MEETING OF THE CITY COUNCIL
PLANTATION, FLORIDA

May 8, 2013

The meeting was called to order by Councilman Robert A. Levy, President of the City Council.

1. Roll Call by City Clerk:

Councilmember:	Jerry Fadgen
	Ron Jacobs
	Robert A. Levy
	Lynn Stoner
	Chris P. Zimmerman
Mayor:	Diane Veltri Bendekovic
Asst. City Attorney:	Quentin Morgan

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2. The invocation was offered by Councilman Jacobs.

The Pledge of Allegiance followed.

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ITEMS SUBMITTED BY THE MAYOR

Mayor Bendekovic introduced Jane Simmons of the Plantation Junior Women's Club.

Ms. Simmons advised that they will be dispersing $18,500 within our City this month. The money will be going to the Reading and Art programs at our Plantation elementary schools. They will also be supporting South Plantation and Plantation High Art programs, along with the Historical Museum, the Library, the Plantation Summer Camp Scholarship Program and four scholarship programs for Plantation High School students. Money is also going to Parks and Recreation and they are supporting the Plantation Explorers and the Volunteer Fire Department. They also support Arbor Day and are excited about doing a butterfly garden at all four elementary schools. This year's Art in the Park is November 10 and 11, 2013.

Mayor Bendekovic thanked the Plantation Junior Women's Club for their dedication and commitment to the City.

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Resolution No. 11681

3. **RESOLUTION** of Appreciation to Robert Mazer for 31 years of dedicated service to the City of Plantation.

Motion by Councilman Jacobs, seconded by Councilperson Stoner, to approve Resolution No. 11681. Motion carried on the following roll call vote:

Ayes: Jacobs, Stoner, Zimmerman, Fadgen, Levy
Nays: None

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Mayor Bendekovic read a Proclamation designating the week of May 5 – 11, 2013, as ***Drinking Water Week*** in the City of Plantation.

Chuck Flynn, Utilities Director, accepted the proclamation.

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Mayor Bendekovic read a Proclamation designating the month of May 2013, as ***Take Five to Stay Alive –Don't Text and Drive Month*** in the City of Plantation.

Chief Laney Stearns accepted the proclamation.

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Mayor Bendekovic read a Proclamation designating Wednesday, May 8, 2013, as ***Arbor Day*** in the City of Plantation.

Danny Ezzeddine, Director of Design, Landscape and Construction Management, accepted the proclamation.

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Jim Romano, Parks and Recreation Director, made the following announcements:

- The Annual Tinsel Town Talent Program will be on Friday, May 10, 2013 from 7:30 p.m. to the end of the program at Volunteer Park.
- Mother's Day Brunch will be at the Plantation Preserve Golf Course and Club between 10:00 a.m. and 2:30 p.m.
- All of the lights are up and running along Country Club Circle.

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Mayor Bendekovic made the following announcements:

- The Plantation Historical Museum has a new exhibit; "Florida 500 Years of History 1513 to 2013". The exhibit starts May 28, 2013.

- The City's Annual Independence Day Parade; anyone interested in being a participant has until June 14, 2013 to register.
- The City of Plantation's Memorial Day Service is on Monday, May 27, 2013 at Veteran's Park.
- The Plantation Farmer's Market is every Sunday at Volunteer Park between 8:00 a.m. and 2:00 p.m.

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Councilman Levy announced that Item No.'s 10 and 11 on the agenda are being deferred until May 22, 2013.

Councilman Fadgen indicated that Item No. 12 will also be deferred until June 26, 2013.

Ms. Slattery noted that Item No. 13 is being deferred to May 22, 2013.

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CONSENT AGENDA

As a Commissioner of the CRA, Mayor Bendekovic has a voting privilege on Item No. 8.

Item No. 7 was pulled to be discussed separately.

Mr. Morgan read the Consent Agenda by title.

4. Request for approval of a purchase order to Electrical Engineering Enterprises, Inc. in the amount of $21,540 to perform bi-annual inspections and testing of critical motor control center equipment at all three utility plants. (Budgeted – Utilities)

5. **Resolution No. 11682**
RESOLUTION approving the expenditures and appropriations reflected in the Weekly Expenditure Report for the period April 18 – May 1, 2013 for the Plantation Gateway Development District.

6. **Resolution No. 11683**
RESOLUTION approving the expenditures and appropriations reflected in the Weekly Expenditure Report for the period April 18 – May 1, 2013 for the Plantation Midtown Development District.

8. **Resolution No. 11684**
RESOLUTION approving the expenditures and appropriations reflected in the Weekly Expenditure Report for the period April 18 – May 1, 2013 for the City of Plantation Community Redevelopment Agency.

Motion by Councilman Fadgen, seconded by Councilman Jacobs, to approve tonight's Consent Agenda as printed. Motion carried on the following roll call vote:

Ayes: Jacobs, Stoner, Zimmerman, Fadgen, Levy
Nays: None

NOTE: Mayor Bendekovic voted affirmatively on Item No. 8.

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Mr. Morgan read Item No. 7.

7. **Resolution No. 11685**
RESOLUTION approving the expenditures and appropriations reflected in the Weekly Expenditure Report for the period April 18 – May 1, 2013.

Councilman Zimmerman indicated that he would abstain from voting on Checks #131479 and #137426 to the Broward Alliance for Neighborhood Development. He has been advised that he may have a voting conflict on that item and has completed the required forms with the City Clerk.

Councilman Fadgen referenced two payments that went to Sawgrass Ford involving three vehicles. In the past there was a consensus of the Council to try to direct City business for regular maintenance to Plantation Ford since they are a corporate resident of the City. He questioned whether we are adhering to that or whether there was a special circumstance for not going to Plantation Ford.

Mr. Consaul, Public Works Director, advised that we try to go to Plantation Ford when possible; however, sometimes they are not able to accommodate us and we have to go to Sawgrass Ford.

Motion by Councilman Fadgen, seconded by Councilman Jacobs, to approve Resolution No. 11685. Motion carried on the following roll call vote:

Ayes: Jacobs, Stoner, Zimmerman, Fadgen, Levy
Nays: None

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ADMINISTRATIVE ITEMS

Mr. Morgan read Item No. 9.

9. DISCUSSION CONCERNING IMPACT FEE STUDY.

A memorandum dated May 6, 2013, to Council Members and Mayor Diane Veltri Bendekovic, from Kristi Caravella, Finance Director, follows:

The FY 2013 budget includes revenues for Parks and Recreation and Public Safety (Police and Fire) impact fees. The City currently collects Parks and Recreation impact fees as specified in Chapter 20, Section 20-126 of the City Code of Ordinances. During the Fiscal Year 2013 budget hearings, Council voted to add Public Safety impact fees. In order to establish the basis for Public Safety impact fees and to revise the Parks and Recreation impact fee schedule, Council approved the selection of a consulting firm, Duncan and Associates. As part of the study, potential new impact fees for library and general government facilities were also developed. The study is included in your agenda packet.

Staff has prepared a list of capital projects that potentially would be funded by the projected revenues associated with the implementation of these fees. Projected revenues based on vacant land in the City are outlined in the memorandum from Duncan and Associates. Based on estimates of projected revenue and capital needs, if the City implemented all of the recommended fees, the City would never generate enough revenue from impact fees alone to meet the capital needs associated with increased capacity in the City.

At the May 8, 2013 Council meeting, the study will be on the agenda as an administrative item. The consultant who prepared the study, Mr. Clancy Duncan, will be present at the Council meeting to summarize the report and answer any questions, but if you have any questions please contact me at 954-797-2233.

Based on Council's recommendation at the May 8, 2013 meeting, staff will draft the ordinance which will be brought back to be voted, although a draft of the corresponding ordinance is included in this backup.

Ms. Caravella advised that the Impact Fee Study is ready. As part of last year's budget process a study to include Public Safety Impact Fees for both Police and Fire were done and these fees relate to new development. The City already has an ordinance that covers Parks and Recreation Impact Fees and we wanted to add the Public Safety Impact Fees. We went out to bid and had a Bid Review Committee. The bid came before Council to award at which time Duncan and Associates was selected. They prepared the study that will be presented as a summary. Based on what happens tonight, an ordinance will be drafted and brought back to Council for an actual vote. Usually impact studies give everything; therefore, there is more than Public Safety Impact Fees. A revised Parks and Recreation Fee was done and one was also done for the Library and General Government. She is looking for direction so they know what to include in the ordinance.

Councilman Levy questioned the difference between a user fee and an impact fee.

Ms. Caravella explained that an impact fee is for new development. We are trying to accommodate new people coming to the City; it is capacity driven. These fees are for new development and can be used for capital projects that are aimed to fulfill increased capacity in the City.

Councilman Levy questioned who pays for the services if someone builds a building in the middle of a tax year and once the building gets a CO, Police, Fire and all of the services that go with it.

Ms. Caravella indicated that impact fees are kind of a percentage; it is based on the building that is being put in place. However increased capacity the building will bring to the City is how the fee is determined and it is paid one time at CO.

Councilman Levy requested clarification on increased capacity.

Ms. Caravella explained that there are currently about 85,000 residents in the City and she believes our build out number is 110,000. As we get closer to the 110,000 it is a bigger burden on the City and this is aimed at new residents because all of the residents that are currently here are paying ad valorum taxes. The impact fee is a way to balance the score between new residents and existing residents.

Councilman Levy stated that a user fee is someone who uses a particular service and pays the cost of that service.

Ms. Caravella mentioned the list of capital projects and noted that our capital needs are great at this time; however, capital projects have to be picked that are aimed at increased capacity. Even if we went to total build out, we would never derive enough money from impact fees alone to support the increased capital needs that result from that increased population.

Clancey Mullen with Duncan and Associates provided the following presentation:

- An impact fee is a one-time fee assessed to do development; typically a building permit or certificate of occupancy.
- According to the ordinance, the current fees are assessed at platting or site plan but he does not believe they are collected until CO.
- With regard to updating Parks and Recreation impact fees, he does not think a study has been done since these fees were adopted to demonstrate the cost of park fees.
- Fees were also calculated for possible consideration for Library, Fire, Police and General Government facilities.
- The methodology used in creating the fees is called incremental expansion. The idea is that if you double in size twice as many facilities are going to be needed. Land costs were excluded because annexations are basically done and build out is getting closer; therefore, no land will be acquired. Expansions may be done to existing buildings.
- With the incremental expansion methodology the replacement cost of existing facilities is determined.
- New development should be expected to pay a comparable amount of facilities in terms of the dollar amount of facilities that are required to serve them at the existing level of service.
- How much existing development we have is expressed in terms of a service unit. Two were used in this study; equivalent dwelling units were used for parks. Population could have been used but there are some advantages in converting population into equivalent dwelling units. The number of people associated with a single family detached unit is an equivalent dwelling unit and a multi family is typically less than one because they have fewer people.
- A service unit called functional population was used for Fire, Police and General Government, as they are assessed on non-residential development. This is basically the number of people not living at the site, but who are present at the site over a 24-hour period.
- They take the replacement cost of all of the facilities and divide by the existing development, the number of service units being served by those facilities, to get the cost per service unit and that is basically an expression of the level of service.
- Credits are deducted for debt because some of the facilities are not yet paid for but will be paid over time with property taxes or whatever to pay off the debt.
- New development will be generating some of the property tax revenue, which will basically pay a portion of their costs to accommodate them through their property taxes so we have to reduce the fee.
- If there is a history of getting grants to pay for some of this it is also taken into account when reducing the fee.
- After taking the credits multiplied by the service units per unit of development per single family unit you get the net cost schedule or potential impact fee schedule, which represents the maximum fees that can be charged.
- With park fees, their service unit is the equivalent dwelling unit based on the average household size of a single family unit.
- Replacement costs exclude land.
- The golf course was not included because it is an enterprise and is not typically included in impact fees.

- Credit was given for debt and grants.
- The existing level of service for a single family unit works out to $826, which is significantly more than the current park fee.
- The current fee is $229.
- Library fees have a similar process; the same service unit is used.
- There is no debt so only credit was given for grants.
- There is a fee of $156 for a single family unit.
- Functional population is used for the other three fees.
- Replacement costs for the fire station buildings, apparatus and equipment.
- There is some debt for the equipment.
- There is a fee of $722 for a single family unit and a fee of $763 for 1,000 square feet of commercial, which is about 76 cents a square-foot for the commercial.
- Police fees are similar.
- A portion of the recent expansion of the Police Station is not occupied; therefore, it was taken out of the existing level of service.
- There is some debt that could be paid but it is a relatively small amount; maybe $20,000.
- A fee up to $693 could be charged for a single family unit.
- General Government is basically for offices and equipment.
- A fee could be charged of about $842.
- All together, a fee could be charged as much as $3,200 if all of these fees were adopted at 100%.
- Potential revenue is estimated based on projected growth from the projected number of dwelling units from Broward County over the next ten years; about 30 single family units a year on average; about 90 multi family units and retail commercial about $40,000 per year.
- Including these numbers the annual park revenue would be about $78,000 per year to as much as $140,000 for General Government. In adding these all up it would be just under a half a million a year.

Mr. Mullen suggested that even if you do not want to do any of the new impact fees that the ordinance be updated to get more in line with what other cities are doing. He noted that our ordinance is obsolete or inconsistent with what we could be doing and with what most cities do.

In response to Councilman Fadgen, Mr. Mullen advised that a survey was not done to see which cites in Broward County had a library and impact fees versus Fire, Police and General Government. He stated that it is not unusual to have an impact fee for Library. These are traditional impact fees other than a road impact fee, which is something that was not looked at. As far as affecting any existing facilities, commercial or residential buildings already in place, Mr. Mullen noted that the categories being discussed are broad. A significant change of use could trigger a change of use fee. He stated that basically you look at the net change and assess impact fees on the net increase.

In response to Councilperson Stoner, Mr. Mullen explained that the replacement cost of existing facilities was based on the best available information; it would vary from facility to facility.

Councilperson Stoner questioned why single family rates are more expensive than the other categories of multi family, retail, public and industrial.

Mr. Mullen stated that a typical single family residence is 2,000 square feet and it is being compared to 1,000 square feet of commercial. The residential is based on a per dwelling unit.

Councilperson Stoner mentioned that residential says, "1,000 square feet". It is the same thing with the multi family units. She questioned whether a multi family or single family unit with an average of 2,000 square feet is two times the $1,000. She referenced Page 4 of the ordinance and stated that those numbers are different than the ones in the memo. She questioned whether it is per dwelling or per $1,000 square feet.

Mr. Mullen advised that there were some changes to the study. With regard to the schedule on Page 4, Single Family Attached; the unit is a dwelling and the park fee is $800. These are fees per dwelling per unit. He clarified that the fees are based per dwelling.

In response to Councilperson Stoner's comment that she would think that a multi family building would have a little more impact than a single family and multi family would tend to have more people than single family, Mr. Mullen indicated that this is a generalized approach; they did not look at call data for the Fire and Police. The approach changes every time the fees are updated. The functional population approach basically says that the demand for public safety facilities is going to be proportional to the number of people in the dwelling unit. He advised that multi family tends to have fewer people; that is why their fees are lower per unit not per building.

Councilperson Stoner questioned the thought process about not charging retail, public institution and industrial any park and library fees.

Mr. Mullen stated that the nexus is clearer with residential.

Councilperson Stoner questioned how many impact fee studies Mr. Mullen has done in Broward County. She also questioned whether there is a percentage in Fort Lauderdale that charges these fees to those categories.

Mr. Mullen indicated that they did one for the School District; a park fee for Fort Lauderdale and he was not sure how many more. The Fort Lauderdale park fee does not charge non-residential; there are very few around the country that do.

Mr. Morgan mentioned that the law in Florida that Councilperson Stoner is eluding to with the nexus; it has to have some relation to the benefit of the people paying the fee. If a commercial property owner shows that they use parks versus a residential in Plantation Acres using parks is a lot harder. It is a tougher legal challenge if it is challenged because the City has the burden to prove that the impact fee has the nexus to the property owner.

Councilperson Stoner questioned how many of these charge the General Government fee. She also questioned how the dollar is qualified for something like that on only 10% of the cities that charge that.

Mr. Mullen stated that General Government probably less often. Parks and Police are probably the most common among the ones being discussed; libraries would be a tier down and General Government would be a tier down from that. Across the State of Florida he stated that about 10% of the cities charge General Government fees. He indicated that it does not have any relationship as to how popular the fees are and how hard it is to quantify the cost. He advised that the formula is incremental expansion, which is the goal standard in impact fees.

Councilman Jacobs understood that the methodology is the impact and it has to be calculated to expand the public facilities to accommodate the expansion in the residential development. Councilperson Stoner wants to know the process of achieving the balance of an expansion in impact on the public facility and the number that is applied.

Mr. Mullen stated that you have to come up with an estimate of what the existing infrastructure is worth; what it would cost to replace it.

Councilman Jacobs commented that you take all of the parks and figure out the cost to replace all of the parks.

Mr. Mullen advised that the cost of the tennis court has to be determined.

Councilman Jacobs noted that there would be more of a demand on tennis courts if a 300-multi family unit were built in the City. You start with the hard number of the replacement of a tennis court then allocate a percentage of that to a unit.

Mr. Mullen indicated that they take the total cost and divide by the total units being served to get the cost per unit.

Councilperson Stoner questioned whether we are using the engineering new record construction cost index for inflation.

Mr. Mullen stated that is what they are suggested; however, there are other indexes available. The construction cost index is probably a little more appropriate for facility costs, which may increase more than the typical consumer basket of goods.

Councilperson Stoner questioned the City Administrator's specific function.

Mr. Morgan advised that it is on Page 5.

Mr. Mullen indicated that when the ordinance refers to the City Administrator it is basically saying staff; it is to distinguish who is making the decision; it is not a City Council decision, it is a staff level decision.

Councilman Zimmerman mentioned the impact fees and noted that they will basically hit developers as they come in to do new work within our City. He questioned the other impact fees for surrounding cities. He understands that we took the dollars it would take to rebuild existing facilities by the units we have divided for a per unit price. The question is do we want development or not. If the impact fees get too large developers will go somewhere else. Without knowing how we compare we are not going to know if imposing these impact fees is going to deter developers. The idea is to know if we are comparable in charging.

Ms. Caravella commented that we are one of the last cities in Broward County that do not have impact fees. She can gather some data and distribute it immediately.

Councilman Zimmerman stated that we are looking at raising the impact fees of $229 to over $3,000 per unit in some of these categories.

In response to Councilman Jacobs, Ms. Caravella advised that no revisions have been done to the original ordinance which was done in the 1980's.

Councilman Zimmerman questioned when this will come into play and when will the developers be hit with the fees. There are projects just starting the planning phase but they have not gotten Building permits. When does a project know these fees will be attached as the ordinance is approved?

Ms. Caravella stated that as Mr. Morgan indicated, the fees are supposed to be collected at site plan approval but as a courtesy they have been collected at CO. Any language preferred can be put into the ordinance. She wants to discuss how Council feels about projects that are in progress and how we are going to deal with them.

Councilman Zimmerman commented that Council was provided with a list of projects and noted that this is not part of the actual ordinance.

Ms. Caravella advised that Mr. Lunny recommended that we show the need for these impact fees; therefore, we went through the entire capital projects plan. Obviously our capital projects plan is much larger than this but they took the projects that were specifically related to capacity increase.

Councilman Zimmerman indicated that roadway projects were not included.

Ms. Caravella stated that Broward County has severe restrictions on what cities can do as far as road impact fees.

Councilperson Stoner referenced Page 6. She mentioned the use of the funds and noted that she understands the concept of them being in one account but separate type trusts and that they will be used solely for capital improvements of the type for which they were collected and she would like to see "as approved by Council".

Councilman Jacobs commented that before changes are made we need to fully understand because when Council is involved it could cost a lot of staff time; there are a lot of hidden costs when Council is involved. He is not saying that Council does not need to be involved but noted that they need to fully understand it before jumping into it.

Ms. Caravella suggested that as part of the plan, "Council does approve the capital projects plan as part of the budget every year".

Councilperson Stoner did not like that. The budget concept is not etched in stone and she has yet to see one thing in the budget that no one ever takes out because it is not appropriate or we do not have the money. She questioned whether we could get a similar list to approve what we think are appropriate projects to come under those funds.

Councilman Jacobs believes it is the other way around; we approve projects and then figure out where the funds are going to come from.

Ms. Caravella stated that usually when projects that are in the process are brought forward the source of funding is indicated.

Councilman Jacobs commented that the driver is that this is a project and when looking for the money they find there are funds in different impact accounts to fund the project.

Councilperson Stoner noted that she was afraid that could get loose in that concept. She finds the procurement process a little backwards. Even though we budget for a project prior to it being put out on the street it actually should come back to Council with some type of presentation as to the full impact of what the project is.

Councilman Jacobs believed that Councilperson Stoner was struggling with the difference between Legislative and operational; there is no hard line there. Council is a Legislative and policy making body and is not involved in the day to day operation of the City. He would not want to see the design of a sewer project.

Councilperson Stoner indicated that she would like it to be brought forward. On the County level no project goes out on the street until it is approved by the County Commission even though it is part of the budget because there is a detailed list of where the funds are coming from. She thinks that we need a checks and balance. She is not trying to micromanage what staff sees but would like Council to get an inclination of things coming through before they do.

Councilman Jacobs suggested a periodic report of how the funds were spent in the impact fee accounts.

Councilperson Stoner commented that we should be getting a trust account ledger.

Mr. Morgan clarified that the monies collected for these fees has to be spent. Currently the ordinance says ten years and it has to be spent for that particular purpose for new development or expansions, etc. As far as drawing the line, the ordinance can be drafted to specify the cut off date. There is a 90-day wait period in the Statute for the ordinance or the fees can become effective and different projects can be grandfathered.

Councilperson Stoner questioned whether the Fire fee is appropriate for our anticipated needs. One of the issues that came up in previous discussions is our heights.

Councilman Jacobs stated that if the City of Plantation built 30-story apartment complexes they would have to go in the building and that is why the elevators have a fire override.

Chief Stearns advised that there will be some places they rescue from the outside and some from the inside depending on the conditions. A lot depends on setbacks and landscape. Every building built has a setback and the further away they get from the building the less reach they have.

Councilperson Stoner questioned whether he looked at the fees and felt comfortable that this constant covers the anticipated needs of the Fire Department.

Chief Stearns indicated that it will help but they are not even close to enough. There are five projects currently in the ground that the developers were ready, willing and able to pay impact fees on. Every person that has called him in the last five years has asked about impact fees because everyone else in the County is doing it but us. He employed Council to approve the impact fees quickly because there are projects on the board that they are missing out on.

Councilperson Stoner stated that one thing specifically discussed in the past was whether square footage is calculated or height and stories so the project is assessed properly.

Chief Stearns advised that Mr. Mullen is using a national method for calculations. There will be certain buildings in this process that make more money than others. If we don’t get started soon we are going to miss out on the biggest projects we have, which are going to provide the most amount of money. The Fire Department’s list is getting very long and it is getting longer every year because those capital projects are not getting done. We have missed other opportunities and we need to get this done. He is a proponent of getting the money at CO so we can get some of the projects that we have missed.

Councilman Levy commented that developers understand the costs when they are given a sheet up front and Council should get the sheet as well so we know the figures for every project. The problem is when that shifts, which can be controlled. Fire is a safety hazard and we need to make sure that they are funded properly. He thinks it is important that we do this; the ordinance has not been touched since 1986. Some of the buildings have been grandfathered in and we now have an opportunity to get them up to today's standards by asking them to meet the programs and codes that we have in line. We need to fund that properly because it is unfair to our previous taxpayers who are funding the services for that group until they get on the tax rolls. He thinks that Councilman Zimmerman's comment that we are comparable to other cities is correct; we need to make sure we are at a comparable level and that our developers are not at a disadvantage because they chose Plantation.

Mr. Morgan indicated that the fees can be anywhere from zero to the point where the value of the fee exceeds the benefit gain by those paying the fees. They can pay less than the benefit but not more than what they get out of it.

Ms. Caravella stated that staff's recommendation is to implement the fees at 100% and to include all of the fees.

Councilman Fadgen advised that he would like to see the Cities and the comparative fees.

Ms. Caravella noted that they can draft the ordinance 100% with all of the fees and will send that information immediately.

Councilman Levy would like to see comparability prior to voting.

Councilman Jacobs was in favor of moving forward with the ordinance and he was fine with 100%.

There was a consensus.

Tom Thomas, resident, was present. He stated that if Council has the choice it would be good to get the money earlier than later. He suggested collecting the money at building permit instead of at CO.

Councilman Levy advised that it would be put in the ordinance.

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LEGISLATIVE ITEMS

Mr. Morgan read Item No. 10.

10. PUBLIC HEARING AND FIRST READING OF AN ORDINANCE OF THE CITY OF PLANTATION, FLORIDA, PERTAINING TO THE SUBJECT OF COMPREHENSIVE PLANNING; ADOPTING THE ANNUAL AMENDMENT TO THE CAPITAL IMPROVEMENTS ELEMENT OF THE COMPREHENSIVE PLAN OF THE CITY OF PLANTATION; APPROVING TRANSMITTAL OF THE AMENDMENT TO THE DEPARTMENT OF ECONOMIC OPPORTUNITY AND THE RELATED AGENCIES FOR THE PURPOSES OF SUFFICIENCY REVIEW IN ACCORDANCE WITH FLORIDA STATUTES; PROVIDING A SAVINGS CLAUSE; AND PROVIDING FOR AN EFFECTIVE DATE THEREFOR.

Motion by Councilman Fadgen, seconded by Councilman Jacobs, to continue Item No. 10 until May 22, 2013. Motion carried on the following roll call vote:

Ayes: Jacobs, Stoner, Zimmerman, Fadgen, Levy
Nays: None

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QUASI-JUDICIAL CONSENT AGENDA – None.

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QUASI-JUDICIAL ITEMS

Mr. Morgan read Item No. 11.

11. REQUEST TO DEFER SIGN SPECIAL EXCEPTION FOR TD BANK LOCATED AT ONE NORTH STATE ROAD 7 UNTIL MAY 22, 2013.

Motion by Councilman Fadgen, seconded by Councilman Jacobs, to continue Item No. 11 until May 22, 2013. Motion carried on the following roll call vote:

Ayes: Jacobs, Stoner, Zimmerman, Fadgen, Levy
Nays: None

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Mr. Morgan read Item No. 12.

12. REQUEST TO DEFER SITE PLAN MODIFICATION FOR SOUTH FLORIDA LASER CENTER UNTIL JUNE 26, 2013.

Motion by Councilman Fadgen, seconded by Councilman Jacobs, to continue Item No. 12 until June 26, 2013. Motion carried on the following roll call vote:

Ayes: Jacobs, Stoner, Zimmerman, Fadgen, Levy
Nays: None

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Mr. Morgan read Item No. 13.

13. DEFERRED REQUEST FOR SIGN SPECIAL EXCEPTION FOR WENDY'S RESTAURANT LOCATED AT 3801 WEST BROWARD BOULEVARD.

Motion by Councilman Jacobs, seconded by Councilman Fadgen, to defer Item No. 13 to May 22, 2013. Motion carried on the following roll call vote:

Ayes: Jacobs, Stoner, Zimmerman, Fadgen, Levy
Nays: None

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COUNCILMEMBERS' COMMENTS

Mayor Bendekovic distributed information regarding E911. A response was received regarding concerns written in a letter to the County. There is not going to be an MSTU. They are going to fund it with a .7 ad valorum and it is going to cost approximately $21 per household. They are going to take the money they already have, which is about $18 million to $19 million, and put it towards the funding of the E911. From the onset we have asked for a strategic plan; we have not been told about staffing or operational aspects. The response does not have any real true commitments on the uncertainties we still have about the system and they said they would look into it; there is no true commitment saying that it will be in the ILA. We had a regional communication system in the past with Law Enforcement and EMS; however, it was a failure for a multitude of reasons. Since it failed in the past we raised the bar with the level of service and with so many uncertainties and so many unanswered questions and no commitment from the County she feels that it would not be prudent for us to jeopardize our level of service and our Volunteer Fire Department. Because no details have been given it was said that Plantation will stay status quo. She has received several calls from the newspaper and Mike Mayo is saying that we are the "Hole in the donut; we are the center of the County". She agreed and asked, "Since we are the center of the County why didn't they offer to fund us?" Chief Harris requested that several years ago; we would take the funding and be the center but they indicated that was not in their plans because it has been predetermined that it was going to be Pembroke Pines, Sunrise and Coconut Creek. She further told Mr. Mayo that the final direction comes from the Council. When asked if we are opting in or opting out she advised, "We are waiting and seeing how this is going to be implemented". We are in a holding pattern right now unless Council is going to direct her in a different direction. Mayor Bendekovic emphasized that she does not want to jeopardize the Volunteer Fire Department and the level of service that we have. She noted that it is to the detriment of the City that we are doing what we are doing. She does not see how it is not a win-win situation for the City to wait and see how this operation will be. We are going to have a working group and two representatives at the table; one from dispatch and one from the Fire Department. We are going to have a voice in the operational and if all of these uncertainties are resolved then she will bring them back to Council and a decision can be made. She noted that the County wants this into effect by October 1, 2013.

Councilman Jacobs stated that he has also talked to the technical people, i.e. the radio companies, and the County does not even know what system they are going to put in place. Let them go forward and we can run our dispatch and join them later, once they have the system running and are ready to take us. He would say that if we do join, let's be one of the last cities to join in.

Mayor Bendekovic indicated that they have met with the County for many hours and they still could not answer some of our questions. She does not see rushing into this when we can have a wait and see attitude right now.

Councilperson Stoner advised that she does not disagree but questioned how we explain to everyone that they are being charged double; the County is charging and they are also paying City taxes for the same services.

Mayor Bendekovic stated that we have been double charged all along because they have $19 million from our E911; we have always had our PSAP. We have been paying for other municipalities who are getting the services free. We do get a certain percentage of that back. They are going to put a tax for $21 and she thinks that is the decision Council is going to have to make. If you feel we need to join once we see how the operation is going then we will.

Councilperson Stoner questioned whether something similar occurred on the charges in the past and the City sued the County and got the funds back.

Mayor Bendekovic indicated that there was but she also asked for an allocation; if we did not go with them to give us an allocation of our money if we are paying $21 and they did not answer that request. Her major concern is how we rationalize having our residents pay an additional $21 to a 911 system that they are funding here with our PSAP because we are going to have to upgrade our system.

Chief Harrison stated that it was reduced a little this year; he thinks we are going to get back about $174,000 and in the previous years it was in the $200,000's. As Mayor Bendekovic stated, this is a very complex proposition. Our CAD system would have to be reverted to the County system. Our current CAD system is light years from the County system; worldly better. We will have two individuals as part of the technical part. We will be in the process of this build all along as far as the talk of best practices and best policies. We will be helping build the County's system. Nothing has been done from the operational aspect; it has always been about the service.

Councilperson Stoner commented that they are asking for a commitment based on theory.

Chief Harrison agreed. All they have is theory and projected models. He would caution us and thinks we should get more information instead of jumping head first into this. They will handle a CAD system but records management is based on what we have. We have Intergraph as an RMS CAD system. He questioned who will have to pay for the interface from the CAD system to the RMS.

Mayor Bendekovic mentioned the paging system for our Volunteer Fire Department and they still have not answered the first question.

Councilman Levy stated that is a major issue. The bottom line is the time of response both for Police and Fire. If that is going to have a negative impact on the citizens of Plantation then it is not something he can support. The other question is how we say to our taxpayers that they are paying for the County system but we feel we have a better system and we are not going to be a part of it so you are paying twice. Another issue is that if we have a separate system it will take longer to get everything coordinated and get a response out there than if everything was in tact under one and his final concern has to do with personnel. He questioned whether they will hire our personnel so they do not lose their jobs.

Mayor Bendekovic advised that they will hire the personnel; however, in Deerfield they hired the personnel and six months later they let quite a few of them go.

Chief Harrison questioned whether they are going to answer our Administrative lines; they say they are going to answer the E911. He also questioned why we would invest in the E911 if that is all they are going to do and they do not do the Administrative lines. He mentioned the queries and whether we would have to have someone at the station do the queries for them.

Councilman Levy commented that there is a lot going on, especially with the Mayor of Sunrise and who will stand to benefit because their system will be the one added into the system.

Mayor Bendekovic wonders if they had given us the opportunity to have the Center in our City if that would have been as a strong voice in Sunrise because they have the Center and we will be funding Centers in other municipalities.

Councilman Levy stated that Mayor Ryan has been very active and involved and a strong supporter of a regional countywide system where Sunrise would be the center.

Mayor Bendekovic indicated that Coconut Creek is in the process of constructing and Pembroke Pines has had theirs for years. Unless Council gives another direction, she is going to wait and see and we are in a holding pattern. She noted that there are other municipalities that agree what we are asking.

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Mayor Bendekovic wished all of the mothers a Happy Mother's Day.

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Councilperson Stoner appointed Kristen Lindenboom (sic), the CEO of Plantation General Hospital to the Plantation Gateway Advisory Board.

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Councilman Zimmerman mentioned that as the economy comes back around we have a renewed interest in development, which has been seen a lot in Midtown. We have not seen that master plan since 2003 and with things that have happened and the way things are developing a little differently than what has been there it is time to relook at the master plan. He spoke with Mr. Leeds and stated that he would like to have a Workshop where there can be a presentation from staff about the master plan and about some of the things we are seeing in development.

In response to Councilman Levy, Councilman Zimmerman clarified that he was only talking about the Midtown area.

Councilman Levy questioned whether the Midtown Development Advisory Board should be a part of that meeting.

Councilman Zimmerman stated that would be a very good idea.

Mayor Bendekovic commented that Councilman Zimmerman wants a review of the Midtown concept because it was implemented in 2003 and things have changed.

In response to Mayor Bendekovic, Councilman Zimmerman indicated that he does not think we need to hire a consultant at this time. He thinks that in reviewing and making policy can help direct some of the developers in a fashion we would like to see for that area especially when it comes to pedestrian circulation and corridors throughout the site.

Mayor Bendekovic agreed but hopes that we are not too late. The only big development coming in is Camden, which is the Fountains, and 321.

Councilman Zimmerman believes that it is important that we do not wait any longer.

There was a consensus.

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Councilman Zimmerman wished his wife, Kim, a Happy Anniversary.

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Councilman Levy advised that he has received calls on a particular street and they would like to see what can be done. They are on a cul-de-sac and one of the residents has a huge Christmas display every year and the lights are blinding.

Mayor Bendekovic stated that she and Chief Harrison have met regularly with the people on the cul-de-sac and she has even had Legal sit in. Currently we have given them all that we can; we sent out Code Enforcement and Building inspectors; everything has been done that we can do legally. An application has been made to the South Florida Water District to put up "No Parking" signs, like the ones in the North Acres along Old Hiatus Road, but they are not in the Central Acres or the South Acres. If "No Parking" signs are put up along Hiatus Road then people will not be able to park along that road. We can put up "No Parking" in the swale area but what happens is if you have a party at your home the person that had all these lights up can call the Police and we would have to ticket. We are not doing it in the cul-de-sac area but we are doing it along Hiatus Road. We are doing everything within our legal means to help those residents. A letter was sent to the group, because they do have a spokesman, about a month ago and we gave them ideas.

Councilman Levy suggested that we set a time that the lights go out. What is happening is the traffic and even the media are creating a problem for other residents on the street.

Mayor Bendekovic indicated that times have been set and they even told us the date that they would go on and off; however, neighbors have stated that is not happening. They are saying that the lights would go on the day after Thanksgiving and they would go off the day after New Years.

Chief Harrison advised that the "No Parking" would have to be citywide.

Mayor Bendekovic stated that residents can declare it a nuisance; they can go civilly and declare it a quality of life.

Councilman Levy questioned whether we have a Nuisance Abatement Board.

Mr. Morgan stated that it has not been active in many years.

Councilman Levy commented that the neighbors are banning together. There has to be something that can be done.

Chief Harrison advised that they met with everyone last year. Before this gets started he will be calling the resident. They have been given options and direction.

Mayor Bendekovic indicated that they also want us to provide a Police detail there and we cannot afford to provide detail for a solid month. We have asked the owner of the home to use their donations to hire the detail. There is another Christmas display further down in the Acres and we do not hear one complaint from that group because they have hired an FHP off-duty officer, who regulates the traffic. In good faith you want to celebrate the holidays but it has become so commercialized and the press has not helped the situation. They keep advertising and when we try to enforce something the City is the bad guy.

Councilman Levy stated that maybe the FOP might donate some service hours to help out during that time. He suggested that we make another concerted effort to find some way.

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PUBLIC REQUESTS OF THE COUNCIL CONCERNING MUNICIPAL AFFAIRS

Dennis Conklin, resident, was present. He thanked the City for providing the Workshop and for providing the backup material for the public. He attempted to email the Council and Mayor but only the private emails got through with the attachments.

Mr. Conklin mentioned that he is in favor of the Defined Contribution Pension Plan opposed to the Defined Benefit Pension Plan.

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SEALED COMPETITIVE SOLICITATIONS – None.

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Meeting adjourned at 9:36 p.m.

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The meeting reconvened at 9:37 p.m.

WORKSHOP

14. DISCUSSION CONCERNING PENSION BENEFITS.

Mayor Bendekovic commented that Council previously indicated that before going into the budget process they need a benefits Workshop. Council wants a definition of the different types of plans available and some of the definitions of closed, terminated, freeze, etc. This is basically an informational Workshop and at the end we may ask for some feedback and possibly directions. Data cannot be provided without an actuarial report.

Ms. Moale explained that Kevin Swan, Chairman of the General Employees' Pension requested brief information be provided to Council from Larry Cole, with Burgess Chambers and Associates. Information from Mr. Amrose, the Pension Board Actuary for both, General, Fire and Police is also included in the packet. Two days ago an email was received from Chad Little, the actuary the City hired to do some studies. What he did was give definitions and information as to what the projections to close might cost. This information was added to the packet.

Councilman Levy summarized that it says it will cost us more to close the pension and give everybody presently in it their benefits than it will to keep it going. It also has various instruments discussing that and why it is true. It does not make sense to he average person that this can never be closed.

Ms. Moale stated that is why Council gave direction in 2009/2010 to implement Tier 2. Right now a General Employee can earn 82.5% of their salary after 30 years and with Tier 2 they have to work 37.5 years to get that same amount. It does help fix the problems that exist and it has been working. She went on to say that the contents are key intended outcomes, concepts, smoothing, the current pension, municipal comparisons, alternate considerations and a conclusion.

Key Intended Outcome

- The keys are to reduce the City's long term costs, also to reduce the volatility of annual required contributions.

Key Concepts:

- To close a plan means that the existing plan is closed to new members and current members stay in the existing plan until they retire or leave employment. Future employees join a new plan, which would be an FRS plan or a defined contribution plan or something else.

To Freeze a Plan

- This means accrued benefits of current employees in the existing plans are frozen at a point and time and paid out at retirement based on where they were at the time of the freeze. All current and future employees join a new plan.

To Terminate a Plan

- This is extremely expensive. It means that the existing plan is liquidated and accrued benefits are paid out to plan members. The City is responsible for any deficit. All current and future employees join a new plan.

Close, Freeze and Terminate:

- These three actions will not produce savings for many years. In 2009 when we last studied the pension plans, Steve Plamquist, who was the actuary for the plans, told us that he did a study for the City of Coral Gables, which is approximately our size and type of family membership in the pension plans, and their study showed that it would take 20 years to recoup the costs and start seeing the first penny in savings, which is why they also went to a Tier 2; they did not close their plan. The City must pay off current plan liabilities. An actuarial study would have to be done to provide the actual figures.

Smoothing

- This is an actuarial methodology for accounting for investment funds, gains, fund gains or losses over a specific period of time to lessen the volatility of the annual required contributions by the employer.

Our Current Pension Plan; The Defined Benefit

- Current active participation in the General Plan as of the last actuarial report we have 494 active members. We have 434 in Tier 1 and 60 in Tier 2. The City of Plantation's annual contribution is

$6,035,177 for the General Employee Plan. For the FOP there is 114 active members; 99 in Tier 1 and 15 in Tier 2. The City of Plantation's annual contribution is 6.985908; those numbers do not include the members that are in the DROP, they are considered retired.

Formulas:

- General Employees Tier 1 is their years of service x 2.75% x a three-year average final compensation. If they reach 15 years of service in Tier 1 it goes to 3% multiplier. In Tier 2 the years of service x 2.25% x a five-year average final compensation and there is no insurance supplemental. Right now the supplemental when you hit normal retirement in Tier 1 is $300 per month to help pay for health insurance. For FOP Tier 1 is their years of service x 3% x a three-year average final compensation. When they hit 20 years it goes to 3.5%. Tier 2 is their years of service x 3% x a five-year average final compensation and no insurance supplement.

Pensionable Wages:

- For General Employees it is base pay and for FOP it is total remuneration. This was done because when we went to put in Tier 2 through the Collective Bargaining process and we approached the State with what we had bargained for with the FOP, they required that we meet minimum mandated requirements in Tier 1 before they would allow us to go to Tier 2 for the Police; therefore, the overtime went from 43 hours up to 300 and all of the other things we were not paying as pensionable became pensionable. The only thing that is not pensionable is off duty detail.

In response to Councilman Fadgen, Ms. Moale indicated that they forced the issue and made us do that in order to accept Tier 2. That was the interpretation of State law.

Mr. Morgan explained that the Department of Monument Services required that we bring the benefits up to the minimum benefit, which he believes was 1997. We had to include all of the things that were not previously included to meet the minimum requirement.

The COLA

- This is a Cost of Living Adjustment. For the General Employees' Pension there is no COLA. The FOP bargained for 1.5% with a seven-year delay. They can be in the DROP or retired for those seven years and the COLA is only paid for a maximum of 20 years. She emphasized that is for Tier 1 only. Tier 2 does not have a COLA.

In response to Councilman Fadgen, Ms. Moale advised that if a police officer retires and does not go into the DROP he still has to wait the seven years.

Councilman Fadgen questioned in the case of General Employees if there is an average length of service before retirement other than 20 years. He also questioned whether a police officer typically services 20 years.

Ms. Moale stated that she did not have that information with her. She believes that most employees start working when they are young and they stay for 25 years or more. If the length of service much more than 20 years we get up to the 82% of final salary.

Monthly Pension Benefit Examples of General Employees:

- The AFC on an average final salary of $47,000 after ten years; the pension benefit would be $1,077 per month. After 15 years, because the multiplier goes up, it is $1,762 per month. After 20 years the pension benefit is $2,350.20. In Tier 2 the total 20-year at 2.25% is $1,762.65. That is a reduction in the amount of monies that are earned and paid out.
- The same comparison for FOP on Tier 1 and Tier 2. The final compensation after 15 years of service has a monthly benefit of $3,749 and after 20 years it would be $5,833. In Tier 2 the 20-year payment drops to $4,999. There is a savings of over $800 per month, which will add up over a period of time.

Contributions in Tier 1 Impact

- General Employees contribute 8.5% of their pay in Tier 1. In Tier 2 they contribute 4%. FOP in Tier 1 contributes 9.5% and in Tier 2 8%. As previously projected by the actuary, the General Employees would see most increased savings over time and that FOP did not start saving money until we went into the fifth year.

Contributions in Tier 2

- General Employees went into a Tier 2 as of October 1, 2010. There is a five-year total cost reduction of $839,500 and an eight-year cost reduction total of $1,977,490. The FOP five-year is $4,514 and the eight-year estimated total is $255,196.

Disability Retirement of the General Employee Pension

- Disability claims that were filed in 2004 had seven disabilities. The total amounts that were paid out for each of those years. In looking at the total she approached Administration and asked for the ability to bring in through Willis, a long term disability carrier because it is a very effective way of reducing pension costs for off duty disability. Permission was given and after an RFP we brought in the LTD carrier in January 2008. Since we brought in LTD we have not had any disabilities whatsoever. The actuary assumes three disabilities off duty per year and by not having any for six years that is 12 disabilities that the pension fund has not had to pay for, which does save a lot of money. It only covered the FOP for the first five years because their pension covers them after five years but not for the first five years. The same for General Employees; they are not covered for the first five years. The disability payment for those total cumulative years was a little over $305,000 and with the LTD premium being roughly $70,000. The General Employee Pension Board adopted the procedure that if you want to apply for the Pension disability you may do so but in order for it to be considered and heard you must first go to the LTD carrier and let them make a determination on your disability and then we will use their decision making process as part of our decision making process. This is a very effective way of making sure that if you need the disability that is what it is there for but it is not intended to be anything other than if you really need it.

Ordinance Stipulations

- These are things that were put in place in the ordinance in order to put some controls on and make sure things did not happen.

- For Police and Fire, once retired an employee cannot be rehired on a regular full-time budgeted basis again in that same capacity. The exception is that a full-time police officer who retires under the FOP can be hired back as a General Employee; it is not the same pension fund.
- All full-time employees are mandated to make contributions to the plan and that is the reason why we cannot hire you back on a full-time basis and you cannot earn two pensions off of the same pension plan at the same time.
- After 30 years of service the employees no longer contribute to the plan.
- There are no guaranteed returns on your DROP investments. If the market tumbles, so does your DROP account. If the market does well, so will your DROP account.

Municipal Comparisons

- A comparison was done showing that the City of Plantation puts in an average of $12,217 per person and for Police it is $61,281 per person.
- There are 489 local municipal plans around the State of Florida. During a conference in 2011 it says that over 35% of the 489 municipalities put in more than 35% of contributions towards the pension plans. The City of Plantation, for General Employees, is currently roughly 26% and for the Police it is around 67% per person.

The Historical City Contribution

- Page 20 of the annual actuarial report shows data dating back to 1986. An average was taken of the contributions. For General Employees, overall since 1986, the City has contributed 10.45% of payroll for that benefit. For Police the average has been 18.53%.
- The percentage of the General Fund Operating Budget for General Employees is 5.83% and Police is 6.8%.

Alternative Considerations

- These options will require an actuarial study to determine the exact cost to the City. Such considerations are a Defined Contribution Plan or a DC; a Florida Retirement System or FRS; a Hybrid DB DC plan; or a cash balance type of plan.
- Pros of the Defined Contribution Plan are that it could be designed to mirror the FRS plan design. The elects the contribution amount and whether the employee must make contributions or not. The market fluctuations do not impact the City; the cost would be inconsistent. New younger employees might find this an attractive and the flexibility of investment offering is left up to the employee.
- Cons of the Defined Contribution Plan may have low participation from current employees if they were offered a choice. Market fluctuations will be born by the employees. If the market is good their accounts will do well; it the market is bad their accounts will do badly. Future recruitments may be more difficult. The plan would be a start up with no assets, which means the City would have to bear the costs of all of the Administrative costs in the beginning until such time that there was sufficient funding in there that the costs could be paid better by the participants. There would be potentially shorter careers due to portability; there is a likelihood of lesser loyalty, lesser length of service because the employee can move from City to City and take that with them.
- Pros of the Florida Retirement System are that current employees not vested could vest if they choose to roll over their current pension funds and purchase additional services years with the FRS. It is portable to other Cities and Counties. FRS handles all customer services and plan administration and the COLA,

back before they changed the law, was 3% for retirees. She believes it is 1.3% now for new retirees and they just started a 3% employee contribution, which is lower than the current City of Plantation contribution of 8.5% or 4% for General Employees. A Defined Contribution alternative is available at the election of the employee. There is a six-year vesting schedule for pension and one-year vesting for Defined Contribution Plan.

- Cons are that the Florida Retirement System must include part-time employees working over six months per year. Currently we do not give part-time employees any benefits; this would be something the FRS requires of total payroll. All monies paid to an employee count as compensable income, which means if a General Employee is paid overtime or a vacation payout, etc., it is all considered compensable income. There would be a loss of Chapter 185 monies if the Police were switched over. Savings are not reflected for 10 to 15 years. The methodology of funding for the current General Pension Plan must change once the plan is closed or frozen; thereby, incurring significant employer contributions. The mandatory employer contributions are set by the State and are likely to increase in the near future. One of the worst cons is that it is irrevocable; once the City joins FRS they can never leave. It does not allow for flexibility of plan designer investment options.
- Pros of the Hybrid DB DC Plan are that it provides the flexibility of the DC plan with the long term guarantees of a DB plan. It will reduce the volatility of the funding amount. Having employer contributions going into a DB and DC spread goodwill among the employee base. It provides the opportunity for better retirement readiness among the employees.
- The cons of the Hybrid DB DC Plan are that it can be cumbersome to implement and to administer. Some employees may look at it as cutback and it will definitely require a greater focus on employee education because it can be a complicated type of plan.
- Pros of the Cash Balance Plan are that it is more easily understood by employees. It is potential less volatile than the traditional Defined Benefit Pension Plans because benefits accrue each year based on actual compensation for that year.
- Cons of the Cash Balance Plan are that they are subject to the same funding and financial reporting rules as traditional pension plans. The plan sponsor still retains risk and reward of investment performance.

Conclusion for the General Employees

- The pension plan and possible alternatives have been studied multiple times since 2000. The Tier 2 is the result of the most recent study and was projected to save the City $1.977 million in the first eight years. Tier 2 has been in place for 2.5 years and is providing the City with savings as projected. The City would be responsible for funding significant liabilities if the plan was frozen, closed or terminated. The only way to reduce employer pension costs in the short and the long term is to reduce pension benefits and/or increase employee pension contributions. The accrued pension benefits, which are the benefits earned in the past, not to be reduced or taken away; they have already been paid for and earned by the employee. Any changes in the pension benefits only apply to future service.

Ms. Moale needs direction from Council and questioned whether they want to hire an actuary to give an estimated cost.

Councilman Levy mentioned that in addition to what was presented he asked FOP to bring representatives to answer questions and provide any information needed.

Councilperson Stoner stated that she understands that this presentation was made to the General Employees last week. She questioned the consensus of the Committee and whether options were presented of possible savings or cuts.

Ms. Moale advised that it was at a Benefits Committee meeting and there was one FOP member present; Joe Mercogliano is a member of the Benefits Committee. She noted that only this was discussed. She introduced the Chairperson of the Benefits Committee; Battalion Chief Gordon.

Mr. Gordon indicated that the plan shown was presented to the Committee at a regular meeting as part of the regular process that they go through. With this particular presentation, the Committee did not take any action. This was presented for information and nothing was endorsed and no actions were recommended.

Mayor Bendekovic commented that Kevin Swan, Chairperson for the General Employees' Pension Board, is present.

Chad Little, actuary, was present.

Councilman Fadgen questioned when someone gets to retirement age and actually retires whether all of his past service and future benefits are funded at that point.

Mr. Little explained that from the time a person is hired until they reach retirement a contribution is made every year, which is called the normal cost. Those normal costs will add up to the liability that is needed at the time the member retires. Those normal costs are then invested in the market so when we get to the end of that person's career, to the extent that the assets grew larger or smaller than anticipated we have what is called an unfunded liability. The unfunded liability does not have to be paid off by the time the person retires; it is not like a DC plan where you have to write them a check. They will be paid over a long period of time. It depends on the time the person retires as to whether or not the fund happens to be 100% funded at that time.

Councilman Fadgen stated that if he is the only member of the plan and he worked 25 or 30 years he would have a normal cost and maybe past service too and that would be amortized to a point where he is likely to retire. At that time there would be an amount needed that would continue to grow after retirement to pay future benefits if he lived his normal life expectancy from that point.

Mr. Little advised that what is unique with a Defined Benefit plan over the Defined Contribution plan is it is risked fully. Someone is going to retire and die a week later and someone is going to live to be 100 years old but everyone is going to be covered. In a Defined Contribution plan one of the statistics is that from the time you are born you have a greater likelihood of living to 100 than having your house burn down but we all have fire insurance. The private sector does not have insurance for living to 100; it was given up in lieu of the savings account concept, which is not working well in the private sector. If you are in an individual plan the problem is going to be on a Defined Benefit because you do not know when you are going to die; therefore, it has to be funded when on average it is thought you would live. What happens in the private sector is that they take that amount of money and go to a broker. The broker says on average you are going to live to 85 and then you have a 50/50 chance of outliving your assets if you budget for living to that age.

Councilman Fadgen indicated that he asked those questions was because some plans upon retiring, rather than continuing to invest the money themselves, they buy an annuity. He questioned whether there has ever been a study as to whether we would be better off rather than continuing to operate the fund to actually buy annuities for every retiring individual.

Mr. Little stated that when looking at funding a benefit you are taking contributions from the employees and taxpayer money and investing it. If at the point in which you are going to pay out the benefit you go to an insurance company and buy an annuity, if it is paid out of the fund the fund is a growing concern of investment horizon of the next 100 years so we use a return like 7% or 8%. If we were an insurance company we would use a return assumption of 3% to 4% because they are going to invest it in fixed income because these are smaller individual contracts. What you do not make in the market has to be put in through cash. To fund it through annuities at retirement would cost more money because you would have to build up more money to pay an insurance company to take over the liability.

Councilman Fadgen commented that the competitive market might give you a different answer.

Mr. Little advised that his general feel is that because pension plans themselves are non profit entities; they are independent of the City; therefore, it would be tough for an insurance company to beat what would be called the annuity purchase rates within a public sector pension plan. They are very competitive. It is possible and there are places that fund it specifically for the purpose of them purchasing an annuity.

Councilman Fadgen stated that he would like to see if that has been tested.

Mr. Little indicated that they were asked about the idea of terminating the plan, which is a similar process. The thing they have in common is the annuity purchase. A company would need to be found that would take on that liability in either case and then they could give an annuity purchase rate.

John Mastriani, Chairman of the Board of Trustees for the Police Pension Plan, was present. He clarified that they are not the FOP. They do not represent the City's Administration; they represent the members of the plan and are a completely independent body and make their own independent decisions. He asked the Board's attorney, Bob Klausner, to be present tonight.

Mr. Klausner advised that he has represented State and Local Government pension plans for 36 years. With regard to Councilman Fadgen's question, he recently looked at this issue for a closed plan. In looking at the annuity market the problem was that insurance companies are quoting annuities at an assumed rate of return of 2% and the City is operating at a 7.1% assumed rate of return; therefore, you are leaving 3 to 1 on the investment cost you have to put in plus 14% additional for the profit of the insurance company. For a large plan like the City has for the Police or General Employees, it would be prohibitively costly. There are some insurance companies that are looking to insure just the unfunded liability; those are also expensive. It is a complicated issue because when you buy insurance on another person they have to get something for it. Under Florida law you cannot buy insurance on another person. They have done a study on the differences between Defined Benefit and Defined Contributions and what other people are doing; he will send it to the Pension Board Chairman so he can provide it to the Council and the Mayor's office. He noted that Plantation Police Officers tend to retire where they work and they spend their pension money here. For police officers, the cost of maintaining health insurance on a single basis if you stay on the City health plan is $13,000 per year; that is after tax money. General Employees have the same costs as everyone else. The City has about 750 employees and about one-third of them are part-time. Out of the 500 full-time employees, 158 are police officers and they are paid more because they are better educated, more highly skilled and people shoot at them. He noted that saying that the City puts in $61,000 per person is not accurate because that number is based only on active non-DROP people. The City still pays for some of the unfunded liability for people in DROP. He believes that it costs the City about $25,000 per year. According to the actuarial valuation, the City's unfunded liability, which is driven primarily by the investment losses of 2008, has already peaked and is declining; it will be reduced to zero over the next 30 years. The Police plan uses a much more conservative actuarial program than does the General Employees' plan. It uses a mortality table that assumes a longer life, which means more money is put in now. It is also paying off the unfunded liability at a faster rate. Two thirds of the cost of the pension is interest on the unfunded liability due to the effects of the market. Substantial changes were made to the Police plan in 2010 and already 15% of the active workforce is in Tier 2. In looking at the demographic report within the actuarial report for the plan and in ten years about 80% of the workforce will be in Tier 2 and those savings will be seen accumulating at an accelerated rate. At the current rate, the average police officer is less than ten years away from retirement; there are very few young officers. The only reason officers stay is because of the cost of the health insurance. If someone took the family health insurance plan it would cost over $30,000 per year. If the size of the workforce is shrunk the pension plan has adversely been affected. The pension plan works on the theory that a young person comes in and a mature one goes out meaning that a high paid person goes out and a cheap one comes in. Since pay on the pension is a percentage of the payroll a lot of people at low pay is cheaper than a few people at a lot of pay. Losing payroll growth in the plan is actually costing the City more money. He likes the Tier 2 plan; it is the tree of sustainability and financial security for the future of the City that allows you to keep the type of workforce that you need.

Councilperson Stoner commented that Tier 2 has to have time to work but we still have 80% of someone's salary as a pension benefit. She questioned some of the constructive changes that Mr. Klausner has seen in other plans that he believes are going to be instrumental in helping further down the road for the City and the taxpayers; the people who bear the financial burden of funding.

Mr. Klausner stated that exactly what was done in Tier 2; you get less, you work longer, you pay more. If you want a lower payroll then you lower the wages.

Councilperson Stoner questioned whether they are lowering the percentages from the 80%.

Mr. Klausner indicated that most do not set maximum caps. He believes there have been offers from the current workers to take less or pay more. The way it costs more to close a plan than to keep it open is that 9.5% of payroll comes from the workers and 6% of payroll comes from revenue sharing received from the State. There is 15% of payroll that does not get to the first dollar contributed by the employer. According to the City's long term history, the Police plan has a long term earnings in excess of 8.5%, which means it is earning more than you are assuming that it is going to earn, which means there is a profit. When people stay in the DROP plan the City gets to hold onto their money longer. He is seeing generally higher contribution rates from employees and the creation of Tier 2. He noted that L.A. has 12 tiers and New York has 14 tiers. That has been the model that has been most successful as you adjust to the time but you have to maintain a tier level that will enable you to attract workers. With regard to Defined Contribution Plans, they are going to create a generation of impoverished old people. If you want people to stay and work here and keep the quality of life that exists today you need a material retirement benefit.

Councilperson Stoner mentioned putting in a third tier.

Mr. Klausner advised that would be a horrible mistake. When you have a Defined Benefits Plan and you close it you lose the 9.5% employee contribution in ten years because everyone has retired. There is an ability to invest over a 30-year period because there are always people coming through and the pension fund can take an acceptable rate of risk in the market because they are not paying everyone at the same time. If a plan only has money going one way there could no longer be investing in the market due to worrying about preservation of capital. There would be no ability to grow it. The death of a trust fund is when you eat into the corpus of the fund. The United States Bureau of the Census keeps the best records on public pensions and one of the things they said is 60% of the long term cost of a public defined benefit plan will come from the market. If the market is lost the 60% is coming out of the budget. A tier 3 would just close the plan later. In a very short time you will run out of contributors and there will be a lot of receivers. These plans depend on a continued growth. In the 90's the City's contribution was zero; the plans were funded at more assets than liabilities. According to the actuarial report, that will ultimately be the future of this plan if you believe in the long term prospects of our capitalist system. In his experience, only one public pension plan has gone bust and that is because they did not put any money in.

Councilperson Stoner clarified that if a Tier 3 were done it should be a Defined Benefit with a different benefit level.

Mr. Klausner commented that it is too early to do a Tier 3. The effect of Tier 2 has to be realized. He thinks that Tier 3 will make it harder to recruit and that is going to make it harder to replace the people in Tier 1. Tier 2 is a good benefit; it is competitive.

Mayor Bendekovic stated that even though Mr. Klausner is here representing the Police Pension Board, what was just said relates to all of the pensions. She questioned when someone retires what percentage still has a family that depends on the medical and health insurance.

Mr. Klausner advised that actuarially it is assumed that 100% of everyone is married. Increasingly adult children are returning home and they can be on the insurance until age 26. Police officers and laborers are the ones who wear out young, still have children and their needs are substantial. His experience is that you will find at least one dependent and perhaps more. The other problem is that there are a lot of elderly people in the country with no pensions and they are depending on their middle age children to support them. You add that plus the rising cost of medical care and the general absence of post retirement subsidies by employers; there is a huge squeeze on people between the ages of 55 and 65.

Mr. Mastriani requested Mr. Klausner to discuss whether or not there is a cost to administer the DROP plan.

Mr. Klausner stated that a DROP plan says that you are going to retire; not accrue anymore pension benefits, and keep working. The City gets to hang onto the money and invest it but the employee will not accrue anymore service. Any salary increases do not count; DROP costs zero. DROP is generally a way that employees help put away money to offset the future cost of inflation. Because you do not guarantee any rate of return they ride the flow of the market; they either make money or not. It saves the City money; there is not a huge difference between the costs of a person in the DROP versus a new employee you are making a contribution for; it is cost neutral.

Mr. Mastriani indicated that with the up markets right now Police are making money off of the people in the DROP; not only is it cost neutral, it is also positive. DROP participants have the ability to choose between the investment returns of the entire plan to be in just bonds, which is fixed income, the stocks or money markets. There are a considerable amount of people in the money markets with basically in cash. Last year the plan made 17%. It is difficult to compare Police to a General Employee Plan. They have a lower assumption rate and a different mortality table. Some of the costs went up because after 2008 the Police were forced to put more money into the plan. The assumed rate of return was lowered, which caused Police to put more money into the plan. What happened from that is that the extra money infused into the plan had the ability to take advantage of the up markets and money was made off of it.

Brad Orvieto, consultant for the Police Pension Fund, was present.

Mr. Orvieto advised that for the first two quarters they are up about 7.3% and that is for fiscal year 9-30-13. If things remain the same for the next six months they will have already met their assumption for this year. He pointed out that a lot of Cities are going through this because of 2008 when the market performed very poorly but it is indicative of what has changed now. We are having a meeting based on impact fees because developers are coming in that want to build more in the City. The more building in the City increases the tax base. This is a perpetual plan and one year goes away and the further you get away from that year the better funded the pension plan will be. Historically we have done better than the assumption. There were many years in the 90's and early 2,000's where the City contributed zero. In looking at this over longer term that is not going to last forever. When the year 2008 falls off the pension plan will look a lot better.

Mayor Bendekovic requested direction from Council as to whether they want to keep Tier 2 or whether they want to hire an actuary to see what the cost would be.

Kevin Swan, Chairman of the General Employees' Pension Fund, was present.

Mr. Swan advised that 99.9% of the employees are happy with the Defined Benefits Plan and would be disappointed if it went in any other direction. He can say emphatically that all of the General Employees are 100% behind the Defined Benefit Plan. He noted that the rate of return for the General Employees' Pension Fund this fiscal year is approximately 8.6%, which is over the assumed rate of return of 7.7% and we are only seven months into the fiscal year, which starts October 1st. Last year the fund returned 16.6% net and we were actually 17.5% gross, more than twice the assumed rate of return. The fund is working as designed. We use the five-year smoothing method as to gains of losses and this is the last year we will account for the smoothing loss of 2008. Going forward things are looking much better. We are in the third year of making conservative changes that will bring the assumed rate of return for the General Employees' Fund to 7.5%. We are also going to use the same actuarial tables that the Police have already put into their system, which is the RP2000 combined healthy mortality tables and lowering the amortization schedule from 30 years to 20 years. The results of these actions bring down the funded ratio in the short term but future rates of return will be above the assumed rate and will have a positive affect on the fund. Once we get to the 7.5% rate of return; every time we are over that it is a boom to the City because it is less money. Just giving the plan some time will show a large improvement. Employees are currently paying 8.5% for those in Tier 1 with Tier 2 paying 4%. In just over four years the Tier 2 has grown to 60 employees; approximately 13% of the overall employees for the General Employees' Fund. Tier 2 has substantially reduced costs and as Mr. Klausner pointed out, ten years in the future you will see a vast marked improvement and a lot less liability in the City's fund. It takes people 37 years to get to the point of 80%. There are actions that the City can make responsibly such as depositing the required City contribution as a lump sum; that would save a considerable amount of money; hundreds of thousands of dollars. A living wage and reasonable benefits attract and retain employees. The employees of Plantation have been team players and will have gone five years with only one 3% raise. Last year we had three furlough days, health care costs went up and employees have been making concessions to help the City budget. The Defined Benefit Plan is of great importance. He believes it would be good in the future to have the Police Actuary and their Attorney meet with us once a year and provide updates. It is important for Council to know that the money is being spent wisely and they are seeing a good return. The health of both of our funds is in very good shape. He mentioned that it will take 37 years for someone to max out at the 82% in the Tier 2 plan.

Mr. Little indicated that comparisons and multiples could be done of General, Police and Fire around the area and around the State and you will see what a reasonable level is. You have to compete and be able to provide a benefit for the member to maintain their standard of living when they retire.

Mr. Swan stated that our Tier 2 is 2.25%, which is a very median level. In the Police world they have more risk and the State adds to their pension so obviously their multiplier will be higher.

Councilman Fadgen questioned whether the investment return year to date of 8.6% is through April.

Mr. Swan advised that Burgess Chambers did an update and it is through May 7, 2013.

Councilman Fadgen mentioned the minutes of the last Police Pension Board meeting there was some discussion about having City Council approve the strengthening of the plan by lowering the investment return assumption. His concern was whatever the Pension Board does, it cannot by itself, and it has to consider the ability of this City to fund.

Mr. Morgan stated that is why Resolution No. 9204 requires that all actuarial changes by any of the Boards have to be approved by Resolution by the City Council. He noted that the General Employees Pension Board has not made a change in three years and prior to that it was a few years before that.

Councilman Fadgen commented that the General Employees are currently lowering their investment assumption every year when it goes down 1/10% and it should come before City Council before it is implemented.

Mr. Morgan indicated that is a graduated reduction. He advised that the way it was approved, the Council approved a graduated approach so it did not have to come back every year.

Councilman Fadgen suggested that it be done every year because he is hearing that both the General Employees as well as the Police are far exceeding the assumption.

Mr. Morgan advised that they are exceeding the investment returns but the actuarial assumption is a little different.

Councilman Fadgen stated that the point is 6.5% for the Police. His point is that when the plans decided to move away from 8%, and it was unrealistic for a period of time, and now that the General Employee investment return assumption is 7.7% and we are exceeding that, maybe we should stop there and likewise with the Police.

Mr. Morgan indicated there are two lines of thought on that. The investment advisors will say that over the last 30 to 50 years there has been an annual rate of return level that exceeds 8% and when talking to the actuaries, they say it should be lower.

Councilman Fadgen noted that is concern is the solvency if the revenue is not here to do it.

Mr. Mastriani advised that they would not want a market time. One of the reasons they did that was because they wanted to get to a point where the assumed rate of return was down so they could take risk out of their portfolio so when money is invested for the pension system that they could do so without taking as much risk that they would need to if they were at 8% or 7.5%. If they can get it down to 6.5% they can be invested in less riskier things; therefore, leveling out the investment ability over a period of years. The attorneys opinions is that the Board has the unilateral right to change that; it is a part of our fiduciary responsibility and our right that is unrestricted ability to be able to do that. They will continue to do it until they get it to a level that they think they can invest the money in that takes risk out of portfolio so they can provide returns that will allow us to have a pension plan that we can administer for the City's benefit.

Mr. Morgan disagreed.

Mayor Bendekovic stated that our City Attorney has been at the meeting to state that disagreement.

Councilman Levy questioned what Council's feelings were regarding directions to the Mayor.

Mayor Bendekovic indicated that the first direction was if there are any actuarial reports that you would like done because they will have to go out for an RFP and they get very expensive. One that was most recently done was $12,000. The option is letting the smoothing year go by, which would change a lot of things, and see what the Tier 2 does and go one more year and then look at it again.

Mayor Bendekovic commented that it has been proven that the Tier 2 will work and once we get through the smoothing year we will see changes. She would like to see us continue with the Tier 2 and get through the smoothing year.

Councilperson Stoner mentioned that with Tier 2 employees get 80% after 37.5 years. She questioned why they contribute 4% versus 8.5%.

Councilman Levy advised that in Tier 2 they get less all the way around and it has to do with employee contributions too.

Councilperson Stoner stated that Tier 2 gets 80% and Tier 1 gets 82.5%. For a 2% difference there is a 4.5% difference.

Mr. Morgan indicated that 82.5% is reached in 27.5 years for Tier 1 and for Tier 2 it was 80% at 37.5 years. There is a significant difference in years when the maximum would be reached.

Ms. Moale explained that the reason the Tier 2 was set at 4% is because that is what the actuary recommended. Tier 2, in neither the Police Pension nor in the General Employees, have the insurance supplement, which is a very expensive part of the employee contribution and they will not have that so they will have to bear the full cost of health insurance.

Mr. Morgan commented that Tier 2 does not have DROP as well.

Councilperson Stoner questioned whether Tier 1 benefits could be changed.

Mr. Morgan stated that not past benefits.

Mayor Bendekovic indicated that contributions can be added because in Tier 1 employees can be requested to add more.

Councilperson Stoner mentioned long term disability. Apparently the long term disability is set forth in the pension ordinance.

Ms. Moale advised that the long term disability is not set forth in the pension; the pension prevision is called off duty disability and that is in the pension provision itself. Long term disability is insurance.

Councilperson Stoner questioned whether the individual plans are paying the premium for the long term disability because ultimately the benefit is paid out of the plans not by the City.

Ms. Moale stated that ultimately the City pays the pension to make it whole. That is the City's decision.

Councilperson Stoner commented that the City makes their contribution to the plan; it does not include a long term disability premium.

Councilman Fadgen indicated that it would be higher if it came out of the plan.

Ms. Moale stated that it would make pension costs go up.

Councilperson Stoner noted that the owner of the policy is the City of Plantation. The plan actually makes the payment to the employee.

Ms. Moale advised that the insurance company makes the premium. The plan is for those people who have filed for disability with the Board of Trustees and the Board of Trustees hears the disability hearing and they decide to authorize and accept it.

Mr. Morgan explained that the way the ordinance is currently written, an employee who wishes to go on disability has to first go through the City's insurance carrier prior to being able to have a hearing before the General Employees' Pension Board to decide whether or not they should be able to receive disability. Once they go through the insurance process with the health exams, etc., if they are denied then they can make a claim to the pension.

Councilperson Stoner stated that letters were sent to a couple of people who said their pension would be discontinued if they did not turn in their yearly annual physicals.

Ms. Moale commented that is different; that is part of the provisions of the disability.

Councilperson Stoner indicated that the Pension Board has the oversight of those people receiving the off duty disability payments. The City is paying the premium and has its hands in it when in reality it would seem that the correct owner of the policy needs to be the Pension Boards.

Mayor Bendekovic mentioned that the Pension Boards would have an additional cost of $70,000.

Councilperson Stoner stated that it would be per employee across the three different Pension Boards. We are talking less than $100 per year per employee. She is concerned that the ownership and the beneficiary have been skewed because the City should not have a hand in that if the Pension Board has the oversight.

Ms. Moale advised that there would only be two. By having the LTD insurance that the City has paid for since 2008, we have probably saved 12 disabilities.
Councilperson Stoner emphasized that the correct person to have it are the Pension Boards not the City.

Mayor Bendekovic clarified that we should not be paying the premium of $70,000 that the money should be divided between the two Pension Boards. There should be a $35,000 cost to each Pension Board.

Councilperson Stoner reiterated that there are a total of 500 people in both plans; there are about 100 in Police and a certain number of General Employees.

Ms. Moale advised that there are 494 active employees in General and 114 active in Police. The Police Pension only covers them for the first five years of employment then we do not pay for LTD coverage beyond that.

Councilperson Stoner commented that it does not make sense that the City would bear that cost when it is actually a pension benefit.

Ms. Moale stated that it is an employee benefit because it also contains the Employee Assistance Program.

Mr. Morgan explained that the way it was created makes what Councilperson Stoner is saying true but the way it is administered it is not a pension benefit.

Councilperson Stoner noted that as long as those Boards have the oversight of making sure that compliance is done it absolutely does.

Mr. Morgan indicated that they do not have oversight over the long term disability insurance.

Councilperson Stoner advised that they have the qualification of making sure that they comply with their yearly medical exams, whether they continue to get benefits, whether they do not get benefits.

Ms. Moale stated that the long term disability has provisions that if you are on long term disability, not on the pension but through the insurance that the City purchases, and then they rehabilitate you to get back into a working environment.

Councilperson Stoner is saying that the administration of that aspect does not belong with the City; it belongs with the individual Boards.

Councilman Fadgen commented that he was not sure it matters. If it comes out of the fund it is an additional cost to the fund and the assets of the fund are lower to make up the pension normal costs and then the unfunded liability normal contribution will have to be adjusted.

Councilperson Stoner stated that for accounting purposes, where it belongs is where it belongs.

Councilman Levy suggested asking Legal to look into it and come back and see what the appropriate legal way to do this is.

Mayor Bendekovic thanked Mr. Little for attending the meeting. She questioned whether Council wants her to hold this for another year and let it go through the smoothing other than what Councilperson Stoner brought up.

Councilman Levy indicated that his opinion was to keep it as it is for now. We have a lot of information to take in. Once the year of smoothing is over we can take a look at the whole program.
In response to Councilman Jacobs, Mayor Bendekovic stated that we are talking about Tier 2 for Police and General Employees. We are not talking about Collective Bargaining or anything like that.

Councilman Jacobs commented that he would not like anymore actuarial studies. He thinks we should study whether or not we want to increase contributions.

Councilman Levy indicated that can be looked at during the budget process.

Mayor Bendekovic advised that the figures can be brought back in increments to show the savings.

Councilman Fadgen mentioned that Tier 2 has not yet matured so it should be left the way it is for now.

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The meeting adjourned at 11:25 p.m.

____
Councilman Robert A. Levy, President
City Council

ATTEST:

____
Susan Slattery
City Clerk

RECORD ENTRY:

I HEREBY CERTIFY that the Original of the foregoing signed Minutes was received by the Office of the City Clerk and entered into the Public Record this ______ day of ___________________, 2013.

____
Susan Slattery, City Clerk