project but I understand -- Brent told me this is a different kind of resurfacing project.

But it looks terrible. Um, and, you know, we don't mow it as regularly as it should be, and it's really just weeds. So I'm hoping that in the next budget that somehow we can, um, you know, get that section taken care of. That's all for me.

CHAIRPERSON THOMAS: Okay. Thank you, Miss Davis. Mayor?

MAYOR MASTERS: Yes. Thank you. I -- I apologize. I didn't know that we were coming to the end. I thought it was just on that one issue.

Um, Mr. Chair, uh, I was in Tallahassee on city business I guess the day before yesterday and met with, I won't say congressional delegation, but our state delegation. Bobby Powell's doing a fantastic job. Chris Smith is doing a great job. Um, met with Jeff Clemens who's going to -- who's also doing a good job -- great job. He's going to have a person in the Office of the Mayor, I think he said once a week, uh, to be accessible to the constituents of Riviera Beach and this area. I guess Lake Park, as well. And he'll let us know when that will be. Uh, of course, the -- he's following the pattern of our Congressman, Congressman Alcee Hastings, who has Representative Chief of Staff Dan Lippman here at the Mayor's office one or two days a week to, um, answer calls and to meet with constituents.

While in Tallahassee, I did meet with a member of the Secretary of Transportation Office, a higher person of authority, and I -- I have complete assurance that, uh, that wall is going to be put up. And I just think it's just going to happen sooner than later, or some type of -- of barrier that would prevent noise. I'm pretty much assured of that.

Also, um, Madam Manager, what -- 'cause people ask me all the time about road bumps, street bumps. Um, what is the process? Does it have to be a petition first or do -- I mean, how do we -- how do I answer that question if people ask me, "Can I get a -- one on my street?"

CITY MANAGER JONES: There needs to be, um, a certain number of residents on that street that agree that you need to have the speed bumps, of the residents along that street. So I wouldn't say it's a petition but it -- it's a significant number of people saying that they want. They contact, uh, the City. There is a listing of the streets once you get the -- the names and numbers. We go down that list as the budget allows. And those who don't get through this year stay on the list and then you get them the next year in the budget.

MAYOR MASTERS: And when they contact the City that's your office? (Inaudible)?

CITY MANAGER JONES: They can contact our office, Public Works or Community Development used to also do it. But right now Public Works is the one that's doing it. So City Manager's Office or the Public Works Department.

MAYOR MASTERS: And; two, uh, fellow constituents -- colleagues and constituents, just a very brief update as to the funeral services for the first -- for the five victims, the worst tragedy we've had -- and that's in probably the county in -- in 20 years or more. But the first funeral, uh, will be -- I don't have my notes in front of me so I'm just trying to do this from memory -- will be Saturday at 11 a.m. at the Mount Calvary Baptist Church. Body will lay in state Friday, I think -- I think between 5 and 7 at Inlet Grove and then the service will be, um, Saturday. This is for the Grimsley child, 17 years of age, who's also the second cousin of former Mayor -- great Mayor of our city, Michael Brown.

Also on Sunday, all roads in our city will lead to the Hilltop Missionary Baptist Church. Pastor Griffin Davis, Sr. has been so kind and compassionate as always to open his doors for a huge community tribute and benefit for all five families. And he is expecting all elected officials to be there to embrace these families and to, uh, be a part of this memorial, this tribute, this benefit. Senator -- or Representative, uh, I will be here, Commissioner Priscilla Taylor and elected officials throughout Palm Beach County. We're looking forward to a great evening, to lift these families up, to actually prepare them for the, uh, week of funerals that will proceed.

Next Saturday there will be a funeral with two at the, um -- I'm not for sure. I think that's also at Mount Calvary but we'll talk a little bit about that later 'cause I don't want to get it all mixed up. But I am for sure about Saturday and I am for sure about Sunday. And so that that I'm sure on, that -- that's -- that's all I can talk about.

CHAIRPERSON THOMAS: Thank you, Mayor. Um, and speaking of that, um, if you're not aware, we did have one of our community, um, long-time community activists, founder of McCray's Bar-B-Q, former councilperson and, uh, just stand-up person of the community, Mr. Herman McCray has passed away.

MAYOR MASTERS: Yes.

CHAIRPERSON THOMAS: And, um, his funeral will be on next Saturday. And I'm pretty sure we'll be able to get some more things out.

MAYOR MASTERS: I have the time. 10 -- 10:30.

CHAIRPERSON THOMAS: Just so you --

MAYOR MASTERS: I have the time. 10:30 next Saturday.

CHAIRPERSON THOMAS: Okay. 10:30 next Saturday.

MAYOR MASTERS: Christ --

CHAIRPERSON THOMAS: Christ Fellowship.

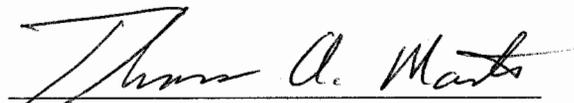
MAYOR MASTERS: -- Christ Fellowship.

CHAIRPERSON THOMAS: In Palm Beach Gardens. Um, but you know, just -- just if you can, keep the McCray family in your prayers. I entertain a motion for adjournment.

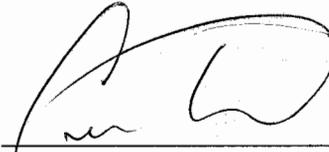
UNIDENTIFIED SPEAKER: So moved.

(CONCLUSION OF WORKSHOP)

APPROVED:



THOMAS A. MASTERS
MAYOR

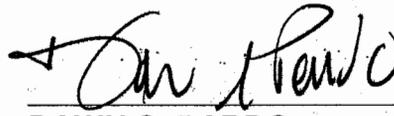


CEDRICK A. THOMAS
CHAIRPERSON

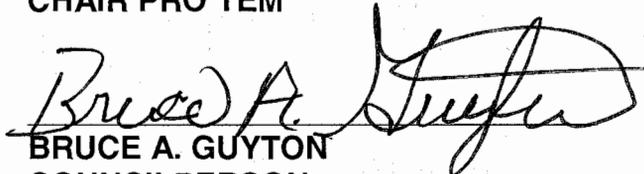
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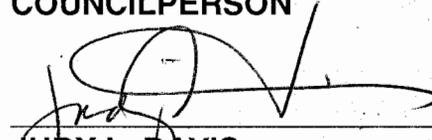
CARRIE E. WARD
MASTER MUNICIPAL CLERK
CITY CLERK



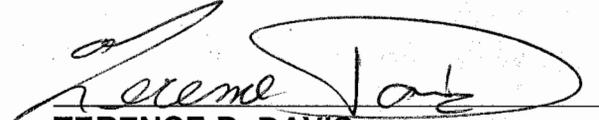
DAWN S. PARDO
CHAIR PRO TEM



BRUCE A. GUYTON
COUNCILPERSON



JUDY L. DAVIS
COUNCILPERSON



TERENCE D. DAVIS
COUNCILPERSON

MOTIONED BY: J. DAVIS

SECONDED BY: B. GUYTON

B. GUYTON AYE

J. DAVIS AYE

C. THOMAS AYE

D. PARDO AYE

T. DAVIS AYE

DATE APPROVED: 06/05/2013