TOWN OF PALM BEACH

Office of The Town Clerk

MINUTES OF THE SPECIAL TOWN COUNCIL MEETING HELD ON THURSDAY, JANUARY 31, 2008

I. CALL TO ORDER AND ROLL CALL

The Special Town Council Meeting was called to order on Thursday, January 31, 2008, at 9:30 a.m., in the Town Chambers. On roll call, the following elected officials were found to be present:

Mayor Jack McDonald
President Richard M. Kleid
President Pro Tem Denis P. Coleman
Council Member Brooks
Council Member Coniglio
Council Member Markin

Others present for all or a portion of the meeting were:

Town Manager Peter B. Elwell
Deputy Town Manager Thomas G. Bradford
Assistant Town Manager Sarah E. Hannah
Town Attorney John C. Randolph
William Amador - Fire-Rescue Chief
Jay Boodheshwar - Recreation Department
Paul Brazil - Public Works Department
Eric Brown - Public Works Assistant Director
William Crouse - Human Resources Director
Carla Kneipp - Human Resources Assistant Director
Charles Langley - Public Works Assistant Director
John Page - Planning, Zoning and Building Director
Michael Reiter - Police Chief
Marlene Rizzolo - Town Nurse
Jane Struder - Finance Director
Karen Temme - Risk Manager
Susan Eichhorn - Town Clerk

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MINUTES OF THE SPECIAL TOWN COUNCIL MEETING
HELD ON THURSDAY, JANUARY 31, 2008

II. PLEDGE OF ALLEGIANCE

President Kleid led the Pledge of Allegiance.

III. APPROVAL OF AGENDA

Motion made by Council Member Brooks to approve the Agenda. The motion was seconded by President Pro Tem Coleman. On roll call, the motion carried unanimously.

IV. Consideration of Scheduling an Attorney/Client Session Regarding Town of Palm Beach vs. Trina Lane, Case No. 50 2007 CA 006102 XXXX MB AD, Fifteenth Judicial Circuit Court, Palm Beach County, Florida, to Discuss This Matter Beginning at 11:45 A.M. or as Soon Thereafter as Possible on January 31, 2008, in the Town Council Chambers, 360 South County Road, Palm Beach, Florida. Attorney/Client Session Attendees: Mayor Jack McDonald; Town Council President Richard M. Kleid; Town Council President Pro Tem Denis P. Coleman; Town Council Members William J. Brooks, Gail Coniglio, and Susan Markin; Town Manager Peter B. Elwell; Town Attorney John C. Randolph; Attorney Stirling C. Halversen; and Court Reporter from Ley and Marsaa Court Reporters, Inc. [John C. Randolph, Town Attorney]

Item IV. And Item V. were considered together by the Town Council as presented below.

V. Consideration of Scheduling a Closed Door Attorney/Client Session Regarding Town of Palm Beach vs Wolfgang Von Falkenberg, et al, Case No. 50 2006 CA 009548 XXXX MB AE, Fifteenth Judicial Circuit Court, Palm Beach County, Florida, to Discuss this Matter Beginning at 11:45 A.M. or as Soon Thereafter as Possible on January 31, 2008, in the Town Council Chambers, 360 South County Road, Palm Beach, Florida. Attorney/Client Session Attendees: Mayor Jack McDonald; Town Council President Richard M. Kleid; Town Council President Pro Tem Dennis P. Coleman; Town Council Members William J. Brooks, Gail Coniglio and Susan Markin; Town Manger Peter B. Elwell; Town Attorney John C. Randolph; Attorney Stirling C. Halversen; and Court Reporter from Ley and Marsaa Court Reporters, Inc. [John C. Randolph, Town Attorney]

Town Attorney Randolph requested the advice of the Mayor and Town Council regarding two items of litigation, Item IV. and Item V., on the Agenda, as printed above, in an Attorney/Client Session to be scheduled at 11:45 a.m.

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Motion made by Council Member Brooks, seconded by Council Member Markin to approve the scheduling of an Attorney/Client Session at 11:45 a.m. regarding two items of litigation, Item IV., the Town of Palm Beach vs Trina Lane, and Item V., Town of Palm Beach vs Wolfgang Von Falkenberg, On roll call, the motion carried unanimously.

President Kleid announced that the Special Town Council Meeting would be adjourned at 11:45 p.m. and reconvened as the Special Town Council Meeting for the Attorney/Client Closed Door Session, which would last approximately a half hour. The Town Council would then reconvene in the Town Council Chambers and terminate the Closed Door Session and adjourn for lunch until 2:00 p.m.

President Kleid announced that only public comments that dealt with the overall Comprehensive Review of Town Operations Report and any philosophy on Town operations would be taken. He requested that public comments directed to any specific department or operation be held until there was discussion of that particular department or operation.

President Pro Tem Coleman commented on absentee voting and early voting. He requested that staff obtain information on what would be involved to reverse the decision of a previous Town Council to opt out of early voting.

Town Manager Elwell explained the difference between early voting and absentee balloting, noting that he believed the Town had opted out of early voting due to cost and logistical considerations. He advised that staff would provide the details and present a report relative to the Town reversing its earlier decision to opt out of early voting at the February 12, 2008, Town Council Meeting.

President Pro Tem Coleman commented on the involvement of the Town of Palm Beach Police Department at a party attended by Jim Belushi.

Public comments were received from the following:

William Diamond, 220 Wells Road, commented on absentee ballots.

Steve Brown, Secretary/Treasurer of the Palm Beach Civic Association, residing at 184 Bradley Place, commented on the following:

- Complimented staff on the Comprehensive Review of Town Operations Report;
- The effect that the proposed cost savings, by the Town, could have on the quality of life in Palm Beach, and the need to protect same;

- The Civic Association was both willing and able to provide their services, in anyway possible, to the Town.

VI. COMPREHENSIVE REVIEW OF TOWN OPERATIONS

A. Confirmation of Actions Tentatively Taken on January 15, 2008

President Kleid referred to the memorandum provided by Town Manager Elwell to the Mayor and Town Council dated January 25, 2008, and included in the backup material, to recommend that the Town Council pass a motion or motions confirming the actions tentatively taken by the Town Council on January 15, 2008, and directing staff to commence implementation of those actions.

Motion made by Council Member Brooks, seconded by Council Member Markin to approve all of the tentative actions taken by the Town Council at the Special Town Council Meeting held on January 15, 2008, as set forth in Town Manager Elwell's memorandum dated January 25, 2008:

- **Eliminate Request Partner Service**
- **Eliminate Funding for Townwide Mailings**
- **Reduce Desktop Printers**
- **Change Minutes from Detailed Minutes to Brief Summary Minutes**
- **Allow (or Require) Land Development Applications to be Filed Electronically And**
  Allow (or Require) Business Tax Receipts Applications to be Filed Electronically
- **Require Written Notice to Properties Within 250 Feet of Landmark Preservation Commission Applications**
- **Create Part-Time Fire Mechanic Assistant Position**
- **Change Patrol Vehicle Replacement Schedule**
- **Reduce Detective Fleet by Two Vehicles**
- **Change Parking Control Fleet to Fuel Efficient Vehicles**
- **Reduce Parking Control Fleet by One Vehicle**
- **Lease Evening and Weekend Access to the Peruvian Parking Lot**
- **Increase Charitable Solicitation Fees**
- **Increase Fire Prevention Fees**
- **Increase EMS Transport Fees**
- **Create a Fee for Fire-Rescue Responses to Motor Vehicle Accidents**
- **Increase Fire-Rescue Special Detail Fees**

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On roll call, the motion carried unanimously.

B. Public Works Department

Director of Public Works Paul Brazil provided a brief overview of the Public Works Department programs. He presented, for consideration of the Town Council, the following cost saving measures for each program, which were included in the Comprehensive Review of Town Operations:

- **Program 511 Administrative Management - Cost Saving Option**

1. Reprogram Project Administrator to Office Assistant II

Council Members Coleman and Brooks both voiced their opposition to any employee layoffs.

Town Manager Elwell suggested, that on items the Town Council wanted to consider in the future, and did not specify that information be provided on a more frequent basis, staff would, as part of every annual budget process, report to the Town Council on the implementation of the slower changes that came out of this process.

It was the consensus of the Town Council to revisit this cost saving option as part of every annual budget process.

- **Program 521 Street Repair & Maintenance Program - Cost Saving Options**

1. Reduce service frequency Street Sweeping Program

It was the consensus of the Town Council that further information as well as another plan would be presented at the February 26, 2008, Town Council Meeting regarding this program.

Council Member Markin mentioned that since the Town Council was discussing the Street Repair and Maintenance Program, she wanted it known, that to avoid the patchwork look of the streets in Town, she would vote for re-paving the entire street.

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2. **Reduce service frequency Bike Path Sweeping**

It was the consensus of the Town Council that there was no interest in this cost saving option.

3. **Eliminate Special Pick-up Collections**

Motion made by Council Member Brooks, seconded by Council Member Coniglio, to increase the fees for special pick up collections to equate the expenses. On roll call, the motion carried unanimously.

- **Program 523 Traffic Control - Paint & Signs - Cost Saving Option**

1. **Eliminate or Reduce Curb Painting**
2. **Eliminate Pedestrian Crosswalk Signs**
3. **Eliminate or Reduce Line Painting & Thermoplastic Striping**

It was the consensus of the Town Council that there was no interest in the three cost saving options listed above.

- **Program 524 Street Lighting - Cost Saving Option**

1. **Eliminate or reduce maintenance painting of street lights**

It was the consensus of the Town Council that there was no interest in this cost saving option.

- **Program 532 Sanitary Sewer Maintenance - Cost Saving Option**

1. **Public Education to convert to low flow fixtures in homes and businesses**

Town Manager Elwell commented that if the Town undertook a separate public education program just for the purpose of educating residents to convert to low flow fixtures in homes and businesses, there would be additional expenses. If the Town's website and annual report as well as the other ways the Town communicated with residents were used for a public education program, additional costs would not be incurred.

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It was the consensus of the Town Council to implement a Public Education Program, with no cost to the Town, by using the Town's website and annual report as well as the other ways the Town used to communicate with residents and businesses.

- **Program 533 Sanitary Sewage Treatment - Cost Saving Option**

Director of Public Works Paul Brazil Mr. Brazil explained that the Town has had some issues with the City of Lake Worth and their fee hikes, their operation and maintenance of the system. The Agreement with the City of Lake Worth was coming to an end eventually. The Town was studying the possibility of redirecting those flows because if they were sent north, the per gallon costs were much less expensive. The Town has a series of force mains that were anywhere from forty to fifty years old, and staff was looking at a long term program to rehabilitate or replace them, where necessary.

Mr. Brazil reported that how much the Town could save was dependent on the long term construction costs for those projects, which staff was presently working on, as well as the future rates of City of West Palm Beach. He suggested that the Town Council direct staff to study the possibility of a long term program.

It was the consensus of the Town Council to revisit this cost saving option and continue to monitor it frequently.

- **Program 541 Residential Collection - Cost Saving Options**

1. **Eliminate back door service, and have all residential collection performed with curbside pick-up.**

   It was the consensus of the Town Council that there was no interest in this cost saving option.

2. **Reduce level of service to perform residential collection only twice per week.**

   It was the consensus of the Town Council that there was no interest in this cost saving option.

- **Program 544 Yard Trash Collection - Cost Saving Options**

1. **Collect yard waste only one day every other week.**

   It was the consensus of the Town Council that there was no interest in this cost saving option.

2. **Elimination of yard waste program.**

   It was the consensus of the Town Council that there was no interest in this cost saving option.

3. **Eliminate containerized trash collection.**

Motion made by Council Member Coniglio, seconded by Council Member Brooks, to eliminate container yard trash collection program. On roll call, the motion carried unanimously.

- **Program 545 Recycling - Cost Saving Option**

1. **Eliminate the Commercial Recycling Program.**

   It was the consensus of the Town Council that there was no interest in this cost saving option.

- **Program 546 Beach Cleaning - Cost Saving Option**

1. **Eliminate Beach Cleaning Program**

   The consensus of the Town Council was as follows:

   - Continue the present beach cleaning program.
   - Staff, as part of this process, would come back to the February 26, 2008, Special Town Council Meeting, with information relative to an expanded beach cleaning program with costs and fees estimated to determine what

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the math would be as to how the beaches would function, how many people would be needed to be involved etc.

- During the FY 09 budget process, staff would provide a full analysis of the different costs related to the beaches: cleaning, beach patrol, operating costs, etc.; staff would explore the inclusion of the beach cleaning program into the Recreation Enterprise Fund; the issue of public beach access fees/parking fees to offset the costs of maintaining and guarding the beaches would be revisited.

- **Program 551 Landscape Maintenance - Cost Saving Options**

1. Move to all contracted mowing.

Director of Public Works Paul Brazil discussed an additional option for cost saving, which had not been included in the Comprehensive Review of Town Operations for the Town Council's consideration. He noted that the laborer position was vacant. He suggested that the equipment operator position be reprogrammed within the Parks Bureau for other efforts. The laborer position would not be filled ever, eliminating the salary and benefits of that position. Staff could then start contractual mowing immediately.

Motion made by Council Member Markin, seconded by Council Member Brooks, to approve the options for cost savings. On roll call, the motion carried unanimously.

2. Historic/Specimen Tree Program

- **Routine Maintenance of Historic/Specimen Tree Program would become the responsibility of the property owners.**

It was the consensus of the Town Council that there was no interest in this cost saving option. However, Council did request staff to develop a user fee schedule for charging the cost of this service to the residents who receive it.

3. Lethal Yellowing Program

It was the consensus of the Town Council that there was no interest in this cost saving option, as all members wish to continue the Lethal Yellowing Program.

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- **Program 554 Facility Maintenance - Cost Saving Options**

1. **Reduce quantity of, or remove public benches.**

   It was the consensus of the Town Council that there was no interest in this cost saving option.

2. **Outsourced Building Maintenance**

   It was the consensus of the Town Council that there was no interest in this cost saving option.

- **Program 561 General Engineering Services - Cost Saving Option**

1. **Reduce personnel**

   It was the consensus of the Town Council that there was no interest in this cost saving option.

- **Program 565 Right of Way Inspections - Cost Saving Option**

1. **Reduce personnel**

   It was the consensus of the Town Council that there was no interest in this option.

- **Program 571 Equipment Operation & Maintenance - Cost Saving Options**

1. **Adjust preventative maintenance schedule.**

   It was the consensus of the Town Council that there was no interest in this cost saving option, and the program would continue based on utilization rather than time elapsed.

2. Reduce Mechanic III position to Mechanic I through attrition.

Director of Public Works Paul Brazil advised that this week a Mechanic III had decided to retire, and presented an alternative cost saving option, which had not been previously presented to the Town Council. Staff proposed bringing back the Mechanic III, in a part time position as a Mechanic I to do just the basics: oil changes, wiper blade changes, etc. The other full time mechanics on staff would deal with larger issues such as hydraulics, repairs, road calls, etc. He explained that there would be one person, working less than 20 hours, with no benefits, who would come in to take care of just the routine maintenance. The Town could save as much as $60,000 a year.

It was the consensus of the Town Council that the Town would consider reducing the Mechanic III position to a part time Mechanic I position. The Mechanic I would work less than 20 hours, with no benefits, and would take care of just the routine maintenance.

3. Reclassify Vehicle Maintenance Supervisor position to working foreman position (i.e., Master Mechanic/Shop Foreman)

It was the consensus of the Town Council to consider reclassifying the Vehicle Maintenance Supervisor position to working foreman position (i.e., Master Mechanic/Shop Foreman).

- **Program 581 Coastal Management - Cost Saving Option**

1. Title: Transfer Coastal Management Program to Palm Beach County.

It was the consensus of the Town Council to wait for the creation of the new Shore Protection Board to investigate this option for cost saving and for that Commission to bring back their recommendations to the Town Council.

C. Human Resources Department

Director of Human Resources William Crouse provided an overview of the Human Resources Department. He noted that the Human Resources Department consisted of one program, which covered seven primary operations:

1. Recruitment, Selection, and Orientation
2. Compensation and Classification

3. Benefits Administration
4. Employee Relations
5. Legal Compliance
6. Policies and Procedures
7. Occupational Health Clinic

Mr. Crouse requested that the position of Human Resources (HR) Analyst be retained, which had been vacant since August 2007. He explained that HR, in preparing their report, in November, placed this vacancy on the Planned Future Efficiencies and Cost Savings Measures, found under Health Insurance in the CRTO. It had been believed that this position could be eliminated and the duties absorbed through a combination of an improved computer software system, internal redistribution of work, and/or outsourcing the insurance benefits administration functions. It has since been determined that the HR Analyst position was needed.

The Town Council considered the various options for cost savings presented by Director of Human Resources Crouse:

1. **Simplify the recruitment/selection process utilized for hiring employees to fill high risk positions.**

   It was the consensus of the Town Council that there was no interest in this cost saving option.

2. **Eliminate funding for retirement recognition gifts.**

   It was the consensus of the Town Council that there was no interest in this cost saving option.

3. **Reduce Employee Training Program**

   It was the consensus of the Town Council that there was no interest in this cost saving option.

4. **Reduce or eliminate contracted services specific to the Town Physician.**

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It was the consensus of the Town Council that there was no interest in this cost saving option.

5. **Reduce or eliminate Employee events (i.e., the Holiday Party, the Water Park Picnic) and the "You Make A Difference" General Employee Recognition Program.**

It was the consensus of the Town Council that there was no interest in this cost saving option.

6. **Eliminate Employee Assistance Program.**

It was the consensus of the Town Council that there was no interest in this cost saving option.

7. **Reduce external competitiveness as it relates to employee pay.**

It was the consensus of the Town Council that there was no interest in this cost saving option.

8. **Implement buy out incentive for employees at higher pay levels.**

It was the consensus of the Town Council to have this item revisited, with fuller information, at a future meeting.

Council Member Markin requested information regarding the incidence of hiring employees from the outside at a higher rate of pay than the existing employees. She commented regarding the importance of promoting from within.

Town Manager Elwell replied that further information would be provided regarding a buy out program, and a report regarding an employee recruited from the outside obtaining salary pay greater than employees who are currently working at the same or equal levels.

9. **Eliminate Extraordinary Longevity Program.**

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It was the consensus of the Town Council that this cost saving option would be revisited at a future meeting.

Town Manager Elwell advised that staff would bring back additional information on extraordinary longevity for the Town Council's consideration at the February 26, 2008, Special Town Council Meeting.

After the Attorney/Client Closed Door Session and the luncheon recess, Human Resources will have a 2:00 p.m. time certain with Pensions, then the Health Program will be considered, and then the Town Council will resume with the HR cost options.

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The Special Town Council Meeting adjourned at 11:50 a.m. for the Attorney/Client Closed Door Session. The luncheon recess was taken and the Special Town Council Meeting of January 31, 2008, was reconvened at 2:00 p.m.

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The Town Council considered the following Human Resources cost saving options as presented by the Director of Human Resources Crouse:

10. Consider alternate benefit package for new hires.

It was the consensus of the Town Council that staff would provide additional information on sick leave accruals and the requirement to have employees use a minimum amount of vacation time per year at the February 26, 2008, Special Town Council Meeting.

In response to Council Member Coniglio's concern regarding having two tiers of employees, Mr. Elwell advised that information would be brought forward on February 26th that would help in dealing with that philosophical question.

11. Eliminate free physical examinations for employees 50+ years of age.

It was the consensus of the Town Council that there was no interest in this cost saving option.

12. Outsource the Town Occupational Health Clinic (OHC)

It was the consensus of the Town Council that there was no interest in this cost saving option.

Director of Human Resources Crouse repeated his position on the loss of the Human Resources Analyst position.

Town Manager Elwell suggested the position be kept in the budget, and when the freeze is lifted, to allow a hire into that position.

It was the consensus of the Town Council to retain the position as frozen, and revisit the issue when the FY09 budget discussions take place.

Town Manager Elwell referred to supplemental information that had been provided regarding the Pension Program and the Health Insurance Program.

D. Health Insurance Program - Cost Saving Options

Director of Human Resources William Crouse introduced Richard Schell, Area Vice President for Gallagher Bassett Benefit Services, Mike Murlough, Consulting Actuary for Gabriel, Roeder & Smith.

Richard Schell addressed the Town Council, noting that the information to be presented today included the history and highlights of the employee benefits, the GASB issue, and the cost savings options.

Michael Murlough addressed the Town Council, providing a power point presentation, explaining that GASB was the Governmental Accounting Standards Board. GASB had issued a statement in 2004 that addressed benefits other than pensions – other post employment benefits (OPEB). OPEB liabilities cover a list of benefits, with the primary benefit being medical benefits, with a subset of that being prescription drugs. GASB did not require funding for liabilities, however, there were very strong incentives within the statement to do that. The rating agencies would also be looking at this very carefully. He discussed the elements related to funding or not funding OPEB. He noted that the Town was about 75% funded currently.

Richard Schell reviewed some of the survey information that the Human Resources Department had accumulated.

Town Manager Elwell referred to the supplemental information that had been provided regarding the Health Insurance Program.

Richard Schell then began the review of the cost savings options:

1. **Implement a Cafeteria Employee Benefit Plan**

   It was the consensus of the Town Council that there was no interest in this cost saving option.

2. **Self-fund the Town's dental insurance program.**

Motion made by Council Member Coniglio, seconded by Council Member Markin, to self-fund the Town's dental insurance program, for a cost savings of $57,000. On roll call, the motion carried unanimously.

3. **Convert the current Long Term Disability program to a core-buy-up program for new and/or current employees.**

   It was the consensus of the Town Council that there was no interest in this cost saving option.

4. **Adjust the current life insurance schedule to a flat $50,000 benefit per employee for new and/or current employees.**

   It was the consensus of the Town Council to approve this item, with a cost savings of $20,000.

Motion made by Council Member Coniglio, to approve adjusting the current life insurance schedule to a flat $50,000 benefit per employee. She noted that this would not affect employees or families. The motion was seconded by Council Member Markin. On roll call, the motion carried unanimously.

Town Manager Elwell further clarified that from the employees' point of view there was absolutely no change in this benefit – it was simply a change in the method by which the Town was funding it.

5. Offer Health Savings Accounts (HSAs) to new and/or current employees as an alternative to the current medial insurance plan.

It was the consensus of the Town Council that there was no interest in this cost saving item.

6. Modify the plan benefits to the current medical plans offered (both PPOs and the HMO).

Mr. Schell advised that the employee life time maximum could be increased from $2m to $5m in such a change. The balance would be an increase in the employee deductible and co-payments and some slight changes in the prescription drug co-pays.

Director of Human Resources Crouse explained that many plan changes had been made to the health care plan in the past 30 years. The changes were made to stay up with the costs and the competitive nature of health care plans. This type of a change would simply be something that would be implemented in a plan year, which would be next year.

Town Manager Elwell clarified that this was the kind of thing that would be done from time to time without the need for policy direction, in just the management of the plan. Market shifts determine the costs. It was generally well accepted by the employee, with the right kind of services needed to be used at a competitive rate. That has worked well both for the employees and the solvency of the fund.

Council Member Markin moved acceptance of the modification to the medical plan benefits, at a cost savings of $160,700. The motion was seconded by Council Member Coniglio. On roll call, the motion carried unanimously.

7. Charge employees 10% of employee medical premium.

Town Manager Elwell commented that this option would reduce the Town's competitiveness in the market. He suggested waiting to see if there was movement by other

employers in the area, before considering this option. At that time, a move like this would still keep the Town in a competitive position – today it would not.

It was the consensus of the Town Council to bring this item back during consideration of the budget.

8. Offer a medicare supplement to all retirees age 65 and over in lieu of the Town's current health plan.

It was the consensus of the Town Council that there was no interest in this cost saving option.

Town Manager Elwell suggested that it would be more efficient to have a broad discussion regarding retiree medical benefits, and then review the remaining cost savings options, if necessary.

Mr. Schell referred to the survey data regarding other employers in the area and the premium rates paid by retirees.

Mr. Elwell commented that the Town had a lower premium than anyone in the area, and a much lower premium than most, mainly because of the decades of strong management over this benefit. If the Town changed from its current position, and did not subsidize to the degree that it is currently subsidizing, and did not provide some kind of a stipend, it would leave the Town in a less competitive position. Right now, the Town was spending less in premiums than other employers, and the retirees were spending less than the other retirees.

Mr. Schell noted the fact that the Town offered a prescription drug program for retirees to choose to stay in, and not opt out for Medicare Part D; the Town had filed for that government subsidy, and would be getting back approximately $500 per year per retiree from the federal government, which would further offset the Town's expenses in that regard.

It was the consensus of the Town Council that there was no interest in any of the remaining cost saving options related to retiree medical benefits.

E. <u>Pension Program - TIME CERTAIN 2:00 P.M.</u>

Human Resources Director William Crouse reviewed the Pension Program. He introduced three guests, who were experts in the field: Robert Garvy, Chairman of the General Employees Retirement System; Jeanne Valcik, Senior Vice President and Manager of Callan Associates, and who is the consultant to the General Employees System; Brad Armstrong, Actuary with Gabriel, Roeder and Smith.

Robert Garvy addressed the Town Council regarding an overview of the Town of Palm Beach Retirement System. Jeanie Balsac and Brad Armstrong also offered comments.

In response to Stanley Rumbough, 655 Island Drive, regarding all pension funds being combined into one fund, Town Manager Elwell explained that option had been examined, and although the consensus was that there might have been economies of scale, those economies of scale in the operations of the multiple boards and funds were relatively small, compared to what was at stake in the overall scope of trying to perform better in the market. The general conclusion was that there would not be enough improvement in performance as to make the commingling of the funds worthwhile.

Discussion took place regarding various elements of pension/retirement programs:

- Multiple constituencies involved.
- Options for hybrid combination programs.
- Considering the objectives of the pension program.
- Inviting input from all three retirement boards, experts, and the employee group, and receive that feedback prior to making any recommendations.

Public comment was received from Steven Brown, commenting that the pension costs in the Town were definitely higher than in corporate America, however, everything else in corporate America was much higher than it was in the Town. He noted that it would be difficult to rely solely on information from the part time boards. He suggested that a pension consultant could be hired, and that consideration of the Town Council be given to having any changes start with new employees, while current employees could be offered a choice between a new plan and the old plan.

After further discussion, it was the consensus of the Town Council that more information was needed, that the various retirement boards study the issue to return with recommendations of options to the Town Council, that all employees should be given the opportunity to comment, and that based upon the recommendations, the Town Council could consider hiring a pension consultant to sift through all options and offer advice. The retirement boards were alerted that at

their February meetings, consideration should be given to this issue; at the March 11, 2008, Town Council Meeting, the pension consultant information would be discussed.

Town Manager Elwell suggested that between now and the March 11, 2008, Town Council Meeting, more information could be gathered regarding a consultant; at the same time, preliminary feedback could be obtained from both the citizen and employee members of the retirement boards. Staff was directed to prepare an RFP, receive proposals from qualified pension consultants, and bring those forward for the Town Council to sift through. That consultant review process would be started at the March 11, 2008, Town Council meeting, along with consideration of the feedback from the retirement boards.

There was no further discussion related to cost savings options related to the Pension Program.

F. Assessment for Resident Garbage

Town Manager Elwell explained that residents who now are paying taxes for this service would have lower taxes and would pay a fee. The net to each resident would be an increase because there is an equity issue in that commercial properties pay both property taxes and pay a user fee to the Town through the commercial solid waste fee. Residents, on the other hand, pay the property taxes for all of the Town services and get included within that property tax the service for residential garbage. A $2,800,000 shift would occur from property taxes to the user fees for residential garbage service.

It was the consensus of the Town Council to drop that suggestion for the time being, but to keep it in mind for the future.

G. Energy Efficiency and Protecting the Planet

Assistant Town Manager Sarah Hannah presented information on energy efficiency and reducing the carbon footprint.

Discussion took place regarding putting together a conservation educational program within the community, and elements of the Town Hall renovation that would address some environmental concerns.

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Town Manager Elwell commented that general energy efficiency could be incorporated into the public education campaign regarding water saving. He clarified that staff was hearing that the Town Council wanted staff to use the technologies that were emerging and use them on a case by case basis.

Public Works Director Paul Brazil advised that energy efficient measures were being done opportunistically.

H. Fleet Maintenance and Inventory

Assistant Town Manager Sarah Hannah presented information on fleet maintenance and inventory and recommended a maintenance committee to review the Town's current maintenance operation and recommend ways to increase efficiency and lower costs without jeopardizing qualities.

Discussion took place regarding inventory control and vehicle maintenance software programs. It was the consensus of the Town Council to direct Ms. Hannah to pursue the ideas brought forth.

I. Confirmation of Schedule for Future CRTO Meeting(s)

Town Manger Elwell referred to the upcoming schedule, and suggested that the meeting scheduled for February 26, 2008, at 9:30 a.m. would take place; the meeting scheduled for February 28, 2008, would be cancelled, and a meeting would be scheduled for March 10, 2008, at 9:30 a.m.

It was the consensus of the Town Council to accept the schedule as set forth.

VII. ANY OTHER MATTERS

There were none.

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There were none.

VIII. ADJOURNMENT

There being no further business, the Special Town Council Meeting of January 31, 2008, was adjourned at 5:40 p.m.

APPROVED:

Richard M. Kleid
Town Council President

ATTEST:

Susan A. Eichhorn
Town Clerk

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