

**Palmetto City Council
Workshop Meeting
July 25, 2000 5:30 p.m.**

Elected Officials Present:

**Pat Whitesel, Mayor
Tamara Cornwell, Vice Mayor
Shirley Groover Bryant, Council Member
Donna Keefer, Council Member
Mary Lancaster, Council Member
Brian Williams, Council Member**

Staff and others present:

**Dave Meng, City Clerk
Don Patterson, Interim Public Works Director/PSG
Allen Tusing, Public Works
Mary Jean Forrester, Deputy City Clerk**

Mayor Whitesel called the meeting to order at 5:30 p.m.

Joanne Green, Bradenton Herald reporter, was introduced by Mayor Whitesel.

Mr. Williams suggested that Chief Bright be excused from the meeting since there were no items on the agenda for the Police Department.

1. SET SCHEDULE OF BUDGET HEARING MEETINGS:

Mayor Whitesel advised Council of the need to change dates of budget hearings previously scheduled for September due to a conflict with budget hearings set by Manatee County. The City Council rescheduled budget hearings, as follows:

1st Budget Hearing	Thursday - September 14, 2000 - 6:00 p.m.
2nd Budget Hearing	Monday - September 25, 2000 - 7:00 p.m.

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1. SET SCHEDULE OF BUDGET HEARING MEETINGS (continued):

Vice-Mayor Cornwell reviewed Council meeting dates scheduled by City Council through September 2000, as follows:

July 31, 2000	4:00 p.m.	Adm. Meeting/Budget Workshop
August 3, 2000	4:00 p.m.	Administrative Meeting
August 7, 2000	7:00 p.m.	Regular Meeting
August 14, 2000	4:00 p.m.	Budget Workshop
August 17, 2000	4:00 p.m.	Administrative Meeting
August 21, 2000	7:00 p.m.	Regular Meeting
August 28, 2000	5:30 p.m.	Budget Workshop
September 7, 2000	4:00 p.m.	Administrative Meeting
September 11, 2000	7:00 p.m.	Regular Meeting
September 14, 2000	6:00 p.m.	1 st Budget Hearing
September 21, 2000	4:00 p.m.	Administrative Meeting
September 25, 2000	7:00 p.m.	2 nd Budget Hearing, Regular Meeting
September 28, 2000	4:00 p.m.	Administrative Meeting

2. PRIVATIZATION OF THE PUBLIC WORKS DEPARTMENT:

Mr. Mark Vanagel, area manager for USFilter Operating Services, presented a preliminary proposal to provide for operation, maintenance and management of the Public Works Department. Mr. Vanagle said that this proposal was in response to the request of the Mayor and Council to prepare a proposal for the operation of public works.

The target proposal by USFilter includes the following:

- Operate within existing public works budget and provide capital
- Option to provide savings to City with no capital
- Offer jobs to all existing employees at comparable benefits
- Ultimate goal to improve services to citizens of Palmetto

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2. PRIVATIZATION OF THE PUBLIC WORKS DEPARTMENT (continued)

Mr. Vanagle discussed the companies that USFilter presently operate and the type and length of service for each company.

Mr. Vanagel discussed three sources of savings: fewer employees through attrition, better control of parts and supplies and better maintenance decisions.

The proposal presents better benefits including bonus, education and health benefits. To minimize the impact to employees the proposal offers:

1. Positions to all employees, with a no layoff clause
2. Choice of options:
 - Offer buy out
 - Transfer to other jobs
 - Lease employee from City
 - Employee swaps with City

Each council member expressed concerns relating to vested and non-vested employees. Mr. Vanagle gave the following responses to questions by council members:

1. All employees would be hired to work within the City of Palmetto.
2. Employees nearing retirement would not be forced to retire early.
3. Transfer of employees to another location would be voluntary.
4. Options would be developed for employees who have been employed by the City for many years and for those nearing retirement.
5. Vesting issues would be provided to the City and to employees.

Mr. Vanagle said that the benefit package offered by USFilter would be at a minimum of what the City is presently providing.

Mr. Allen Tusing spoke of his concern regarding the provision in the General Employees' Retirement System plan which presently allows normal retirement benefits after thirty years of credited service.

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2. PRIVATIZATION OF PUBLIC WORKS DEPARTMENT (continued):

Mrs. Lancaster requested information on leasing employees. Mr. Vanagle said that when an employee is leased, the employee remains with the City. Mrs. Lancaster said that she is not ready to make a decision at the present time and is concerned about retirement benefits for long-term employees

Mr. Vanagle said that the City will continue to own its present equipment. Issues of this type would be negotiated during the contract process.

Ms. Bryant asked about the presentation by Mr. Vanagle since the City Attorney advised the City to request proposals.

Mayor Whitesel advised that the information provided at this meeting will help make the decision of whether we should consider privatizing public works.

Ms. Bryant requested that we ask for guidance to help Council decide if privatization is feasible for the City and to evaluate our situation as compared to others. Ms. Bryant said that she has been asked by some citizens to move slowly and cautiously in making this decision. Ms. Bryant said that we need a bottom line to say that privatization is the best way to proceed for our City and for our tax payers.

Mr. Williams stated that our City Attorney has advised us to request proposals and that this meeting will help Council make a decision in regard to privatizing the Public Works Department.

Ms. Bryant suggested that a consultant from the Florida League of Cities be contacted for guidelines from a governmental perspective. Ms. Bryant asked that we look at City funding since certain administrative costs are reimbursed from the Public Works Department.

Mayor Whitesel stated that we need to look at privatization as an option and decide if it will save the City money and consider the employees as well.

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2. PRIVATIZATION OF PUBLIC WORKS DEPARTMENT (continued):

Mr. Vanagle stated that the City would need to continue to use the design engineer.

Mr. Williams said that we need to satisfy the questions of the employees and look at the savings for the City.

Mrs. Lancaster requested information from Florida League of Cities relating to privatization and would like to know what the savings would be for the City. Mrs. Lancaster is concerned about the employees.

Mrs. Ellen Leonard, a citizen and a representative of the General Employees' Pension Board, stated that she would say no to privatization of the Public Works Department. Mrs. Leonard said that citizens and City employees are asking for the reason for considering privatization of this department.

Mrs. Leonard expressed her concern about the effect that privatization would have on the General Employees' Retirement System and if abolishing the Public Works Department would require an amendment to the City Charter and approval by the citizens of Palmetto.

Mrs. Leonard asked about environmental issues, payment of fines and penalties by governmental regulation agencies, types of guarantees and defense of civil liability.

Mr. Joe Hampton, a citizen of Palmetto and a former council member, asked for the reason for privatization of the Public Works Department. Mr. Hampton stated that he would like to hear staff recommendations and to know what savings would be generated by privatizing this department. Mr. Hampton requested Council to study the cost of various projects in the City including the 10th Street and 10th Avenue Project.

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2. PRIVATIZATION OF PUBLIC WORKS DEPARTMENT (continued):

Mr. Jeff Burton, a citizen of Palmetto and a former council member, gave a brief history of when the Waste Water Treatment Plant was privatized. Mr. Burton advised Council to decide what services should be privatized, to request proposals and to make sure that employees are covered for retirement.

Mr. Allen Tusing stated that employees are concerned if they are doing something wrong and would like an answer.

Ms. Bryant said she did not put privatization on the table.

Mayor Whitesel stated that a council member made the recommendation that we consider privatization of this department and other council members agreed to look into this option.

Mrs. Lancaster stated that the Council agreed to look at the option of privatization and that the decision to privatize has not been made.

Mr. Williams stated that this meeting was called to see if privatization would be an option to help save the City money and that we do not want to hurt the employees. Mr. Williams said that he will not make a decision until he hears all comments and what the savings will be for the City.

Mr. Tusing asked what would be included in the contract and how extra work would be treated. Council advised that issues of this type would be based on negotiations. Mr. Tusing asked why only the Public Works Department is the subject of privatization.

Mayor Whitesel stated that the City needs to look into all kinds of options and what is best for the City. Mayor Whitesel said that she is presently looking into the possibility of a city manager form of government.

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3. PRIVATIZATION OF THE PUBLIC WORKS DEPARTMENT (continued):

Mrs. Keefer said that she chose to look into privatization due to the revolving door with recent Public Works directors and fines and penalties imposed by governmental agencies. Mrs. Keefer has not made a decision at the present time.

Mr. Williams asked that the National League of Cities also be contacted relating to the issue of privatization.

Mayor Whitesel agreed to contact both the Florida League of Cities and the National League of Cities for their guidance in this issue.

Ms. Bryant requested that an organizational chart be provided by the departments involved for review during the next discussion of privatization.

Council agreed that the City Attorney be contacted in regard to how privatization would effect the pension plan and its members.

The meeting was recessed for five minutes.

3. MUNICIPAL LOAN PROGRAM:

Mr. William Weathers, Senior Vice President of Gardnyr Michael Capital, Inc., presented an overview of the Equipment Financing Program sponsored and administered by the Florida League of Cities, Inc., which included discussion of items as follows:

- Fund equipment loans or other eligible short-term requirements
- Funded through Bonds issued by Florida Municipal Loan Council
- Substantially lower costs than traditional equipment financing or leasing alternatives
- Variable Rate
- Proven Program
- Preserve unrestricted cash
- Guaranteed funding for the life of the program

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3. MUNICIPAL LOAN PROGRAM (continued):

A presentation was previously presented to staff by Mr. Weathers. Details of the program and the ability to repay loans was discussed by Council. Council agreed to be conservative in the amount borrowed by the City.

Mr. Meng and Mr. Patterson discussed the possibility of charging a fee for re-use water which would generate additional revenue.

Ms. Bryant asked for projections of the City's ability to repay loans.

Ms. Cornwell stated that she wanted to charge for re-use water from the beginning and is interested in receiving revenue from this source.

Mrs. Keefer requested the amount of the City's debt and the schedule for repayment.

Mr. Williams said that we were advised by our auditors to borrow for various items and projects rather than spending cash. Mr. Meng was requested to update the previous estimates to determine the amount the City needs to borrow. Council requested information on the life expectancy of City vehicles and what grants are available.

It was the consensus of Council to proceed with the Municipal Loan Program.

4. COUNCIL COMMENTS:

Ms. Cornwell requested that the proposed budget be distributed so that council members can review the budget before the July 31, 2000 meeting. Mr. Williams agreed to contact Ms. Hartman regarding the timely preparation of the CRA Budget.

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4. COUNCIL COMMENTS: (continued):

Ms. Cornwell asked that a decision be made on the two minute public comment. Mayor Whitesel stated that the time was extended for the first citizen and felt that the time for other citizens should be extended as well, since this issue was of great importance. Ms. Cornwell requested Council make a decision which would discourage hurt feelings. Council agreed that in the future citizens' time should be expanded or suspended by vote of City Council.

Mr. Williams asked that council members refrain from conversation between each other.

Ms. Bryant requested Mr. Meng and Mr. Patterson to update the Master Drainage Plan. She asked that the actual cost on completion of the project be shown on the plan, to provide a comparison. Mr. Williams requested the time frame of projects also be added to the plan.

Mr. Williams requested that the meeting scheduled for July 31 be announced as an administrative meeting and budget workshop.

The meeting was adjourned at 8:20 p.m.

Approved: August 7, 2000


City Clerk

Audio tapes of the meeting are on file in the city clerk's office.