CITY OF DELTONA, FLORIDA
CITY COMMISSION WORKSHOP MEETING
MONDAY, APRIL 14, 2014

A Workshop Meeting of the Deltona City Commission was held on Monday, April 14, 2014 in the City of Deltona's 2nd Floor Conference Room at 2345 Providence Blvd., Deltona, Florida.

1. CALL TO ORDER:

The meeting was called to order at 5:30 p.m. by Mayor John Masiarczyk.

2. ROLL CALL:

Mayor	John Masiarczyk	Present
Vice Mayor	Heidi Herzberg	Present
Commissioner	Webster Barnaby	Present
Commissioner	Zenaida Denizac	Present
Commissioner	Fred Lowry	Present
Commissioner	Chris Nabicht	Present
Commissioner	Nancy Schleicher	Present
City Manager	William D. Denny	Present
City Attorney	Becky Vose	Present
Deputy City Clerk	Mitch Honaker	Present

Also Present: Human Resource Director Tom Acquaro; Finance Director Robert Clinger; Economic Development Manager Jerry Mayes; Acting Fire Chief Robert Rogers; Deputy City Manager Dale Baker; and VCSO Captain Dave Brannon.

3. PLEDGE TO THE FLAG:

The City Commission and staff said the pledge to the flag.

4. BUSINESS:

A. Discussion re: Proposed changes to Firefighters' Pension Ordinance.

City Manager Dave Denny made a presentation regarding proposed changes to the City of Deltona Firefighters' Pension Fund ordinance.

The Commission and staff discussed the City's obligation to ensure retirement benefit enhancements strike a proper balance between adequate and competitive benefits that are affordable and sustainable, being good financial stewards of the residents' money, no source of pension funding being under the City's control except City contributions, defining sources of pension funding that are not under the City's control, the City's taxpayers having to pay any funding shortfalls of the proposed benefit enhancements, the 8% assumed rate of return in the proposed calculations appearing to be too high, the mortality rate used may not be the most appropriate because people are living longer, the amortization period used in the calculations being too long, if the assumed rate of return were 7.75% the immediate effect on the City's contribution would be an increase of approximately $250,000 dollars, why the City has an unfunded liability balance and pension plans not being 100% funded, the Unfunded Actuarial Accrued Liability

(UAAL) being too long, the UAAL increasing by $1,850,623 dollars if the ordinance is approved as written which is a 37% increase to a new high of $6,805,623 dollars, not adopting benefit enhancements unless the City can afford to pay them, not shifting the costs of benefit enhancements to the next generation of taxpayers, possibly shortening the amortization period to five (5) or 15 years, defined the Deferred Retirement Option Program (DROP) benefits and discussed actuarial concerns about the proposed changes to DROP, researching the benefits of self-directed DROP accounts, a comparison of Florida Retirement System (FRS) DROP benefits, the City's current DROP participation period of three (3) years and the proposed increase to eight (8) years, members not being able to exceed a total of 35 years of participating in the pension and DROP, entering DROP at any time instead of within a year of DROP eligibility, FRS only allows for one (1) year to decide to take the DROP, rewording the ordinance language to better delineate that plan overfunding proceeds will be used to keep the plan solvent by paying down the unfunded liability, ordinance language concerns pertaining to the City's 16% minimum required contribution to the pension plan and the Pension funds performing better than expected in the future, establishing a Cost of Living Allowance (COLA) of 2.35% to go into effect at the latter of either age 52 or three (3) years after a member starts to receive benefits, the actuary suggesting that the COLA be equal to the Consumer Price Index (CPI), clarifying ordinance language that members in DROP do not receive COLA benefits, how the Pension Board came up with a 2.35% COLA, changing the COLA benefit label to "annual benefit adjustment", what happens if the premium tax dollars cannot support the "annual benefit adjustment", putting the formula for adjusting the "annual benefit adjustment" into the ordinance, proposed pension bill currently being reviewed by Committee in Tallahassee, not letting proposed Florida Statute Bill proposals affect Commission decisions, the proposed ordinance spending most of the available funds, members being vested in the pension plan after 10 years, but not being eligible for a COLA until they have 21 years in the pension plan, reducing the years of participation from 21 years to a lower number of years without going below a 2% "annual benefit adjustment", when a firefighter can start to draw a pension, and the plan's current and projected unfunded liability.

Firefighters' Pension Plan (FFP), Board of Trustees member Kurt Vroman, 166 Wildwood Drive, stated that a COLA is a very costly benefit and should not be given out too soon or Deltona will find themselves in the same financial deficit as some other cities such as Port Orange's mistakes with pension contributions, and the Pension Board wanting to make sure that Deltona is never put in Port Oranges pension funds deficit shoes.

The Commission and staff discussed the projected increase in the unfunded liability, the City of Jacksonville's unfunded liability issues, reviewed the City's pension plan contributions for Fiscal Year Ending (FYE) 09/30/13, it being unethical to take money that was earmarked for pension benefits and paying down the unfunded liability just because a Florida Statute states it was allowable, stock market scenarios that could financially devastate the City, the FFP Board making good financial investment policies and having a very strong investment plan, unfunded liabilities being a scary, but necessary part of the City doing business, the market crash in 2008, stock market fluctuations and possible effects on the pension plan, managing the investment strategy and the gap between unfunded liabilities, the defined benefit plan, the actuarial study and projected firefighter annual salary increases, preparing multiple proposals considering a range of the three (3) assumptions mentioned in the presentation, i.e. lower assumed rates of return, longer assumed life expectancies, and shorter amortization periods. Also discussed were the projections covering a

minimum of 20 years, and to consider restricting some portion of the general fund balance as a means to protect the pension fund in the event of future economic downturns, paying down the unfunded liability being a more financially prudent thing to do to make a more solid plan, unfunded liability showing in a City's financial statement, and whether or not the ordinance was ready for first reading.

After discussion, the Commission concurred to have the City Attorney come back with suggested changes to the ordinance language, to change COLA to "annual benefit adjustment", the Firefighters' Pension Board actuary to prepare multiple proposals for Commission review that takes into consideration a range of the recommendations and assumptions mentioned in the presentation, i.e. lower assumed rates of return, longer assumed life expectancies, shorter amortization periods, the projections covering a minimum of twenty years, and to consider restricting some portion of the general fund balance as a means to protect the pension fund in the event of future economic downturns .

FFP Board member Kurt Vroman, 166 Wildwood Drive, stated that unfunded liability should be thought of as a credit card, never make the minimum payment, paying the unfunded liability in a lump sum payment instead of over time, and that member contribution is under City control during contract negotiations.

The Commission discussed scheduling the ordinance for first reading, reviewing the actuaries new proposed changes before scheduling first reading, reviewed portions of the proposed ordinance, the 365 day window for the DROP, digesting all benefit enhancement information before scheduling first reading, and the Commission being ready to move ahead with the firefighter benefit enhancements.

a) William Bush Swisher, 935 Sylva Avenue, thanked the Commission for seriously reviewing the benefits enhancements, the actuary report not providing an exact number for the unfunded liability, and having the City Manager send a letter to the Union President to communicate the Commission's intent with the enhancements ordinance.

The Commission and staff discussed reviewing a range of benefits scenarios, the City's 16% minimum contribution that was approved in the last Union Contract being mutually beneficial, all Commissioners needing to have a comfort level with the ordinance, making the right decisions now that will not have an adverse effect on the City in the future, Commissioners reviewing the ordinance and content of the agenda packet, and then scheduling individual meetings with the City Manager to discuss the benefits enhancement ordinance, an email received by former Commissioner Zischkau to file a law suit against Citibank Corporation, not throwing good money after bad and the high costs of litigation, the pros and cons of hiring experts and following their advice, and the Commission reviewing all relevant material and making sound decisions.

b) William Bush Swisher, 935 Sylva Avenue, stated that considering the benefit enhancements ordinance is part of the agreement made in the union contract, making fiduciary and not ideology decisions, and the Firefighters' Pension Board making sure the plan is funded.

B. Discussion re: Sanctions for violating the Charter.

The Commission and staff discussed proposed Ordinance No. 05-2014, the Commission needing to thoroughly read each ordinance and provide feedback to staff, the ordinance not having any teeth and just being a "feel good" document, not defeating the purpose of the ordinance, the Charter officers needing to be able to present concerns of interference by a Commissioner without the fear of losing their job, Commission interactions with the City Attorney who provides legal advice being different than the interactions with the City Manager who runs City operations, the difference between advice and giving direction, the Commission agreeing on issues as a group on the needs of the City and not as individuals, the intent of the Charter Review Committee (CRC) when they suggested adding "Sanctions for violating the Charter" to their recommendations, people abusing the amendment and frivolously tying up Commission and staff time, the Volusia County Sheriff's Office (VCSO) having an entire division devoted to complaints, taking the recommendation off the table, defining charter violations and what is trying to be addressed, residents having an avenue to file complaints by State law through the Ethics Commission, defining at what point it is directing staff or merely providing information concerning issues, everything needing to go through the City Manager and not directly to staff, other City's having sanctions in their Charter, the ordinance being a very slippery slope if approved and not crippling the ability of the Commission and Charter Officers to run the City, the City Manager having control over staff, possible reasons why the CRC discussed sanctions for Charter violations, grievous Charter violations already being addressed in the Charter, public perceptions and past practices, there already being a checklist of Charter violations in the Charter and adding to the list, the Commission adjudicating a Charter violation, obtaining clarification from the CRC, needing to move forward with Charter Review amendments to get them on the ballot, and taking Sunsetting the CRC off the next Regular Commission meeting agenda.

After discussion, the Commission concurred to schedule a joint meeting with the CRC to obtain clarity on their intent of adding an amendment to address Charter violation sanctions.

5. CITY MANAGER COMMENTS:

Mr. Denny stated that the South Carolina-based McCallum Sweeney Consulting firm, the group selected by Team Volusia and Duke Energy to conduct an assessment of the property off Normandy Boulevard across from the Epic Theatre for possible economic development, would like to give a one (1) hour presentation to the Commission on their Commerce Park concept, and with Commission approval he would like to schedule the presentation for the May 12, 2014 workshop.

After discussion, the Commission concurred to schedule a one (1) hour presentation on the concept of a Commerce Park off Normandy Boulevard for May 12, 2014.

6. ADJOURNMENT:

There being no further business the meeting adjourned at 7:50 p.m.

Mitch Honaker, Deputy City Clerk