



## MEMORANDUM

To: Mayor Allen Green  
Vice Mayor Mary Martin  
Councilman Dennis Kennedy  
Councilman Robert Pohlmann  
Councilman George Steindorfer

From: Kenneth W. Parker, City Manager *Kenneth W. Parker*

Subject: Changes and Views

Date: November 8, 2007

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On September 30, our first group of employees who elected early retirement left the City. A total of five individuals retired. Those five individuals collectively represented more than 100 years of service to the citizens of Port Orange. Two of the positions vacated will not be refilled. The positions of Customer Service Representative in Finance, a Sign Technician in Public Works, and the Human Resources Director position will be refilled; however, I am holding the Human Resources position open for the first quarter in order to provide salary savings. After the first quarter, we will evaluate when to fill the position.

The next group of early retirements will occur in December. Three individuals are scheduled to retire. One position will not be refilled. We are examining organizational changes and may do something different with the second position. The Building Official's position will be refilled. I have had discussions with several cities. There is an interest in looking at sharing a Building Official.

In total, 21 individuals elected to exercise the early retirement option. As each position becomes open, a decision will be made on whether to fill the position and when to fill the position. Throughout the year, we will be exercising caution in filling positions.

In early December, I will be asking the City Council to convene a shade meeting to discuss the two contracts we will have to negotiate in 2008. As you know, both the PBA and the

IAFF contracts will be opened for negotiations. It will be extremely important for the City to be prepared early on to negotiate the contracts and start the negotiations as soon as possible.

In December, I will ask the City Council to preserve its right to collect Fire Service Fees, charge fees for Police and Fire to respond to and handle accidents, Fire Inspection Fees, charging neighborhoods for mowing and maintaining the entrances to their subdivisions, and Street Light Fees. I will ask the Council to preserve its right to establish and collect Special Assessment District fees for Yorktowne Boulevard from Taylor Road to Dunlawton Avenue. I will be proposing those fees all be collected as non-ad valorem charges on the tax bill. This is the same way we are collecting our drainage fees. I am convinced more today than ever before that ad valorem tax is not a long term valid revenue source to fund local government.

In January, I would like to suggest that the City Council begin looking at service levels and standards. We would go through each of our programs and look at the standards and our service levels. We would look at staffing levels and other issues related to those service levels and standards. What we will be doing is establishing a business plan for next fiscal year. I think this is important as we look forward to the next budget year. We really need to examine outcomes that the Council desires for our community. As we look at service standard, I will be asking the City Council to look at finance options and alternatives.

In either January or February, the southeast Volusia Regional Transportation Study should be completed. We will need to convene a meeting with New Smyrna Beach, Edgewater, and the County to review the results and determine the best method to finance the improvements.

I will be asking the City Council to meet each Tuesday in March, April, May, June, and July to do budget work. Something I would like the City Council to consider rather than holding workshops before a meeting is meeting on the second Tuesday of each month for budget sessions. I suggest that we convene the meetings at 5:00 p.m.

It will be an extremely busy year for us. I fully anticipate future revenue concerns as the Florida economy continues its sluggishness. I believe we are going to have to look at different service delivery models during the next year. I believe we are going to have to look at the total cost of personnel systems rather than just salary. I believe we are going to have to examine total market comparisons rather than governmental sector only comparisons when setting salaries, benefits, etc. we are going to have to examine partnerships with other governments, non-profit sectors, as well as profit sectors. I am suggesting right now that the City engage other cities and the County in pursuing the creation of an Independent Fire District. This District may be as small as a few east side cities to as large as the entire east side of Volusia County. There does seem to be some interest in this proposal. I am developing a separate memo on this item.

**Contract Employees:**

In about 2003, the City experienced problems hiring planners, engineers, building inspectors, computer employees, and accounting personnel. The market was so competitive that the City's salary schedule could not attract individuals to consider Port Orange as an employer. In order to address the issue, Port Orange began entering into employee contracts. This enabled us to be competitive and not be bound by the City's classification and pay system rules. It has caused some problems and inequities within the City system. Although there are some risks of non-renewal of contracts, the major criticism is the differentials between long-term employees and those covered by a contract. Also, many of the contracts included training and other incentives that were necessary to attract the talent we were recruiting and attempting to retain. The vast majority of those under contract have stated that it is their desire to remain under contract because of its flexibility. There have been those who have indicated that they saw no need for a contract since there is no difference in the salary structure, benefits, and training opportunities between them and other employees of the same classification. Of the City Planners, none of them have opted to move from contract to non-contract status. Of our Building Inspectors, only one has opted to move from contract to non-contract status. Of our Engineers, only one, who is a very long-term employee and has been with the City for more than 20 years, has opted to change from contract to non-contract status. Our Grants Administrator has decided to stay under contract. In Finance, we had three employees who were in contract status. One of those will be leaving City employment to relocate to another area in the United States; one has decided to remain as a contract employee; and one has decided to remain as a contract employee. One of our Assistant Department Heads has decided to remain under contract. He will be leaving City employment later this fiscal year. In the City's IT Department, those employees decided to move to non-contract status. In the City Attorney's office, there are three contract employees. Their status is up to the City Attorney since they work under her direction.

One of the main advantages to the City of contracts is the termination provisions in those agreements. The City can easily terminate the contract; however, contracts do provide some selectivity when a reduction in force is required. Non-contract employees are subject to a regimented process; however, that does not preclude the City from using its budgetary authority to remove specific positions from the budget. In the past, the City has exercised its budgetary authority when faced with staff reductions.

Yes, it is true that the disciplinary process is more defined under non-contract status than it is under the contracts; however, for all practical terms, I require the same thing from both sets of employees. The exception is that contract employees do not have appellant rights nor do they have hearing rights as prescribed under the Civil Service Rules and Regulations.

Failure to renew the contract does not mean an employee reverts to non-contract status. Employees who have not executed their contracts will be told this week that they since the contracts have not been executed the City believes they have made a decision to leave City employment.

### **Labor Agreements:**

I have made several changes to the contracts this year. I have moved all contracts to a fiscal year starting period rather than having them scattered throughout the year. Reporting standards and training schedules have been strengthened in each agreement. We are developing outcome standards for our Divisions and our employees. We have placed in some contracts specific items that have to be achieved this year. I believe this will strengthen our force.

What are the items I will include in our next contracts? One, I would like to move to total compensation rather than segmented compensation. This means what do you cost, not what do you earn. Under the total compensation concept, an employee can choose to purchase insurance (health, dental, life), set aside money for dues, travel and training, retirement, etc. They can choose to take the funds as compensation, too. Second, I will be including stronger language about drug free workplace in the agreements. Also, any future contracts will not allow participation in our Defined Compensation Retirement Program.

I would like for us to explore physical fitness standards for all new employees. This is a means of reducing our health insurance cost. I would like to pursue a no tobacco hiring policy for new employees, not just for Police and Fire. As an individual who struggles with weight issues, I understand the problems associated with maintaining a healthy weight and lifestyle. Already, we have initiated a no tobacco use hiring standard in the Fire Department. This is mainly driven by the presumption laws. Is it time to move that way for other classifications within our City? Port Orange has some of the best physical fitness facilities anywhere available to our employees. Florida Health Care offers a variety of programs to help employees address health care issues.

### **Pension Funds:**

For next year, I have some thoughts on strengthening our pension plans and moving their funding ratios up. In the General Employees Defined Benefit Program, we should establish as our goal to be 100% funded in both ratios and to maintain that funding ratio level. In our Police and Fire Pension Plans, we need to increase our funding ratios. As you know, one of the ratios in both plans is in the 40% range. This means it is severely underfunded.

Hopefully, the audit of the pension plans will give us new approaches to help address the decline in the funded to unfunded ratio. If we do not address this issue now, it will only get worse. Regardless of how rosey our investment counselors spin the rates of return and their performance, the truth is that two of our three plans are sorely underfunded. With the increase in budget constraints, we may be faced with a decision related to the structure of the plans themselves.

### **Meeting Schedules for 2008:**

Something you may want to consider as we begin a new year is the desire to change meeting times. Some time ago, the Planning Commission moved its meeting time from 7:00 p.m. to 5:00 p.m. I had a concern about the public not having adequate time to get home from work and attend the meetings. It appears that has not been a problem for the Commission.

One suggestion that has been made is for the Council to consider meeting at 5:30 p.m. and handling all non-Planning and Zoning items at the beginning of the meeting. This would include committee reports. This would be followed by Planning and Zoning items at 6:00 p.m. with citizen participation being at the end of the meeting rather than at the beginning of the meeting. If the City Council desires to try an earlier meeting schedule, we would re-arrange the agenda so that Community Development items would be last on the agenda rather than where they are currently.

### **2008 Regular Meeting Schedule:**

January 8, 15, 22  
February 5, 19, 26  
March 4, 18, 25  
April 1, 15, 22  
May 6, 20, 27  
June 3, 17, 24  
July 15 and 22  
August 5, 19, 26  
September 2, 16, 23  
October 7, 21, 28  
November 4 and 11  
December 2 and 9

We are working on the budget calendar. Preliminarily, we are looking at Saturday, July 29, as the all day budget workshop to review next year's budget. For the City Council's information, Virginia and I will be visiting our son and his family during spring break. We will be flying out on March 26 and returning to Port Orange on April 6; however, I have not rescheduled any meetings around my absence from the City. In the more than 23 years I have been in Port Orange, I have missed very few Council meetings. I make it a practice to schedule travel and family activities around Council meetings; however, these travel arrangements have been made based on the school district's schedule.