

**City of Coral Gables Special Meeting  
Impasse Hearing  
September 11, 2012  
City Commission Chambers  
405 Biltmore Way, Coral Gables, FL**

**City Commission**

**Mayor Jim Cason  
Vice Mayor William H. Kerdyk, Jr.  
Commissioner Maria Anderson  
Commissioner Rafael “Ralph” Cabrera, Jr.  
Commissioner Frank Quesada**

**City Staff**

**City Manager, Patrick Salerno  
City Attorney, Craig E. Leen  
City Clerk, Walter J. Foeman  
Deputy City Clerk, Billy Urquia  
Finance Director, Diana Gomez  
Human Resources Director, Elsa Jaramillo-Velez**

**Public Speaker(s)**

**Michal Mattimore, Representing the City  
Mark Richard, Phillips Richard and Rind, Representing the FOP  
John Baublitz, President of Fraternal Order of Police (FOP)  
Osnat Rind, Esq., Phillips Richard and Rind, Representing the FOP  
Jim Linn, City’s Pension Attorney  
Denise Heekin, Representing the City  
Randy Hoff, Police Representative  
Dr. Henry H. Fishkind, Economist  
Officer Bill Barrow  
Dina Bellows, CPA  
Christina Gonnell, Phillips Richard and Rind, Representing the FOP**

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[Start: 9:08:40 a.m.]

Hearing by City Commission to resolve impasse issues of collective bargaining negotiations with the Fraternal Order of Police, Lodge No. 7

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Impasse Hearing  
September 11, 2012  
To resolve issues of collective bargaining negotiations  
With Fraternal Order of Police (FOP)

Mayor Cason: Good morning everyone, welcome to the Tuesday, September 11, 2012 Impasse Hearing, which is being held pursuant to Section 447.403, which deals with resolutions of impasse and which requires the Commission to act as the decision-making body regarding this issue. Before I ask the City Attorney to present the rules of procedure, I would ask that we all stand and have a moment of silence for the victims of 9/11.

#### MOMENT OF SILENCE

Mayor Cason: Thank you very much. City Attorney.

City Attorney Leen: Thank you Mr. Mayor. This morning we are here on an impasse resolution hearing with the City of Coral Gables and the Fraternal Order of Police. I'm going to briefly read to you the rules of procedure for today. Following this opening statement, each side shall be allowed five minutes to introduce the individuals present for each side that are available for questions. Each side shall be allowed 90 minutes to make its presentation, with the City to present first. There will be no citizen testimony. Any individual who wishes to present evidence or testimony on either side must present their request to either the City staff or the FOP, so that if accepted they are listed as a presenter during the time set aside for each side. There will be no rebuttal or cross-examination. The City Commission shall ask questions, make statements, and deliberate at the conclusion of the presentations. Each side should have brought a sufficient number of copies today of any written materials or position papers they wish to introduce for consideration – 8 copies please. If there is any need for assistance please let me or the City Clerk know. Obviously we are here today on an impasse resolution hearing for the public, the City Commission sits as an adjudicator today, and resolves the issues in the public interest. Mr. Mayor we can begin.

Mayor Cason: A reminder please everyone turn off your cell phones. I will ask the City side to begin please.

Mr. Mattimore: Thank you Mr. Mayor, thank you members of the Commission, my name is Michal Mattimore.

Mr. Richard: Mr. Mattimore, I'm sorry, we had a procedural motion, it's Mark Richards, I know this is very awkward, and I apologize, good morning we had a procedural motion, and I don't know when the right time would be to bring it up.

Mr. Mattimore: I believe that we are just doing introductions.

Mayor Cason: We are doing introductions on both sides.

Mr. Richard: So whatever you say Michael.

Mayor Cason: Go ahead.

City Attorney Leen: If I may say, Mr. Richard is an attorney for the Fraternal Order of Police, he is going to be appearing by teleconference today, and in answer to your question the procedural motions would be after the introductions.

Mr. Richard: Thank you.

Mr. Mattimore: And Mr. Richard if at any time there is a any problem with the technological obstacles that you have on your end let me know, and we'll move around and do whatever.

Mr. Richard: You look very handsome Mr. Mattimore...

Mr. Mattimore: So do you.

Mr. Richard:...I'm sure there is a technical problem (laughter)

Mr. Mattimore: Mr. Richard and I graduated from high school together, didn't we?- 40 years ago. The fact that either of us are looking good is amazing. My name is Michael Mattimore, I'm with the labor and employment law firm of Allen, Norton and Blue. We are headquartered here in Coral Gables. I'd like to take just a minute and introduce my negotiating team, which is Elsa Jaramillo-Velez and Denise Heekin of Bryant, Miller and Olive. We also have as a support to our team some valuable experts that are here today. Some of them will be speaking to you; one is the labor and employment lawyer and pension specialist, Jim Linn, the actuary Michael Tireny, from Finance of the City of Coral Gables, Diana Gomez, and Dr. Henry Fishkind, an economist. We greatly appreciate the opportunity to appear before you today, and we appreciate your consideration of our position. Thank you Mr. Mayor.

Mayor Cason: Thank you very much. Go ahead.

Ms. Rind: Good morning, my name is OC (Osnat) Rind, I'm with the law firm of Phillips Richard and Rind, and with me here at the table is Christina Gornell, she is also counsel at our law firm, and of course you know sitting also here on the union side is the President of the Fraternal Order of Police, John Baublitz and the Vice President, Randy Hoff. We have with us today, and of course Mark Richard on video conference, and we have our financial experts today who will also, at least one of them will speak Dina Barrows and Larry Jessup. I know that Mr. Richard wants to talk and present you with a procedural motion, I want to get up here and just say for the record and I know some of you understand that this has been going on, we believe that this hearing should not go forward, because the union has not waived its right to proceed before a Special Magistrate. We believe strongly that this entire hearing is out of order that they have the right to present their case to a state appointed neutral, and I know that Mr. Richard wants to address that.

Mr. Richard: Good morning, Mark Richard, Phillips Richard and Rind, on behalf of the Fraternal Order of Police. Is the technical audio quality OK?- OC?

Ms. Rind: Yes Mark, we can hear you.

Mr. Richard: OK. We have two procedural motions that we would like to make and they are very important, and I know this is a bit awkward and the reason that I'm even appearing by television gives rise to the first motion, which is a motion for continuance. I was born in Coral Gables at Doctors Hospital in 1954 and I've been an attorney for 33 years, I only represent unions. At this moment I'm supposed to be in the City of Chicago because I've been assigned to help lead the teachers strike there, but I could not leave this morning because of this conflict, and I have a conflict that we knew about because we didn't know that the strike would happen for sure, and I'm in Nevada in pre-set negotiations with an airline out here. In 33 years I believe this is the first time ever that I, my firm, and the police officers were denied a continuance, and I think it's important to understand that my partner Kathleen Phillips and myself have been representing these police officers in your City. We have reached prior deals, we have been at impasse hearings, we have settled arbitrations, we have conducted arbitrations, we have been to shootings and the scenes of police shootings to assist our officers, and the legal matters that arise in that tragedy, and we ask for a continuance simply because the two lead partners who have been working on the case could not be here. Of course my other partner O.C. Rind is quite capable and a brilliant attorney, but this was not a case she had been handling and we thank her for picking this up and dropping other matters. You were told by the City Attorney, who was nothing but professional and Mr. Mattimore with whom I have dealt with for decades, who was nothing but professional, these two highly regarded attorneys tried to work with us, and I'll be honest with you, I have done multiple cases with Mr. Mattimore, including recently cases involving over 25,000 correctional officers in the State of Florida, and we have had zero, I repeat, zero procedural issues and nothing but an amicable relationship between us. So it cannot be the attorneys because they practice with the utmost of respect for their fellow members of the Bar. We understood that there was a problem and the problem from the City's point of view is that allegedly your pension woes indicated that there was some time pressure to get this hearing over. We are not sure we agree, but we assume that was correct, and we knew that we had to get the hearing over in the month of September. It has happened, then is we offered three dates, three dates prior to today, none of those were accepted, I suspect there were logistical issues, but I'm being honest when I admit there was zero effort that we could see to really find another solution again, not by your attorneys, and it could not be by the Commission to be honest; we were told it was difficult to get you all together – fine; we were told if we didn't have it in time we might not be able to get a pension amendment to the pension ordinance in time, we said fine; we offered three earlier dates; we offered the next scheduled Commission meeting which I believe is the 24<sup>th</sup>, we offered that date; we of course do weekends, but we had to respect your schedules; and I

just believe when an officer serves the way they serve, when this City stands for the City Beautiful and it has a reputation of civility and professionalism and I've got to be up at 5 in the morning here, my problem not yours, and I cannot be at a 30,000 teacher strike in Chicago, where I am one of the lead coordinators for that strike for the American Federation of Teachers. I just never seen anything like it, and with that being said, we respectfully request that we reset this. Now one other idea that we had is, I'm not sure the Manager would know better than I, if you have to have a First and Second Reading of a pension amendment, I mean to the ordinance, an ordinance amendment. We have done in other cities where the First Reading is a placeholder and then of course it can be amended at the Second Reading, so we even suggested having the First Reading prior to today, put a placeholder in not to be prejudicial, and then of course go on. So without being overly lengthy here, we have just never seen anything like this, and I just once again working with your deadlines and timelines ask for a continuance; and I might add because there is litigation will be pending, and because our police officers do not believe that this hearing is a legal hearing, not because of your actions in terms of the law, but your labor law. We believe that we waived the Special Magistrate thinking there would be bargaining in good faith. The City Manager refused to come or did not come to any single session. We are now two years behind, we are talking about a contract that's two years old. We can all take blame for that, but the bottom line is to have a two year old contract, and to have waived the Magistrate Hearing, a third party's hearing because we thought there would be good faith negotiations. In our opinion we've seen not good faith negotiations. Then we asked for a continuance; I'll be honest, I have dealt with this City for decades and I've never ever seen anything like it. Would you please give us a 10-day continuance we will meet anytime, anywhere, so Kathleen Phillips and Mark Richard can be there in person, the police officers at least are due that; and then I have a second procedural motion afterwards.

City Attorney Leen: Mayor Cason, in a procedural motion, we can hear from the City. We should hear from the City as well, at that point you would make an initial ruling, if the Commission was fine with that it would proceed. Your ruling can only be overturned by a majority of the Commission.

Mr. Mattimore: Thank you Mr. Mayor, I would just like to take one minute and put the procedures that are in today in context. These negotiations have gone on for a very long time, 18 months. These negotiations reached a point of impasse on January 10, 2012, several months ago. The parties came together on May 4<sup>th</sup> to appear before a Special Magistrate appointed by the State of Florida and to have our Special Magistrate Hearing. We were all ready that day to conclude that step so we could go forward and have a resolution of these contract negotiations and to have a contract which everybody deserves, which the stability of the City requires; and at that, on that date the FOP and the City agreed that we did not need that step, that we could go forward directly to the Commission, that we did not have to present, spend all day presenting,

incur the expenses of the Special Magistrate, have those recommendations, that our issues were clear enough, that we were able to go directly to this Commission and have them resolve it. We relied on that. A written waiver as required by State law was submitted to the Public Employees Relations Commission acknowledging the stipulation of both parties, the stipulation said something else; it said that after a period of time, six weeks the Commission could then set the hearing and resolve this impasse with 7 days notice, 7 days notice. Now what the City has done is in fact provide much greater courtesy than that. On August 10<sup>th</sup> the City notified both parties, my bargaining team and the FOP bargaining team that this hearing would be conducted today, September 11<sup>th</sup>, that was four times the amount of notice required, and so we did provide that notice. We need to proceed today, we need to get this resolved. Too much time has been spent getting to this date, and we cannot allow for further delay; and I would also like to point out that Mr. Richard is doing quite well, I think, in representing his people in appearing through the means that the City has arranged. I would recommend that we proceed with no further delay and that there be no continuance granted at this time. Thank you sir.

Mayor Cason: I'm persuaded that we should continue today; I think – I read all the materials that have been submitted, as you said January 10<sup>th</sup>, it was declared an impasse, the agreement was that we would set a date 7 days notice, we gave 30 days notice. I see Mr. Richard is here, I think both sides have competent counsel to present the arguments on each side of the issue. We are here to decide, we are not here to conduct any negotiations today, but to listen to the arguments on both sides and make a decision. So my ruling is that we proceed today.

Mr. Richard: I just have one more motion, but before I do there will be a time about an hour and-a-half into the presentation where I will no longer be able to be here, and I don't want you to see that as a sign of disrespect when I leave, but my counsel and partner will of course be leading the proceedings. The second motion Mr. Mayor is another procedural motion, and this one is very serious and I ask all five of you to just listen for a second. I am in the middle of negotiating the concessionary agreements at American Airlines for 30,000 mechanics and ground employees, and we were the only union to have reached seven of them after the bankruptcy proceeding in New York City. It represents about 390 million dollars (\$390-M) in concessions, one billion for all the employees, it represented originally 9,000 layoffs. Going down the street to the County we were able to negotiate contracts to help the Mayor there. They were very painful, but we reached and we represented 3 unions from the nurses and doctors at Jackson to the transit employees to Water and Sewer. Going down to Miami-Dade College, we've been able to get contracts, and in everyone of those contracts we avoided impasse proceedings or in the case of the bankruptcy proceeding representing a billion dollars in labor savings we did settle after the trial before Judge Lane, but before his issuance of his final order. I'm just going to be very frank, we've been trying so hard over the last week to get a settlement in and a settlement discussion to the City. I have to be blunt, the Manager has done a superb job at blocking everybody and

anything from doing a settlement here, and with all due respect, I do not understand on 9/11, the day that this country claimed, that it would never forget its police officers and first-responders that there has been a complete concerted effort to not be able to try to settle this matter. Is it ever too late?- of course not; is it wise before you vote on the Fire Fee this not blow up?- there is going to be all kinds of issues here today that are much better addressed by human beings working a resolution. Today hundreds of thousands of children have entered the public schools here from Coral Gables Elementary to Homestead to Aventura, and we teach them about dispute resolution. I have simply never seen in the last 10 days anything like this except in two strange situations where people stopped talking, even in Chicago our leader and Mayor Emanuel, his team I should say negotiated through the night on Sunday night until midnight, and so our motion is simply this, we would ask you out of respect to the police, to the citizenry and all of you that you order 15 minutes, 15 minutes Mr. Mayor, for the parties to attempt to reach a settlement, it is concessionary, it is a net savings to the City and we just think there is no explanation why 15 minutes of our time isn't worth a sidebar meeting either with the Manager, his designee, or his attorneys or we would waive it all which we did with Mayor Slesnick, where you all could go into a "Shade Meeting," we would make all the necessary waivers and you all just go into a "Shade Meeting" decide, the answer is the answer, we are ready to proceed – 15 minutes of either a "Shade Meeting" or a sidebar, or preference would be the "Shade Meeting", we don't care, but we all deserve that, including the Commission. Thank you.

Mayor Cason: Mr. Mattimore.

Mr. Mattimore: Thank you Mr. Mayor, thank you members of the Commission. You know I've been doing this as Mr. Richard said for a long time, I've been in a lot of impasses hearings, I've conducted a lot of negotiations in the public sector, I've term list the Chair of the Public Employee Relations Commission, and I think I know how the process works. When you negotiate through the negotiation process you get to a point of impasse, you get to the point of the Impasse Hearing, and now you come to a resolution. You do not take this moment in time and start negotiating; it's quite frankly a very sloppy process where mistakes can be made. The issues before you today are very complicated. There are pension issues that have actuarial implications, financial implications; one word, one sentence can make a huge difference financially to the benefits of the employees, to the sustainability of the program, it's not something you do quickly, it's not something you do in 10 minutes, it's not something you do on the fly. Now these negotiations have been going on for 18 months. There's been lots of opportunity to negotiate a resolution. We are on May 4<sup>th</sup> when we reached an agreement to waive the Special Magistrate, agreed that we would negotiate for six weeks, and then there could be a hearing, but we didn't after six weeks and-a-day stopped that process. We've actually been open to negotiations through August, instead of six weeks. It turned into four months, so there has been plenty of opportunity and plenty of time to have negotiations in a manner that will allow

both sides to be able to analyze and understand what it is that's being negotiated. This is not the time; this is the moment in which we resolve through this particular formal legal process the issues that are before us. Thank you Mr. Mayor.

Mr. Richard: One last thing Mr. Mayor, just as a rebuttal we have been trying for a week to get offers to the Commission; we don't know for sure if it was ever given to you all because of the insulated period law, but we believe it was not, and we are just telling you, yes, this is the time, my good friend, Mr. Mattimore I would hope you would not be in charge of the Israeli-Arab negotiations. There is never a moment where we have been trying for weeks to get through to the Commission, there has been a purposeful blocking of information, we suspect, we can't tell for sure in the last week, but just let the record know that we've had a piece of paper that we have been trying to circulate that even some of you have heard that we have been trying to circulate it, and it just seems amazing to me that we have to go through all of that. In all due respect to the Manager, we haven't seen anything like this in Dade County, City of Miami, Key Biscayne, F.I.U., Miami-Dade College, we are doing all those negotiations even American Airlines, I've not seen anything like this, so we don't know what else to do than to bring this motion up; 15 minutes we think is worth it, if it's futile we wasted 15 minutes, but its rich with possibility given the fact that it's a concessionary offer.

Mayor Cason: I find it amazing that we are getting e-mails two days before this session where we are supposed to make a decision inviting the Commission to be the negotiators with FOP. This was something that has been said over and over again, 18 months it's been in the works. Many opportunities to have raised your points before, but we even got an e-mail I think yesterday saying how about it if I'm in 8 o'clock in the morning and negotiate. As I understand even if anything were discussed or reached an agreement you'd have to go to your members and vote on it. My ruling again is that we continue today, the Commission is here to make a decision because the two parties were unable to come to an agreement during 18 months, so again my ruling is that we will continue to hear both sides, take a thirty minute recess, come back, ask questions, and make a decision after discussions among ourselves.

Mr. Richard: Mr. Mayor, one last thing, we apologize, someone who claims that they represent your philosophy and understand your view has been meeting and speaking to us for days, not improperly, just a sense of your vision and your philosophy and that person kept telling us that you would want in general us to reach out and to make offers. So we find it a bit appalling and disingenuous for that person to have told us that, we'll tell you privately who it is, it's shocking because we were told this is the kind of Mayor that will look for resolution and that person kept saying put it in writing, send an e-mail, put it in writing. So we'll deal with that person as well, but someone represents that they know your views and your philosophy in general, not with specificity, as to this issue and we find it completely embarrassing that we listened to that person. So we'll share that with you later.

Commissioner Anderson: Mr. City Attorney, do we have by majority of the Commission could we make a different ruling if we wanted to hear it?

City Attorney Leen: Yes, according to our procedural rules, a Commissioner could move to overturn the ruling of the Mayor, it takes a majority vote.

Commissioner Anderson: I'll move it.

Commissioner Cabrera: And I'll second it only because 15 minutes after 18 months – ladies and gentlemen, we take these kinds of recesses all the time for ridiculous things, and I can say that, really ridiculous things, this is not something that's being asked of us and Mr. Mattimore, with all due respect, I agree with you, it's a very complicated issue and I appreciate you bringing that up to us, but I think conceptually you can at least arrive at some sort of decision-making process without crossing all the "T's" and dotting all the "I's," so I don't disregard anything you have said, but I share my colleague's view that 15 minutes is not going to destroy our day.

Commissioner Quesada: I have a quick question. Mr. Richard, the request for the 15 minute meeting is that with City staff or is that with the City Commission to negotiate?

Mr. Richard: It would be your choice. You could, under the law, you could have a "Shade Meeting", we would waive it and then you would be directing the Manager to settle the contract in the normal course and then we would pull it out for an immediate vote, or you all could not have a "Shade Meeting" and then the Manager and his designee would be meeting sidebar with us. It leads to the same result, meaning a settled contract that we would put out for ratification immediately upon all the "I's" and "T's" which will probably be a day, 48 hours that we will begin the process, we would meet your deadlines, so it's your choice.

Commissioner Quesada: Well my concern is if it would be with us, I'm not in favor just because we have this binder to go through and I'm sure you guys have an equally sized binder to go through with the details, so in 15 minutes at least with us it's not enough time for me to absorb all of this, but if it were with staff then I'd have no problem giving that 15 minutes to have that discussion to see if something can be worked out.

Commissioner Cabrera: I would do the same thing for the other side, I would do the same thing for the other side. Frank, if the other side wanted to do that, 15 minutes, I would do the same thing.

Vice Mayor Kerdyk: I'll tell you for 15 minutes between staff and their representatives, I have no problems with 15 minutes and then we move on out of courtesy.

Commissioner Quesada: I guess roll call.

City Clerk

Commissioner Anderson: Yes

Commissioner Cabrera: Yes

Vice Mayor Kerdyk: Yes

Commissioner Quesada: Yes

Mayor Cason: Yes

(Vote: 5-0)

Mayor Cason: 15 minutes at 5 minutes to 10.

[Note: The Commission took a recess at 9:38 a.m. and the meeting resumed at 10:14 a.m.]

Mayor Cason: OK, we are all back, Mr. Mattimore.

Mr. Mattimore: Thank you Mr. Mayor, thank you members of the Commission, we appreciate your patience that was called a lawyers 15 minutes. The bargaining teams met and we have been provided by the FOP with a concept for settling the issues at impasse. At our glance the concept doesn't seem to address the needs of the City. We think that it doesn't affect the cost savings that's required or the pension reform that's required, but we were asked to do two things is to consider, but this concept and to have a quick response to it, and then also alternatively we were asked if we could go into an executive session with the Commissioners to inform them of it and present it honestly to them, and just for people of may not be familiar with that in the Public Employees Relations Act under Florida law the Commission may meet with the bargaining team for the City in Executive Session that's outside of the Sunshine, it's an absolute exception to the Sunshine Law, and you are able to do that. The only impediment we would have to that is that we are in what is called the insulated period, which means we do not have executive sessions during the period of time in which the issues are presented to the Commission for their consideration at impasse. So we are in an insulated period. I believe that Mr. Richard and I believe that Ms. Rind are willing to appear on the record and waive any objection to such an executive session should the Mayor and the Commission be inclined to have that at this time.

Mr. Richard: Mr. Mattimore we have done this once before at least at the City, and we so stipulate on the record to that waiver for this event only, and also we remind the Commission, if you do chose to do it, if there is any counter offers or there is something in the settlement that you need to be changed or tweaked, we would be open to that, but O.C. is there, she can do the stipulation with you.

City Attorney Leen: If I may, members of the Commission ultimately it's up to you to decide whether you'd like to do that or not. I would say I would want that in writing, not just stated on the record; also I'd want the FOP to ask us to do it as well, to basically request that in addition to the City, that we do that in order to protect us from any potential claim.

Ms. Rind: Yes well, our position obviously and I've said this and we are here without waiving our position that we are – that this is not a proper hearing and that we are not even in an insulated period, but having said that obviously the FOP would request that this Commission consider seriously the offer that the FOP has made in Executive Session, and we waive any objection we would have to the Commission meeting for the purpose of considering that offer.

Mayor Cason: Alright, I am willing to have an Executive Session, listen to my colleagues. Frank?

City Attorney Leen: I would just like to ask whatever you decide, that I just have a moment to meet with counsel and prepare something in writing. It's not just that I want you to waive and invite us to have the Executive Session, but you have to waive and invite us to be able to proceed after the Executive Session as the impasse body, as the adjudicator and that you waive any claim that they can't proceed in that way at least based on the settlement discussions.

Ms. Rind: Obviously I'm not waiving our position that this hearing should not go forward because there has not been a waiver of Special Magistrate...

City Attorney Leen: I understand that.

Ms. Rind:...But yes, we would agree to waive any objection to proceeding with the hearing just on the basis of having had an Executive Session.

Mr. Richard: And Craig, we did this before with no incident and in fact we reached a settlement at that time, so we understand why you are asking and we will do it.

Mayor Cason: Frank.

Commissioner Quesada: Mr. Mattimore question for you and a question for Mr. Richard as well. You guys negotiating back there, I mean, I feel like a little in the dark here, obviously that's the point of having the Executive Session. Was an offer presented?- were terms discussed?

Mr. Mattimore: A concept was presented that had a position taken on some of the issues at impasse, yes.

Commissioner Quesada: OK.

Mayor Cason: So all we will do is listen to a concept.

City Attorney Leen: Correct.

Commissioner Quesada: But I guess, so a concept that's vague, I understand why it has to be vague at this point; is it a new offer altogether?- was it modifications to the current City's contract proposal?- is it somewhere between?- or you can't get into the details?

Mr. Mattimore: Well we were not engaged in collective bargaining just now because collective bargaining has a formality to it that requires notice; we simply met, we were presented with a concept as to a path to resolve this. It constitutes terms of employment for sure.

Commissioner Quesada: But now I'm thinking was this just – again, I don't feel comfortable going into Executive Session, because how long is an Executive Session going to take with us considering you guys have three hours worth of presentations on specific details to get into. I don't have the benefit; we don't the benefit of knowing all the details until we hear those presentations. So that's my concern. Are we about to walk into a five hour Executive Session?

Mayor Cason: How long do you think this would take to present this concept to us?

Mr. Mattimore: Realistically maybe thirty minutes or less, I'm being liberal about it.

Commissioner Cabrera: Frank, Ms. Anderson and I before the meeting started today, we were talking about how many of these impasse hearings we've been through. This is our fourth one, and she reminded me, she remembered all of them, in fact she remembered the one at the Youth Center kind of a tough one that day, but every one of them that I had been a part of in spite of the fact that this is a highly technical and very detailed process. What we end up doing is conceptualizing a decision, and then allowing both sides to finalize it, as she just said conceptual in nature. So, I can only speak from my experience of having done this four times, and hopefully both sides will take the direction that this Commission gives and come up with a compromise that's suitable and so conceptually, I've never seen us do it to the point of that much detail, and that's the only reason I say that for your benefit, and I'm not trying to be condescending, I'm just trying to tell you that's what I've been through in four other occasions, and so I thought that maybe would help you in your decision-making process.

Commissioner Quesada: It does. It does. Let's say we go into this Executive Session, and I think I hear three votes in support of it already, so I think it's a mute point, but let's say we go into this Executive Session and there is an agreement reached, is that something Mr. Mattimore that is going to have to be voted on by the union employees at a later date.

Mr. Mattimore: Yes.

Ms. Rind: It has to be voted on regardless of the path that you take, even if you go through and impose terms, it goes out for ratification, it gets voted either way.

Mr. Mattimore: There is a little bit of a difference though that everyone should keep in mind, and that is, and this is going to sound like doesn't make sense kind of counter intuitive, but it's the law that we all live with. If we reach an agreement and we take that out for ratification and it's voted down, then we have to start this process all over again; we have to go back to before the Special Magistrate, before the impasse, and we have to go back to the table that's it, everything that has transpired since January 10<sup>th</sup> does not exist. If you were to resolve these issues at impasse today, and it was to go out to a ratification vote, those items, whether it was voted up or down, those items that you resolved today will go into effect.

Commissioner Quesada: So, if we go into an Executive Session and we reach some sort of agreement, then we would be travelling under the former mentioned process that it could potentially go, it will go to the union membership and they could vote it down and we'd start at the beginning again?

Mr. Mattimore: That would be how it would work, right.

Commissioner Quesada: Is that waivable?

Ms. Rind: No, but if you get a contract and it's voted up, you have a contract till 2014.

Mr. Mattimore: If we reach an agreement today and it's voted up in ratification, then you have a contract.

City Attorney Leen: Mr. Mattimore, if I may, Mr. Mayor; Mr. Mayor do you mind if I ask a question.

Mayor Cason: Yes go ahead.

City Attorney Leen: Mr. Mattimore and counsel for FOP, if we process and the Commission goes into Executive Session, reaches an agreement and then it's sent to the FOP for ratification and it fails, is there any possibility of waiving the requirement that we go back into collective bargaining and that it go back before the Commission as an adjudicator?

Mr. Richards: We can do that.

City Attorney Leen: And if I may Mr. Mayor, I'd like to hear from both sides on that.

Mr. Richard: Well the union wants to remind you that we will work with you in any way so that none of this can be used as a delay tactic, but I want to remind the Commission, let's look at the crux of the law. If you impose on us today and it is accepted, it's a contract; if you impose and it's turned down, it's a contract for the year. I believe its 2010-2011, its worth fighting for one year imposition. Now we will be back at the bargaining tables 24 hours or so after because we will literally be without a contract, what we will be living under is a status quo for something that happened two years ago continuing forward. We have a mess on our hands, so that's why, yes Mr. Leen, we would absolutely agree to get back, we will do anything without waiving our original position on the legal matter that O.C. (Ms. Rind) raised, we would do anything to work with you on time limits.

Mr. Mattimore: To your question, I think there is. I think that's an unresolved issue, the only case that I'm aware of was a case having to do with Manatee County and the parties verbally agreed that they would allow the matter to not go back to the beginning, and the Public Employee Relations Commission said that verbal agreement was not binding and that you had to go back to the beginning because everyone has to follow the statutory procedure. Now, if there was a written agreement between the parties that might have a different response, but that's the case law right now. I think it's difficult to waive that.

Mayor Cason: We need five or ten minutes for this written document, and if we have an Executive Session 30 minutes to listen to the concept and then we will decide there what we are going to do, whether we are going to come back and continue on with presentation by both sides or not. So let's take a ten minute recess to get that – can you do it in ten minutes?

City Attorney Leen: Yes Mr. Mayor, but I would ask is the Commission voting to do that?- because – based on the advice I've given it would be better if you formally decided to do that.

Mayor Cason: Do we have a motion?

Commissioner Anderson: I'll move it.

Mayor Cason: Commissioner Anderson makes the motion Commissioner Cabrera seconds it.

City Clerk

Commissioner Cabrera: Yes

Vice Mayor Kerdyk: Yes

Commissioner Quesada: No

Commissioner Anderson: Yes

Mayor Cason: Yes

(Vote: 4-1)

Mayor Cason: OK – ten minutes.

[Note: The Commission took a recess at 10:27 a.m. and the meeting resumed at 11:15 a.m.]

Mayor Cason: Alright, we are ready to begin again, Mr. Attorney would you....

City Attorney Leen: Mr. Mayor I'm filing with the City Clerk a copy of the Executive Session agreement that was discussed in the prior session when both sides agreed to a waiver of any claim that the Executive Session violated the insulated period, everything that was discussed is in this agreement, and I'm filing it with the City Clerk, its been signed by the Fraternal Order of Police, by Osnat Rind, who is their counsel, and is representative, she has authority to sign for them, and also Michael Mattimore, who is signing for the City's bargaining team.

Mayor Cason: OK. We had a discussion of the concept and our decision is that we are going to move ahead with presentation from both sides at this point. Mr. Mattimore if you would take the lead, one and-a-half hours you will have.

Ms. Rind: I don't see Mr. Richard on the video, but we've asked – he's at a disadvantage because he doesn't have the presentation from the City, so I think we've asked that it at least be e-mailed to him, so he can follow it, I don't know what happened to the video.

Mr. Richard: Please proceed Michael.

Mr. Mattimore: Thank you again Mr. Mayor, thank you members of the Commission, appreciate your patience throughout this morning. We have a presentation which we'd like to put up on the screen, it doesn't involve me standing here....but this is – well I think we need to have it up over on this screen too, and we have to make sure that Mr. Richard is connected. The City

Commission of Coral Gables has the legal authority and obligation to resolve by motion all of the disputed issues at impasse, and what you do today is not just for the union or not just for the City, but the Third District Court of Appeals, which is the court that sits as our Appellate Court here in South Florida, has described this process as a prompt resolution of collective bargaining dispute is in everyone's best interest. The City needs to balance its budget, the union and its members need a bottom line and the citizens need the security of knowing that services are not interrupted, but are being delivered at costs that can be met under current financial circumstances, and because of that the court says that these proceedings should be without delay. We know that municipalities throughout the nation, throughout the State of Florida, locally here in Dade County have been facing significant budget challenges brought about by compounding compensation and benefit obligations that are increasing at an alarming rate, and that municipalities, and we'll talk about some of these municipalities throughout our process, but municipalities have failed to take timely action to prevent and offset these budget challenges, faced budget deficits, face layoffs, the elimination of services and financial urgencies. Now the City of Coral Gables have already modified and reformed compensation and benefits for the employees in the Teamsters unit, the managerial and supervisory and professional employees that work for the City outside of the bargaining unit. The City of Coral Gables seeks an adjustment of compensation and benefits that retain the Defined Benefit Pension Plan and much of the current compensation plan will go through what is the full breath of the compensation plan that's afforded to the police, so we need realistic and sustainable modifications. Now, this number, this figure is the actual cost to the City of a Police Sergeant, this is what it cost the City of Coral Gables to fund a single Police Sergeant, \$196,728, that's a real person. Now for every dollar in wages that the City of Coral Gables pays to the police, they pay 89.1 percent in additional funds for the benefits, the cost of benefits is 89.1 percent. A lot of that is driven by pension costs and currently for every dollar that's paid in wages by police 62.4 percent of payroll is also an obligation for their pension; 62 percent of all wages is what we are obligated to pay into the pension fund to keep that solvent. Now that is going up. If something is not done about pension for 2013, that figure goes to 72.8 cents per dollar. The Pension Fund, and Mr. Linn your pension counsel will go into this in greater detail, but the Pension fund has developed a significant unfunded liability that is an obligation of cost on every household in Coral Gables and rising all the time. Look at this slide; look at how this has swelled in just ten years. In 2001 the unfunded liability for the Pension Fund was \$15 million, in 2011, ten years later that number grew to \$235 million, \$219 million in ten years. The Leeworth Collins Institute in Tallahassee, Florida gives a grade to each of the Pension Funds, the Municipal Pension Funds in Florida, and they have given the City of Coral Gables pension fund the grade of a D, that was based on 2009 data. If we were to take that grade today based on our pension plan today, our grade would be an F. Now at this time, what I'd like to do is spend time in this presentation in what we think is one of the critical parts of our negotiation and our impasse it's the pension issues; and I'd like to introduce to you Jim Linn who is the City's pension attorney, he is a lawyer with Luis Armond,

the law firm, he has practiced for over 30 years doing Florida public pension plans, he represents numerous municipalities, I've worked with Jim in a number of areas, my partners have worked with Jim, and he is I consider the State expert on pension law and regulation, and Mr. Linn if you'd be so kind to come to the podium he has some comments to make to you about the pension plan.

Mr. Linn: Mr. Mayor, Commissioners, I'm Jim Linn from Luis Armond and Walker, I'm going to go through the portion of the presentation on the City's pension proposal. So this is no great mystery what has happened with the Coral Gables pension fund and the City of Coral Gables itself is certainly not unique and there are many cities and other local governments throughout Florida and throughout the country that are facing these same problems, and the problems are declining revenues of the City at the same time that pension costs are going through the roof, and as Mr. Mattimore just pointed out, the City's pension cost this year for police officers is 62 percent of payroll and next year going to 72 percent of payroll, if there are no changes made. Unfunded liabilities have grown from \$15 million in 2001 to \$235 million in 2011, and are projected to grow more unless steps are taken to reform the pension plan. The average annual pension cost for a police officer in dollar terms, that is dividing the City's required contribution by the number of active police officers is \$52,000 a year. In contrast the average pension cost for general employees in the City is less than half that, \$22,395 a year. Under the current plan a police officer, and we'll have some specific examples, and these are real examples, under the current plan a police officer can retire after 25 years of service before age 50 with a pension of \$100,000 a year, that's a lifetime pension benefit, a DROP benefit, and we'll talk more about what the DROP benefit is, but it's a lump sum benefit in addition to that annualized pension benefit of more than half a million dollars, and in addition to that a shared plan benefit, and we'll talk more about what that is of \$22,400, and in addition to all of these of course Coral Gables police officers participate in Social Security, so this is all in addition to Social Security benefits that the officers also earn. The bottom line here, and what I hope to demonstrate in the next few minutes is that the current City pension plan in light of what's happened to City revenues is simply not sustainable and has to be changed, and the only way that the City can reduce the unfunded liabilities and reduce the City's pension costs in the short term and the long term is to reduce future pension benefits; and I just want to pause here, all of these proposals that I'm going to be talking to you about we are not talking about reducing the benefits that police officers have already earned. We are talking about reducing future benefit accruals. Police officers like all public employees keep – you can't by law reduce the benefits that they have already earned, and so all that we are going to be talking about is making reductions in those future benefit accruals. The City's plan is a Defined Benefit Plan and what that means is that the benefits are based on a formula, and basically the formula is 3 percent per year times the highest year average final compensation, and that formula is what produces the basic pension benefit and the City by State law is required to fund that benefit, and the City's contribution requirements are based on the

value of the benefits that are promised, the actuarial assumptions, and unfunded liabilities being amortized over 30 years, not to exceed 30 years, and basically this is all part of a State law that was designed to protect public employee retirement benefits; and under that law there is a provision in the Florida Constitution as well, it requires that public entities fund their plans on a sound actuarial basis, and what does that mean sound actuarial basis?- it basically means that the City is required to pay each year what the plan actuary determines, and that's an important concept because there is going to be a lot of numbers that you are going to see in this presentation, and these numbers are not numbers that I came up with. These are numbers that are from the actuarial evaluation that's prepared not by the City's actuary, but by the plan actuary, and that's somebody who is hired by the Pension Board. I think you are all aware of that, and the actuarial evaluation that we are dealing with. The most recent valuation is Tab 3 in the binder; and so if there is ever a question about the numbers other than there are a few projections that the City actuary has prepared those numbers are coming straight out of the actuarial evaluation that is the document that basically determines what the City has to contribute for pension. So the City's pension contributions have gone up dramatically from \$4.8 million in 2001 to \$24.6 million in fiscal year 2013.

Commissioner Anderson: May I stop you for a second?- can I make a point of clarification?

Mr. Linn: Sure.

Commissioner Anderson: Not your presentation – I just also want to make clear that in 2001 when we came into office we got hit by two economic recessions, so those things have an effect. The hearing public may not understand that, that impact plus the benefits that existed. So I just wanted to put that on the record because it makes us look like we were asleep at the wheel, and I wouldn't want that to remain as a picture. Thank you.

Mr. Linn: Sure. This chart Slide 18, simply shows the City's total pension contribution; this is just what the City pays toward the pension plan each year from fiscal year 2001 to the coming fiscal year, and fiscal year 2013. At the bottom of this chart is the numbers that the City is going to be paying if nothing is done to the plan. So that represents a 413 percent increase in City pension contributions over the last 13 years; and you might ask, well how there are City contributions and then there are employee contributions, and as you may recall Slide 20 shows the employee contribution for police officers is 5 percent and was first put in place in fiscal year 2010, and so this graphically shows the proportion of the total that the City has contributed as compared to employees. Now the City's pension costs are made up of two parts: normal cost, which is the annual cost to fund the benefits that are being earned without any unfunded liabilities, without any debt; and the second part of the City's cost is the amortization payment, to pay off the unfunded. That's essentially the pension debt that has accumulated in the pension

plan as a result of actuarial losses and plan improvements; and just putting this in context based on the most recent valuation, the normal cost of the plan is for police officers, this is just for the police group is about \$2.18 million, but the amortization piece is really what's driving the cost. This is the legacy cost that you are having to pay, which is really causing the contributions to go up, it's about three times as much at \$6.2 million; and the City's contributions are going to continue to increase mainly because they are as of October 1, 2011, which was the last valuation date. The plan still had unrecognized losses, investment losses of \$24.3 million, and if those losses aren't made up, then they are going to add to the unfunded liabilities, which is going to add to the amortization piece, which is then going to further drive up the City's cost. Now this Slide 24, was prepared by the City's actuary, and it shows it projects the City's contributions to the plan over the next 20 years, if there are no changes in the benefit structure, and if all the assumptions are met, and of course that's a little problematic because as I think you know your pension plan has not been meeting its assumptions; and so if the plan continues not to meet its assumptions these projections will be low, the actual cost will be more, but you can see that basically what this is showing is that even if you make all the assumptions your costs aren't coming down in the next 20 years. They are just going to continue to go up. This is just the police group the projection of the cost of the police group, which right now is a little over \$8 million and is projected to keep rising over \$10 million in 2030, and back off to a little less than \$10 million in 2032. So to talk about the unfunded liabilities, this simply is a measure of the value of the benefits that have been promised minus the net assets that are available in the Pension Fund to provide those benefits; and obviously when you are talking about unfunded liabilities the bigger the number the bigger the problem; and as we've pointed out before your unfunded liabilities have increased dramatically, again this is not unique to Coral Gables. There are a lot of Cities that have seen this same kind of growth in their unfunded and that's why a lot of cities around the State are having similar meetings to try to get a handle on their pension costs. Why have these unfunded continued to rise, even in the years of good investment performance?- and it's because the plan hasn't been meeting its assumptions and when it doesn't meet its assumptions it has actuarial losses, the actuarial losses have exceeded even the investment gains in the good years, and your plan has had losses, actuarial losses in 12 of the last 13 years. So Slide 28 shows the growth in the unfunded since 2001 and it kind of parallels the growth that you saw in the City's contributions, but you've seen consistently the unfunded has gone up. In fact if you apply a percentage to that growth it's over 1400 percent increase in the unfunded liabilities over the last 11 years. Another measure of the financial wellbeing of a pension fund is the funded ratio and this basically is the net assets that are available for benefits divided by the actuarial accrued liability, that is the value of benefits. If you have 100 percent funded ratio, it means you have a dollar of assets available to pay each dollar of benefits. Not many public pension plans are fully funded or have 100 percent funded ratio, and Slide 31 shows what has happened to the funded ratio of the City's plan over the last 10 years and basically it's gone down as the unfunded have gone up the funded ratio has come down; and this is one of the key factors that

the Collins Institute at Florida State University looked at in its study; and by the way those studies are copied in Tab 4 of your materials, but they graded the 100 largest public pension plan, municipal plans throughout Florida, and based on the Collins Institute ranking the Coral Gables plan and as of 2009 had a funded ratio of 61.2 percent, and that was sufficient to earn the grade of D, but as Mr. Mattimore pointed out before if you applied that same ranking to the most recent data, the 2011 data and the funded ratio of 53 percent it would receive a grade of F. Slide 34 shows the key provisions of the current pension plan, and as I mentioned earlier, this is a Defined Benefit Plan, and so it's driven by a formula and these are the key parts of that formula. You've got a 3 percent benefit multiplier which means for each year of service the officer earns 3 percent of average final compensation, average final compensation is based on the highest three-year average of the officer's career. Pensionable earnings is another very critical component of this formula and we will see that under the current plan definition of pensionable earnings officers are able to include a good number payments above their base pay in the definition of compensation for pension purposes, and that in turn drives up their pension benefit; and so for example, the current definition of total earnings including overtime pay also includes things like shift differential, unit allowances, annual sale of leave up to 160 hours a year; normal retirement age right now is based on the Rule of 70, which means if you are age 45 and you have 25 years of service you meet the Rule of 70. You can retire and receive a normal retirement benefit; alternatively age 52 with 10 years of service or age 65 for normal retirement. Early retirement, a member can retire at age 50 with 10 years of service with a reduced benefit, and currently the employee contribution for the last three years has been 5 percent. The DROP Plan, this is another aspect of the pension plan, and under the DROP Plan, which stands for Deferred Retirement Option Plan, police officers can retire but continue to work for up to 5 more years, and while they are participating in the DROP, the pension benefit is put into an account in the pension fund and earns interest at the actual rate of return of pension fund investments, but with a minimum rate of 3 percent per year and a maximum rate of 7.75. That DROP benefit accumulates, so that each year the members in the DROP what would have been paid out in the pension is paid into the DROP account, earns interest, and then at retirement is paid out in a lump sum, and the DROP benefit we'll see in a moment can amount to hundreds of thousands of dollars in addition to the regular pension benefit. In addition, in Coral Gables the City has established some years ago a share plan for police officers, which is an additional lump sum benefit and is funded by the premium tax that the City receives from the State each year pursuant to Chapter 185, and Slide 36 shows the ten largest share plan distributions that have been paid out to Coral Gables police officers since 2007. So this is again in addition to the DROP benefit, in addition to the regular pension benefit. Only a few cities in Florida have these share plans; there are more than 160 cities that have police and fire pension plans that participate in the revenue sharing mechanism in Chapters 175 and 185, but only 18 of those cities, a very small minority have these supplemental share plans for police officers and firefighters. Most of the cities use some or all of that premium tax money to offset the city's pension cost, but here in

Coral Gables this is what happens with the premium tax money. So last year the City got almost \$450,000 in premium tax revenues, of that amount \$93,500 went to the pension plan and the rest of it, the \$354,800 went to the share plan to provide this additional benefit; and the State Division of Retirement has taken the position that the only way that the City could use more of those premium taxes for the pension plan to offset the City's contribution to the pension plan is with the agreement of the union; and as indicated earlier Social Security benefits is something that is again part of the overall retirement program for City police officers. The City contributes 6.2 percent annually, the current employee contribution under federal legislation, which has lowered that for a couple of years, is 4.2 percent, and the estimated annual benefit for a police officer who takes Social Security at age 62 is about \$21,000. Now, I'm going to show you several examples, and these are based on actual retirements of police officers in the last several years. Example No. 1 on Slide 40 is a police officer who retired at age 47 with 25 years of service and average final compensation of \$126,690, and I just point out the footnote, if you didn't include overtime and the other add-ins that we talked about to the pensionable earnings the regular compensation of this officer would have been \$76,000. So this is a significant increase based on the definition of compensation, which results in the significant increase in the benefit. So this officer retired with a pension benefit of \$95,000 per year. It's a lifetime benefit, or about \$7,900 per month, plus a DROP benefit, and in this officer's case of almost \$240,000 lump sum, plus a share plan benefit of \$45,000; and so to put this in context, what would a typical person who didn't have this kind of a pension plan, but had a 401(k) type of plan, how much money would that individual have to have in his 401(k) plan at age 47 in order to replicate this benefit, in order to go out and buy an annuity that would provide the same benefit the City pension plan provides, and that 401(k) plan equivalent value in this case is \$2.289 million. Now that's not the total payments that would be made to this person, that's just what he would have to have on hand at age 47 to buy an annuity to replicate these benefits. The total payments to this individual over their lifetime, over their expected lifetime would be about \$3.4 million, and in this particular case this individual had made contributions to the pension fund of about \$1,089. So that's what the individual contributed, you saw the slide the City had contributed, the rest of the required contributions this is the resulting benefit. The second example is a police sergeant, age 48 retired with 22 years of service, and average final compensation of \$134,600, and as shown by the footnote without overtime and the other compensation add-ons the average final compensation would have been much less \$88,800. So this sergeant retired with a lifetime annual benefit of almost \$89,000, plus a share plan benefit of almost \$34,000, and again to be able to replicate this benefit through a 401(k) plan this individual would have had to have about \$1.8 million, almost \$1.9 million in a 401(k) at age 48. The last benefit example is a police lieutenant, age 49, retired with 25 years of service, average final compensation of \$134,000, and here again the footnote shows that without the overtime and add-ons that number would have been \$76,600. Retired with a pension of \$100,600 per year, or about \$8,300 per month, plus a DROP benefit of \$544,000, plus a share plan benefit of \$22,458, and the 401(k) plan equivalent

value for this benefit is \$2.6 million. So the City is proposing to make some changes to the benefit structure, and again these changes apply to future service. They don't apply to what the officers have already earned, what the City is proposing on the multiplier is to keep the 3 percent multiplier for all prior service, and for future service the multiplier is changed to 3 percent for the first 10 years of service and 2.5 percent per year thereafter. The normal retirement date is proposed under the City proposal to go to age 55 with 10 years of service or 25 years of service regardless of age to replace the Rule of 70. Now there is a grandfather provision in the City proposal that says that employees who now have 10 or more years of service would keep the current normal retirement age, and this is done in an effort to have those officers who are getting closer to retirement and have already vested in the pension plan the ability to maintain the same retirement date as is currently provided. Another part of the City proposal is to expand the averaging period, that the final average compensation, which is also a key part of the formula to 5 years instead of 3 years, and this would be phased in basically over the next 2 years, and also to eliminate the early retirement benefit, so that an officer would have to work or get to the normal retirement age in order to receive a benefit. The City is also proposing to change the definition of pensionable earnings to bring the pensionable earnings into line with an employee's regular pay, and including several other items of compensation, but significantly to exclude overtime payments, shift differential, annual sale of sick and annual leave, and special unit allowances. That is going to have a significant effect, as you saw in the examples on the average final compensation and thus on the officer's benefit. The City is also proposing to change the DROP eligibility date, that's the date that a member can go into the DROP plan to be consistent with the new normal retirement and again, current employees with 10 or more years of service would keep the current retirement conditions and the current DROP eligibility conditions; and if an employee defers DROP entry for more than six months after reaching that earliest DROP eligibility date the maximum DROP period would decrease by one month, for each month the DROP entry is deferred and the whole purpose of this is to encourage members to go into the DROP when they are first eligible to do that or else they get a shorter DROP period. As part of the pension proposal really is this 5 percent across the board wage reduction, that sounds like a huge significant item, and it is, there is no question, but this is what the City had proposed and the union had not accepted, which was to increase the employee contribution from 5 to 8 percent with an annual cost sharing adjustment. The union did not agree to that proposal and by law the City cannot impose an increase in the employee pension contribution, but the City can certainly impose a reduction in wages and that's why the across the board wage reduction is being proposed. Slide 49 shows what the contribution rates are now in a number of South Florida cities from Ft. Lauderdale at 8.5 to Hollywood 9.25, Miami Beach is at 10, Miami is at 10, North Miami is 11.5, all the way up to Miami Springs, which is at 16 percent now with a cost sharing provision, and this is just a representative example of what police officers are actually contributing to pension plans right now in these other cities, and of course right now Coral Gables police officers are contributing 5 percent. So the City's proposal in a nutshell is to reduce

the multiplier, adjust the multiplier for service after 10 years, change the normal retirement date, eliminate early retirement, change the averaging period from 3 years to 5 years, change the definition of pensionable earnings, and change the DROP eligibility date, and the City's actuary calculates that the total savings for implementing these changes for the first year would be a little over \$1 million; and Slide 51 shows a projection of the City's savings over the next 20 years with the green bar being with the plan changes that the City has proposed and the blue bar are the same charts that you saw before the projections with no changes, and this would represent an estimated savings to the City of \$26.8 million over the next 20 years. The next few slides I'm going to run through quickly, but basically these are intended to show you what some other cities around Florida have actually done in the area of pension reform. So on Slide 52 this is Port Orange Fire, and in Port Orange the city reduced firefighter wages by 6 percent, which was in lieu of an increase in employee pension contributions, and the city also reduced pension benefits for current and future employees by changing the normal retirement date, by reducing the definition of pensionable earnings, extending the final averaging period from 3 to 5 years, reducing the maximum benefit from 90 to 80 percent, reducing the COLA benefit and reducing DROP earnings, and so you are going to be seeing a lot of similarity in what some of these other cities have done and what is being proposed for Coral Gables.

Mayor Cason: May I ask one question? What is the maximum currently for police here?

Mr. Linn: 75 percent.

Mayor Cason: 75.

Mr. Linn: And that is not being changed, the City's proposal keeps that 75 percent maximum. Miami Beach in 2010, and this was something that all the unions agreed to in Miami Beach, wage freeze, an increase in employee pension contributions, and a five year final averaging period with further reductions in benefits for future employees. City of Miami in 2010 declared financial urgency and adopted these wage and benefit reductions of 7-12 percent across the board wage reduction, pension changes to increase the normal retirement age to go to a 5 year averaging period for final average compensation, to reduce the benefit formula for future service, and to reduce the normal form of benefit. City of Hollywood last year declared financial urgency and these changes were ultimately approved by referendum in September of 2011. Benefits were frozen for all employees and the benefits were reduced for current and future employees, the normal retirement date was increased, the benefit multiplier was reduced to 2.5 percent for police and fire that's for all years of service, a five year averaging period, no cost of living adjustment and no DROP plan for future service. This year the Town of Palm Beach implemented reforms for current as well as future employees and this was all Town employees including police officers and firefighters, the Town basically went into a hybrid-type plan with a Defined

Contribution on top of a Defined Benefit, but the Defined Benefit formula was greatly reduced down to 1.25 percent, the normal retirement age was increased, the survivor annuity was also revised, no cost of living adjustment, and there the Town decided to withdraw entirely from Chapters 175 and 185. Slide 57 shows what the City of Coral Gables did pursuant to a settlement agreement with the Teamsters Union, and these changes affected not only the bargaining unit members, but also the excluded employees of the City, pension benefits were frozen, the multiplier for future service was reduced from 3 percent to 2.25 percent, the employee pension contribution was increased to 10 percent from 5 percent, 5 year averaging period was adopted, the normal retirement age was increased, and there is a cost sharing provision in place now whereby the City's costs are shared with employees in the future. Very recently the City of Naples in an agreement with the FOP there that was ratified in October of last year and implemented earlier this year, provided for a benefit freeze, a reduction in the multiplier, lengthening the final averaging period to 8 years, eliminating the cost of living adjustment, reducing the salary definition to exclude leave payouts, and delaying the normal retirement date, and putting in a reduced interest rate for the DROP. And that concludes the pension portion of the proposal.

Mayor Cason: Thank you.

Mr. Mattimore: Thank you. Jim will be available after the presentation to answer any questions that the Commissioners might have. At this time I'd like to introduce Dr. Henry H. Fishkind. Dr. Fishkind has is Doctorate in economics from Indiana University, he has served on the faculty teaching economics at the University of Florida, and he has advised governors and leading businesses on economic analysis and forecasting. He will address whether the economic forecast is such that the economy will allow for increased revenues to address the obligations that we've identified today. Dr. Fishkind.

Dr. Fishkind: Good afternoon. As is classic for the dismal science, I have to give you the dismal news that the economy is unlikely to bail everything out and make it all easy, I wish it was different, but regrettably not. Gross Domestic Product in blue, best overall measure of the U.S. economy, you can see the deep recession, and the very modest trajectory of growth, we've all been disappointed and it is the topic of the election in part, so I need not belabor it. The conditions are so uncertain that the Federal Reserve has promised to do something at its upcoming meeting. We face the impact of the droughts where we haven't seen the price increases yet that we know are coming, despite some stabilization in Europe the matters are not resolved totally, financial markets still remain troubled, and we face the fiscal cliff where we are politically not able just yet to deal with our own bunch of problems at the federal level, all of which gives rise to a very uncertain economic outlook at best. There is no reputable economist or observer that I know that's predicting 3 or 4 percent growth over the next 2 to 3 years. We will

do best I hope, and I agree with you, maybe we keep doing 2 percent would be nice, but that's a stretch. Housing markets have stabilized; in blue I call your attention in particular to existing homes, sales which have flattened out at a relatively low level. That's important when people can't sell their existing homes they are unable to move to Florida in the volumes that generally drive our economy, and generally drive our real estate prices. In red – new single family homes have improved all the way from absolutely disastrous to merely tragic, having been on the Board of Engle Homes and a couple of other home building companies that I'm pleased we sold before the crash. The industry is a quarter of its size today in Florida, there is no realistic prospect that we are going to see any major recoveries despite the recovery in the condominiums in Miami which was very welcomed, but here foreclosures continue to be significant, while down significantly from their peaks they are 10 percent above last year, there is a significant hidden inventory that is metered out into the markets by financial institutions. A number of them in this area, my clients, and is metering out the foreclosed properties, and so the result is it puts a damper on increases in property values both residential and commercial regrettably. Here in the City of Coral Gables property values have stabilized and begun to move up a little bit, very welcome, but you can see they are nowhere near the peaks, and at the rates of appreciation that we are seeing in the marketplace. We are talking about a decade at best, and the City is very dependent upon property taxes, 46 percent of its revenues, no different than most other places. So this combination of economic events and a relatively low trajectory for increases in real estate prices is probably the environment I think that you should expect for the next few years, thereby not being sort of the golden ring that's going to take care of things. Finally, I just wanted to show you a comparison between a survey of private sector average salaries in the City of Coral Gables compared to the average compensations paid hourly wages and overtime to your police force, so you can see that contract I think is informative; and with that I will introduce your Finance Director who needs no introduction to talk about the millage rate.

Mr. Mattimore: Just real briefly, as you can see the millage rate is higher than it was historically in 2008-2009, that the investment earnings because the investment market is so low it's not existent. So millions of dollars are lost in the investment area, and this is an important slide, Slide 67, it shows that if something isn't done about our finances this is where we are going. We are going into shortfalls that compound \$2 ½ million, \$5 ½ million, \$8 million, close to \$9 million. Now these are some of the initiatives that we have undertaken over the last couple of years to raise revenue and cut cost. We are not solely looking to personnel cost to try to address these financial circumstances. Slide 68 – we instituted an investment fee and there are the numbers that were realized as a result of these actions taken by the City. We instituted transportation fee, we increased fees for residential garbage, parking, storm water, franchise, business licenses, false alarm fees, and parking recreation, raising all these additional new revenues in 2010-2011. We increased revenues for parking fees, building permit fees, fire permit fees, fire inspection fees, and EMS transportation fees. We increased revenues in 2011-2012 in

other areas; we increased commercial waste fees, parking fees, sanitary sewer fees, again refuse collection fees, and business licenses. So the City has made over the years actions to increase its revenue. In 2012-2013 an increase in solid waste fees and sanitary sewer fees again and kept taxes low. There has been a reduction of fulltime positions at the City. Again, trying to address these circumstances and you can look at the number of positions from 2008 projected through 2013, and we'd like to point out that of these reduced positions, no positions were lost in the police unit. Now, we have as a City taken initiative affecting non bargaining unit employees. The City has – these are the people that are not in the bargaining unit, that are not represented in collective bargaining. There has been no cost of living increase since 2007. There has been reduced merit increases from 5 percent to 2.5 percent, there has been pension benefit reductions that were effective back in October 1, 2010, and on Slide 74 is the specifics as to the initiatives that were taken to reduce those costs. On 75, this again, initiatives affecting the non bargaining union employees of the City, future pension costs increases are to be shared 50/50 by City employees, and pension contributions have increased '03, '05, '09 and '11 to 3 percent, to 5 percent, to 10 percent and to 12 percent. There has also been City initiatives affecting Teamsters pension and others. There has been no cost of living increase since 2007, merit increases were reduced from 5 percent to 2.5 percent effective in 2010. There have been pension benefit changes; there has been a reduced multiplier from 3 percent to 2.25 percent, from a 3 year averaging to a 5 year averaging period, and increased retirement age to age 65 or Rule of 80, it was age 52 and Rule of 70. Also, with the Teamsters future pension cost increases are to be shared 50/50 by the City and the employees, and there have been increased pension contributions in 2003, 2005, 2009 and 2011. Again, from zero to 3 percent in 2003, to 5 percent in 2005, to 10 percent in 2009, and 2011 an increase to 14.3 percent, so the Teamsters unit, the operational employees are making that contribution. Now there is also additional costs associated with the employment of salary, and on Slide 78 we reflect those costs to the City; there is FICA, retirement, and you can see the retirement like we mentioned is 62.4 percent for police, but that's going up approximately 10 percent; workers compensation and health insurance. The City's goal for a fund balance is reflected on 79, it is to have a fund balance somewhere between 15 to 20 percent, or \$17.395 million to \$23 million. The current fund balance is \$12 million, so we currently have a fund balance that's anywhere from \$5 to \$10 million below our target. We also have other pressing costs that are necessary to be addressed. We have for example a vehicle fleet that needs replacement and we estimate those costs at \$15 million. We want to talk very briefly about two other cities who went into financial urgency and made drastic cuts to the wages and benefits of its employees. The City of Miami cut wages for its police anywhere from 7 to 12 percent; they reduced future pension benefits and they reduced their contribution to the health insurance plan by \$2 million. On page 82, you can see all the changes that were made at the City of Hollywood, both in 2011 and 2012, including a 12.5 percent wage reduction, and all of those benefits and add-ons reduced. Like we said, the City of Miami and the City of Hollywood were in financial urgency. Now, I'd like to take your attention to Slide 85 and talk a little bit about

how we go about compensating police. There is a wide array of different kinds of pay actions and adjustments that flow to the police. If you look at Slide 86, actually there are 25 different types of pay adjustments that a police officer can have to their pay. Now these pay additives are a key part of what we were talking about with the pension because all these additives come together, the 25 of them, to increase base pay – and increase, that's base pay plus additives are all pensionable income. On page 88, on Slide 88, we go through the different elements of police compensation. Currently, in their contract there is across the board increases, longevity pay, shift differential, overtime enhancement, holiday pay, special event pay, out of classification pay, they have the sell back of annual leave, merit wage increases, promotional pay increases, field training officer pay, motorcycle officer pay, K-9 detail pay, SWAT, and SWAT negotiator pay, AIU traffic homicide pay, bicycle foot patrol pay, underwater search and rescue pay, criminal investigation pay, professional standards division pay, honor guard pay, administrative division assignment pay, master police pay, they have educational incentives, they have advanced degree pay. Now, I want to show you how in '91 this is how one gets compensated for these different kinds of additives, some are 5 percent some are \$75. Now how does this all work in actual pay? and that's reflected on Slide 92. If you have a police officer with a base annual pay of \$65,000, and they receive longevity pay at 10, 15, 20 years, master police pay, shift differential and honor guard. They are actually making annually \$85,000, or if you look at the Lieutenant with a base of \$91,000, that base is \$44 an hour, but with longevity pay, special assignment pay, a Master's degree and education incentives, their actual realized and pensionable pay is \$113,000. All of these pay additives have a compounding effect on how much overtime we have to pay and the overtime obligation of the City, because overtime is calculated on top of the add-ons. So for example, in the previous example the police officer with the base hourly rate of pay of \$31.41, after add-ons have a straight time rate of \$41.16, so that police officer's overtime rate would be \$61.74 per hour. We wanted to advise you and reflected on Slide 94 what the police department salaries are. The average salary for a police officer is \$72,000, for a sergeant, every sergeant made over \$90,000, and more than half of them made over \$100,000. Every lieutenant in the Police Department made more than \$100,000. This is a snapshot on Slide 95 of the highest paid police. There are officers that were paid 2011, W-2 wages, and this does not include the cost of pension or other benefits this is pay. As you can see five officers made over \$100,000, five sergeants made in the range of, four sergeants made in the range of \$119,000 and one \$111,000, and of the lieutenants three made over \$140,000, one made \$134,000, and one made \$121,000. Now if you add in costs, this on Slide 96 is the true cost to the City. If you look at the lieutenant at \$146,000 with FICA of \$8,000, retirement obligations from the City of \$91,000, workers comp of \$14,000, and the cost of insurance at \$7,000, the cost to the City is \$267,000 for that one lieutenant, and even the officer, if you look and do the same analysis, the true cost is \$214,000 for one police officer. Now, I'm going to talk a little bit about the issues other than pension that we have on the table, and one is in Article 14, and that's reflected on Slide No. 97, right now there is a 7-day 40 hour work week, but the Fair Labor Standards Act recognizes the

federal law having to do with wage and hour regulation, recognizes that because of the shift work in police that an employer is able to have a more flexible work period, and so we propose the discretion to go to one of the permitted flexible shift plans that is recognized under the Fair Labor Standards Act. For example, using a 14-day, 84 hour work period instead of a 7-day 40 hour work period. What I'd like to point out in 98 is that currently the City uses this kind of extended flexible work period with their Fire Department. Also, on Article 14, we want language having to do with overtime being calculated on actual hours and time worked, which is what is required under the Fair Labor Standards Act. Currently leave time, sick leave or annual leave, which is not actual time worked is calculated for overtime, so you are paying overtime over and above the legal obligation. Now if we were to go to this plan under the Fair Labor Standards Act and we stopped counting sick leave and annual leave in as time worked, the projected cost reduction would be \$190,000.

Vice Mayor Kerdyk: That's on a yearly basis, correct?

Mr. Mattimore: Correct. On Slide 100, we've looked at some of the other municipalities in the area, and we have found that other municipalities have excluded at least some or all of their leave from their overtime calculations, which would comport with our proposed Article 14, that includes Miami Beach, Dade County, South Miami, North Miami Beach and Hialeah. While still on Article 14, we have a change for the current shift differential; currently the person working the afternoon shift gets a 5 percent increase of a shift differential, if you work night shift you get a 7 percent increase. We are not going to eliminate the shift differential, but we are proposing an adjustment to it, so that the afternoon shift would receive a 2.5 percent increase, the night shift a 4 percent increase, and that would save us annually \$119,000. On occasion employees are asked to work, assume the responsibilities of a higher classification, and we think when that is assigned to the employee for a significant block of time and only in those circumstances should they receive extra pay for that work and those extra duties. Currently, if an employee works in a higher classification for only 4 hours they get the pay, we would like it to be increased to 40 hours. If you look at some of the other areas, some of the other municipalities in our area they have higher triggers than 4 hours; Miami-Dade is a day, South Miami is a day, Hialeah is no out of class pay whatsoever, Homestead is three shifts, and North Miami Beach and North Miami are up to 40 hours that we are recommending. In wages on Article 15, we have proposed a 5 percent wage reduction across the board because we had put on the table a pension proposal that Jim Linn described to you that would have an increased contribution, and since that was rejected and is not subject to imposition we are offsetting that with a pay reduction.

Vice Mayor Kerdyk: Let me just ask a quick question. You were going through and telling us what the cost savings were, in the higher classifications you have an estimate of what the cost savings were?

Mr. Mattimore: \$13,000.

Vice Mayor Kerdyk: OK. Thank you.

Mr. Mattimore: Again, I know that on Slide 105, that may be a little confusing, why a pay reduction?- but a pay reduction is really kind of the quid pro quo, for the refusal to pay the additional contribution rate. Again, on Article 15, there is a pay action called loyalty pay, it's a longevity pay, its automatic and it compounds and it occurs at 10, 15, and 20 years of service. Like all of the add-ons it has a compounding effect and that it magnifies beyond the simple 5 percent. The current loyalty pay is 5 percent, we are not looking to freeze or eliminate this increase, to continue this wage increase, but to set it at 3 percent at 10, 15, and 20 years of service. If we were to do this our estimated savings in 11-12 would be \$10,000, and our estimated savings in 12-13 would be \$26,000. We looked at loyalty pay and how it's handled in some of the municipalities in the area; Slide 108, the City of South Miami, they have the 3 percent rate that we are proposing; the City of Hialeah, they have a little bit of a different situation, they have a flat rate of \$4, \$4.50, and \$5; North Miami Beach has no longevity pay at all. Article 29, we have at the City of Coral Gables a provision in the contract that we propose to eliminate that allows for the release of the Union President at full cost to the City. That means the Union President receiving full salary and benefits costing the City approximately \$196,000 a year, it is detached is the word; and we suggest that, that be eliminated from the contract and there be no detached president, and that there be no cost to the City in this amount. There is also just in this same area, still on Article 15, there is a device by which the union pays \$400 by weekly to the president through the City and that's pensionable as it passes through that cost about \$6,400, so that would also go away. We looked at some of the local governments and we found that Miami-Dade County, South Miami, Hialeah, Homestead, Miami Beach and North Miami all do not release a union representative or president with pay to do the union work. We have as you know two other unions that are certified to represent employees with the City, the Teamsters and the IAFF (International Association of Fire Fighters), neither of those bargaining units have their presidents released with pay. Article 17 is an issue having to do with take home vehicles; currently all take home vehicles are evaluated for replacement when they reach 5 years of service or 60,000 miles, but replacement is mandatory at 7 years or 100,000 miles. We propose that those numbers not the automatic disqualifier for a vehicle, because if the Automotive Director can determine at 100,000 miles that a vehicle is still safe to operate we should still operate it; and if you look back at the current it says 7 years or 100,000 miles, so you could actually have a car that's been 7 years old with 30,000 miles and according to the current language we would have to replace it. Again, we looked at what other municipalities are doing with take home vehicles, and that's Slide 114. At Miami Beach, Miami-Dade County, South Miami, Hialeah, Homestead, and North Miami, the replacement of a particular vehicle is at the

discretion of the government. You know a few minutes ago, I said like this hard and fast rule of 100,000 / 7 miles could lead to some kind of I guess, retirement of a car that really is still workable, and a cost to the City. At 115, Slide 115 we actually found a car that's coming into that circumstances and in 2013, it will have to be replaced, it's a 2006 Crown Victoria with \$26,000 miles. The union – I'm going to repeat this at the end, the union has come to the table and they have identified a vehicle policy that they would like to see changed and put into the contract, and they believe that it saves \$1 million to the City. That's not a real savings, because all vehicles have to be replaced at some time, so that's a miscalculation, and I'm going to ask Dr. Fishkind to get up again in a minute and explain how the actual economic analysis of the union's proposal would work, and that's at Slide 117, Dr. Fishkind if you could come back to the podium and explain Slide 117 for the Commission.

Dr. Fishkind: The base line in this chart, both under the police proposal and the City plan is the same, and under your current plan because you purchased all the vehicles basically 7 years ago, you are going to be faced with replacing them all. The police proposal would stretch that out some as you can see, because of the extension to 9 years, and working with the vehicle management and getting the data for all of the vehicles to look at the average miles and replace them at 100,000 miles, you stretch out further the need to replace those vehicles. As Mike said, eventually you have to replace them, so the issue then becomes, is there any savings?- the way you measure that is on the present value today of the decision, so the present value of the savings of the police plan is little less than \$400,000, and under the City's plan is about \$800,000, so on that basis and under any discount rate or any assumptions you make about vehicle costs, the City proposal is superior on a financial basis.

Mr. Mattimore: Another article that's in dispute is Article 23 on holiday pay. Currently, when a police officer works on a holiday they are paid 2 ½ times their regular rate. What we are proposing is that the holiday pay should be 2 times the regular rate. If we were to go from 2 ½ times the regular rate to 2 times that change to Article 23 would save the City \$92,000 annually. On Slide 119, with regard to holiday pay we looked at what municipalities in the area do and how they compensate people on holidays; Miami Beach is 2 times, which is what we are proposing, Miami 1 ½, Miami-Dade is no premium pay, South Miami is 2 times, Hialeah is straight time, Homestead is 8 hours of premium pay, North Miami Beach is 2 times straight time, so currently as reflected on the bottom of 119, we are paying 2 ½ times straight time for a holiday and we are proposing just 2 times. We also have in dispute Article 27 on sick leave. Currently the City pays 100 percent of 400 hours of unused sick leave upon retirement or death for those with 10 or more years of service. Our proposal is to pay 50 percent of the 400 hours of the unused sick leave for retirement and to retain the 100 percent payment for death. If we were to make this change to the sick leave article the City would save \$22,000 annually. Article 31 is also in dispute with regard to the sale of annual leave. Currently each employee is allowed to sell

80 hours of annual leave and 160 hours of annual leave a year prior to retirement. Our proposal is to eliminate the sale of annual leave; employees will still retain the right to use annual leave, they'll have that right. The payment of annual leave is a pensionable action, so this is one of the things that compounds our pension obligation. Again, we looked at what other municipalities...

Mayor Cason: Excuse me, what are the savings here?

Mr. Mattimore: The problem with that is it's hard to guess at that because people might not sell it back, people might use it, so it's fluctuating target.

Vice Mayor Kerdyk: It's hard to quantify.

Mayor Cason: OK.

Commissioner Cabrera: But you have historic data that you can attain numbers from, it's not like this hasn't been done – it's been done for quite a number of years.

Mr. Mattimore: Commissioner when we come back, after both presentations, I'll have some of that historic data for you.

Commissioner Cabrera: Just some historical, so we have a feel for what we are talking about in terms of cost savings.

City Manager Salerno: I'll give you that now. On a historical basis it was, I think the last time we checked, it equated to about \$160,000, to put that into context that's not a savings either way because if they cash it out we have to spend \$160,000 and we take that from our reserves, if they don't cash it out they take it off, so in reality they get it either way, one is in cash, one is in time off, and that's why we didn't count it in there because its hard to predict from year to year.

Mr. Mattimore: Slide 121 reflects what other municipalities are doing with the sale of annual leave. The municipalities reflected on that page do not allow the sale of annual leave; the City of Miami allows it in an emergency with the approval of the HR (Human Resources) Director. To clarify Article 40 on group health, the City currently pays \$588.33 per month per employee. We are proposing to pay \$609.41 and that would be capped.

Commissioner Cabrera: Mr. Mattimore...

Mr. Mattimore: Yes.

Commissioner Cabrera:....let's stay on this one for just a second.

Mr. Mattimore: Sure.

Commissioner Cabrera: I'm confused. The City presently pays \$588.33, is that the current City contribution?

Mr. Mattimore: Yes.

Commissioner Cabrera: That's the City's single employee contribution?

Mr. Mattimore: Yes, it may have – when does it increase?- January 1<sup>st</sup>.

Ms. Jaramillo-Velez: July 1<sup>st</sup>.

Commissioner Cabrera: July 1<sup>st</sup>.

Mr. Mattimore: It already went to \$609.

Commissioner Cabrera: Yes, so that slide is a little confusing for me, because I knew that our renewal was July 1, I knew we received an increase, so basically the current is \$609, and what you are willing to do is continue with the current...?

Mr. Mattimore: Correct.

Commissioner Cabrera: Oh, but you know what you are doing?- that \$588 is for that year.

Mr. Mattimore: Right.

Commissioner Cabrera: OK. I've clarified it myself. I understand why it's \$588 and now it's \$609, so you are willing to go back to that year with the current rate, is what you are willing to do.

Mr. Mattimore: Well when we were negotiating the contract the current rate was \$588.33, when it went up to \$609.41, we assumed extra cost and we are willing to continue to do that.

Commissioner Cabrera: So in essence you are giving the FOP a better benefit, you realize that, right?- you are paying more into it.

Mr. Mattimore: Correct.

City Manager Salerno: That's correct.

Commissioner Cabrera: I am correct, no I'm sorry Mr. Manager, I wasn't correcting you...

City Manager Salerno: I was agreeing with you.

Commissioner Cabrera: First time – anyway OK, just want to make sure we are all clear, that's a good benefit.

Mr. Mattimore: Yes sir, you have that...Also we have a new, we are proposing a new article on domestic partner benefits, which is a new additional benefit. It will provide sick leave, bereavement leave, and family medical leave for employees with domestic partners who are registered in the accordance with the Miami-Dade County Code. Now on 125 and 126, we have some other amendments to articles that are largely housekeeping clarifying relief of duty with pay, clarifying the processing of a grievance, that really is just identifying who receives the grievance with greater clarification. In Article 14, we removed language regarding payments for special events, and Article 14 language that shift differential provision to clarify payment when work hours spanned the two shifts as opposed to being solely on one shift or the another. It may be a time when somebody is half-and-half and we clarify that. In wages we allow for up to 3 percent increase in minimum salary for new hires in the job classification of police recruit and police officers. In Article 15, we allow for the hiring bonus of up to \$2,500 for new hires in job classifications of police recruit or police officers. In Article 18, we eliminate references to Captains, which is a position no longer in use. We eliminate the automatic 7 percent credit for seniority and promotion consideration, we changed the Rule of 3 in promotions to the Rule of 5, that means instead of having a pool of 3 candidates to chose from you have 5. Article 13, we eliminate the maintenance of existing policy article entirely, and in Article 44, we would propose to amend the Drug and Alcohol Policy to include random drug testing; and that's basically the conclusion of our presentation. We would like to say that in analyzing the proposals that we received from the FOP, I'd like to point out three things; one is that like with the vehicles there has been some inflation of the value of any concessions they put on the table; where they have made a package that has some changes in benefits, that package also comes with increased costs. For example, they might put on the table some change in pension, but it's offset by an increase in wages, so there is a zero sum gain with that. I think you'll hear today that there is money in our budget that is available for personnel and these pension obligations, we don't believe that's true. We think that what they are looking at is funds that are already spent, funds that are dedicated and cannot be spent, or that in an effort to use non-recurring dollars to pay for a recurring bill. Now, we are going to give in a minute a motion that we would respectfully request that you

consider and later on today in our position hopefully you'll consider and pass, but before that as we have a few minutes left and I'll finish my presentation, I'd like to invite the Manager if he has any observations.

City Manager Salerno: Thank you Michael. I'm just going to give you a quick overview, this is not going to be a repeat of what you've already heard. I think the designated bargaining team and our outside professionals have laid out a clear picture for you today. We want to do right by our police officers, no matter what you hear, we want to do right. This is not a question of respect because we do hold you in high regard; we appreciate the work you do, and we have wanted to work with the police union, and we have, but these negotiations have lasted for a year-and-a-half. We repeatedly asked the police union for their best offer; they came in recently and said, we are not going to move anymore because the property tax millage rate was set at 5.669. I understand their philosophy. FOP President, John Baublitz, was candid in telling me when I first met him in 2009, you may recall this John, you may not, that Coral Gables is a wealthy community and they can afford to pay. That was in the conference room in the HR office. According to the Taxpayers United of America, the government pension crisis is the number one budgetary problem in the United States. We now have to get to the business of climbing out of the hole. As you've seen today we have been digging it for quite a while. This is necessary in order to ensure the sustainability of the pension plan for our police officers. If major changes aren't aggressively pursued, then City taxpayers will find themselves in a deepening crisis paying more of today's revenue for yesterdays workforce, and shortcoming the City's future. Mayor and Commissioners these are hard choices, there is no question about it, these are not easy recommendations for me to have made to you, but it's your choice to make. If you reject these reforms then we will have a pension fund that's rated F, and an unfunded liability of \$235 million and growing, and a police staff at cost of 100 percent of payroll and growing. That concludes our remarks from the City's bargaining team Mayor.

Mr. Mattimore: If I may approach the City Attorney, this is a copy of the motion and the attachment.

Vice Mayor Kerdyk: I just have one question Mike.

Mr. Mattimore: Sure.

Vice Mayor Kerdyk: You did a great job costing everything out, one thing I didn't think you did cover was the wages of 5 percent, what was the cost savings?

City Manager Salerno: Approximately \$500,000, Vice Mayor.

Vice Mayor Kerdyk: \$500,000.

City Manager Salerno: As you saw in the presentation, pension related savings or reform cost approximately \$1 million, the non pension, which includes the salary adjustment we talked about comes to about \$950,000. The total that you've seen before you in this proposal is a pension savings and/or benefits savings of \$1,950,000 approximately.

Mr. Mattimore: The document that we submitted is a draft motion that would adopt the City's position at impasse, and attached is the actual contract proposal and the actual contract language in how the contract would change as a result.

City Attorney Leen: Members of the Commission just so you know, of course I take no position on the motion itself, but I have reviewed it for form and legal sufficiency, and it is so.

Commissioner Quesada: I have a question for Mr. Linn. You can turn to Tab 43; Tabs 43 and 44, I didn't ask it earlier, I thought it would be cleared up, but it wasn't cleared up for me. If discussing the multiplier. It discusses the 3 percent multiplier for all prior service, and then for future service 2 ½ percent per year after 10 years. At the bottom it says, new hires 3 percent for the first 10 years and 2 ½ thereafter. So let's say I'm a police officer with 20 years of service sitting here today, does that mean the additional 10 years at 3 percent?- or does it mean it's at 2 ½ percent?

Mr. Linn: You would keep the 3 percent multiplier for all 20 years of service.

Commissioner Quesada: OK – and then my remaining 5 years?

Mr. Linn: Two and-a-half (2 ½).

Commissioner Quesada: Two and-a-half (2 ½). OK, that was my question. Thank you.

Mayor Cason: Any other questions now?- or should we go onto the union's – anybody want to take a bathroom break?- if not, then why don't we move on to the FOP's.

Ms. Rind: Mark, can you hear them, there are emergency vehicles outside, so. We can't hear you, we can't hear you. I just don't know if he can take a break.

City Manager Salerno: Mayor, you want to take a 5 minute break.

Mayor Cason: Let's take a 5 minute break and hope we can fix this technical and then we'll be back in 5 minutes.

Ms. Rind: Mark, Mark, can you hear me?- hold on.

Mayor Cason: We'll be back at 10 minutes till, hopefully we'll have this fixed by then.

[Note: The Commission recessed at 12:46 p.m. and resumed the meeting at 1:07 p.m.]

Mayor Cason: Alright, we finished our short break and we'll turn the floor over to FOP for your presentation.

Ms. Rind: Can you hear us?

Mr. Richard: Yes, can you hear me?

Mr. Rind: Yes, we can hear you now.

Mr. Richard: May I begin Mr. Mayor?

Mayor Cason: Yes please.

Mr. Richard: Mr. Mayor, honorable members of the Commission, Mr. City Attorney and of course Mr. Manager, and to the leadership of the Fraternal Order of Police and all the men and women of the Police Department, I am Mark Richard and I respectfully submit that what you have heard should cause you great pause and concern, and I ask you today for at least two things; I ask you to really listen through the entire presentations because some of the numbers that you have been presented have been correct and some have been skewed; some of the presentation has been painted in the light that is honest and some has been spun, but most importantly besides listening to each item as I know you will, we are going to ask you at the end of the day to please consider everyone of these issues in a stand-alone fashion, because you have not been told that this represents. My firm has done the City of Miami fiscal urgency cases, our firm has done the police and fire at the City of Miami, our firm has done the crisis at Jackson Memorial, and none of the packages that were involved in any case in any government from fiscal urgency to fiscal crisis to just a conservative approach to budgeting, not a single package, Commissioner Cabrera, has looked anything like this. Commissioner Anderson they are asking, the man at the end of the dais is asking you to do a 20 percent cut on average for every police officer staring and looking at you in that building; and we have officers on the road right now who do not have a choice in this matter, who will respond to the next call at a house that is burgled, they have no choice,

they must uphold their duty, they lose their certification, they have a legal obligation. We ask you to go item by item by item, it is 20 percent. Every one percent is approximately \$100,000; the Manager scorched of package is near \$2 million, 20 percent from a City not in fiscal crisis, 20 percent from the wives and husbands of these police officers come tomorrow, 20 percent from these guys whose mortgages were set knowing that their income was for decades until the Salerno era; 20 percent to their children who are juniors at the University of Florida, they cannot call their mortgage company and tell them that Mr. Salerno who thinks so much of them just gutted their family income on an average of 20 percent; and I realize only one professional courtesy we cannot have people tell us how good the Police Department is and then at the same time, Mr. Manager, in all due respect because I do respect you, to have the audacity to tell us you care about these police officers. No one in the City of Miami, no one at Jackson, no one at the Beach, not Mr. Carvalho at the School System, not Dr. Padron at the college has gone to impasse with a package of this nature. Part of your job description is to have an official government, part of your job description Mr. Manager is to have morale booster. Today is 9/11. 9/11, 2001 is a famous day; when the second tower collapsed, I cried just watching it on a TV in a hotel in Dallas. When everyone of those thousands upon thousands of people rushed out of those twin towers, two human beings, two groups of human beings had no choice. Every police officer ran in. As they were going up stairwells that were melting, that were so thick with dust and debris that have now caused cancer appearances ten times the national average. I'm told, they went up the stairwell, they had to feel their way, it was so thick they were blinded. School children held their hands together were so thick with smoke they couldn't see and the teachers, the unionized teachers of New York City had every kid out in the geographic area, even though they couldn't see by holding hands. The police officers used their fingers to feel the steps to go up one step at a time, many could not use the protective gear that they needed to not inhale asbestos and other material; and America made a covenant with itself, a covenant that Mr. Salerno missed that the 9/11.... were at the very least have the dignity to understand what it is to be a person that has a job where they must go into a burning building, must go into a body of gun fire, must rush into a person who is holding someone hostage, while this lawyer and all the other lawyers run out. I have a job of little consequence; I will not be missed in this world because I don't run into harm's way. On 9/11, 12 will be the new 9/11 date if Mr. Salerno's complete package is passed. It will be the first and only time that something of this nature and magnitude has ever been foisted on a group of police officers. We are convinced that when this is over, that he'll get his way that he will continue to...[inaudible]...for months and months of tirades, tearing up papers, having fits, if it's true or not we don't know. We are so concerned that we have lost our way of compromise, of civility, of denouncing bullyism and we are supposed to pay folks to be top managers to solve problems, not exacerbate them, to find human solutions and not human skirmishes, but that is the way, it happened in Sunrise and that is the way it will happen here today, and I will move on, but I apologize to the widows and the wives, the partners and the husbands of every police officer in Coral Gables, you will never ever forget 9/11, 2012. In about

two hours there will be a day that will make every young kid in elementary school and every young woman in 10<sup>th</sup> grade not want to be a police officer. This is not how you deal with the real problem of pension sustainability. There is a problem of pension sustainability, but you do not address that problem through fits and leaving couches outside offices because people are eavesdropping, you do it by compromise, we offer compromise. There may have to be more, we get that; you don't hold over people's heads cutting John Baublitz' union position, how disgusting. You do not hold over heads by misquoting comments made in a conference room from two months ago, how non gentleman-like Mr. Manager. What you do is you sit down and you look at a 5 percent contribution that we made and we want to go to 8, you look at all kinds of ways to address a very real issue as sustainability. We have never shifted from that. So let me follow Chapter 447, let me follow the law and remember that you are under a statutory scheme that gives you guidance, in fact mandates that you think pursuant to the criteria of the statute. By the way, to digress, you are here as a legislative body under the law, you are not here as the folks that hire the Manager; the Manager's adversary here as we are in essence in a court of law, our legislative body, that's why we can't talk to you, and I hope he has not talked to you or had a daisy chain talk to anyone because I know you wouldn't do that. But we are here today to be neutrals, this isn't about supporting your Manager, this about doing what's right by the law that you are guided and mandated to follow, so let me go to the law. First of all, voodoo economics, a 20 percent cut; you have never heard that this City's finances are such that it does not have the ability to pay the current contract. You have not seen a slide or an economist who the City says are financially very healthy. You will be asked not to go status quo, not to go forward, but to take an axe out, a meat cleaver and not trim but cut fingers and toes, 20 percent. There are 40 items, I'm an old horse, I've done over 400 contracts, this is the oldest game in the book where you ask for so much more and you overpower people with 40 take-aways in a City that is not in fiscal urgency, and you confuse the legitimate discussion of fiscal pension sustainability, with basically an attack. So first under the law there is no ability to bait pay problem, there is no fiscal urgency for this year, you are only doing one year, the year has passed. Remember while we vote this down and if this package is passed it will be voted down. You are back at the tables in a week, you'll have only resolved an impasse for the Year 2010-11, and that's the way Mr. Salerno must want it. So, while we live under all these cuts going forward you are going to have a series of these, every quarter after quarter, because we have to do a year or so we are still behind. The current year which is about to expire and then the next year, that is not what we all want, and I know some of you personally on this Commission, and I think I know all of you professionally and you are remarkably professional, and that is not problem-solving. So they near miss a fail at ability to pay, they fail at justifying, a global overall cut of 20 percent and that is why we are begging you to go line by line by line, and I know hard decisions will have to be made with the pension, that's why John Baublitz offered to go from 5 to 8 percent, but the pension cuts are too deep and too wide and all of the other things are simply malicious attacks. Now let's talk also about ability to pay. What he didn't tell you, which is really disingenuous is if you compound all

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Impasse Hearing

September 11, 2012

To resolve issues of collective bargaining negotiations  
With Fraternal Order of Police (FOP)

these premiums what does that do to a man or woman officer's pay?- they list all of them, but they don't tell you that every officer gets everyone of them at one time, it's impossible, and why did they come about?- previous Commissioners, a few incumbents, sitting in your chairs from years past wanted the City of Coral Gables to be different, I'm born in your City, it is different, you don't want an ordinary Police Department and you don't pay ordinary prices, you pay well, you have paid well, you should be proud of it, you don't want certain signage on trucks, certain houses painted certain colors, you don't want over building, it is an exceptional municipality in Dade County, and so no one is ever embarrassed when each one of those items were passed, passed and voted upon by people who sat in your chairs for decades; were they lunatics?- were they fiscally irresponsible?- were they absolutely unprofessional?- they passed each one of them with good cause and to recognize police officers would go and get underwater training because of the canals on the Gables Waterway, that we needed a SWAT team to be able to do certain hostage negotiations and special types of police work, we needed someone to stay out on a motor to work the marine end of our operation; the Police Chief supporter everyone of those premiums, you've never had a Police Chief stand in front of you and of course oddly enough, you won't have one today, because the Police Chief knows what that they need to have top cops. Greenberg Traurig pays differently than a lawyer on 27<sup>th</sup> Avenue because that law firm and the law firm that Mr. Mattimore heads up, superior law firm, pays extra. Mr. Leen comes from the County Attorney's...their average salary for top lawyers is well over \$200,000, and they have an exceptional public sector law firm because they do get what they pay. Let's ask Mr. Salerno to compare cities of this size with the compensation, retirement package, credit card usage, automobile allowance, travel allowance to be moved into the City with every other Manager. We never see those comparators, because we say you get what you pay for. Why don't we get every City Manager, managerial position of over \$100,000, look at their complete benefit package and compare everywhere else. We are not asking you to do that because we think the Finance Director and our Police Chief are professional, and you sometimes pay more and you sometimes pay better for superiority, and every one of us do that until today. This is the first day in the City of Coral Gables that we've been asked to sell out the notion of paying for performance, to recognize exceptionality. Do you know that on some of these proposals they are taking away recognition of loyalty?- a proposal to take away things that call people to stay on the force; do you have any idea that someone is superior as Randy Hoff who is sitting in that room put in his retirement papers to go into the DROP because he said with tear in his eye, I have to leave because I am too afraid that Salerno will take the Commission into places my family can't handle. So many police officers have left in the last few months and more are leaving. If you don't care about the quality, if you want a new rookie to come in and that's....everyone, then it's fine. So let me ask you another question. If there is no ability to pay problem, there is no fiscal urgency declaration under Florida law, let's look at what we told the public, and I would ask your indulgence to see if my colleague Mr. Mattimore would have page 68 put up on the screen from your PowerPoint, if that's possible. It will only take a second and I will be done in about 10

minutes, so I promise to be short. If you have it in front of you – I believe unless my colleague corrects me wrong, we are fighting over Year 2010-11, the same title on page 68 that says, increased revenues, I believe the page number is at the top, that's how mine is, and it says, increased revenues for 2010-2011...

Ms. Rind: It's marked at our page 69.

Mr. Richard: The page numbers are on the bottom, OK, and on that one it should say, residential garbage fee 12 percent, the Manager had us go to public and raise them 12 percent so he could have \$800,000, it's all going to total more than \$6 million. You are taking \$2 million from the public who loves this Police Department while you just asked them to pay \$6 to \$8 million more on this alone, this is a tax. Did they know when you were passing these things that you would be gutting or asked to gut by Mr. Salerno their top notch police service? Put a survey out, we'll bet you point by point what you get on response time, our radio courtesy, our resolution without conflict and escalating tension on the scene, our arrest record, our case closing record, our showing up in court on our days off, ask the public what they think of the men and women of this Police Department, and so when they paid \$600,000 more to Mr. Salerno's tax increase of 25 percent, did they think this would happen to their police officers? Utility fees – some of these of course I know are earmarked fees; solid waste 29 percent; business licenses – the businessman on Miracle Mile want safety, they don't want robberies, purse snatchings. It is the five of you who have the wisdom to have such good police service so that those numbers are very much admirable. When they got a 5 percent business fee or a false alarm fee of 20 percent increase, parks and recreation where we want our kid on a swing set to know it's safe because of police presence and the police are in our community; did any of them think on Mr. Salerno's 9/11, 12 that, that would all be forgotten and it wouldn't be a status quo, it wouldn't be figuring out how to eek our raises, it would be an illegitimate deep cut into the pension further than it needs to be, and a wholesale 20 percent gutting going for Mrs. Baublitz and all of the spouses and partners of these police officers; and if you go on...fees, all of it, parking fees, we will show you later that we can identify, we believe, \$25 million, we are fighting over 2 (million) here, that has been statched by the Manager into fund balances in the community as a secret, not secret its recorded in the coffer, but it's not a very well know fund balance. Now that's a smart thing to do in extent to move money in, it's not earmarked, it's parked, its one time money we get that, and we applaud that there is some of that, but it's gotten so far that none of these people with these impact fees, and they will know tomorrow, they will know tomorrow, that money was used to build the coffers, and at the same time the number one service they want out of the City is not ancillary services, it's police work. There is a bargain in this country after 9/11 to be broken by Mr. Salerno; there is a covenant when you raised in this fiscal year, the same one, \$8 million, that be broken with the public. Now I ask you to consider this; in all of those slides this very honest presentation purposely, advertently with forethought didn't put in one slide about the fire

union; and of course the murmur is, and they are good, we represent fire unions, not that one, we love our fire union colleagues, they deserve everything they get, but we were heard that the Manager believes that the police union is not a good partner and as punishment they give us less, we should not bring anybody down, we should all be treated. You didn't get a single slide; general employees, our colleagues and brothers and sisters at the Teamsters, non managers, they did that on purpose. Mr. Salerno we got the message. If we act differently and we cow tow, I guess we'll get some reward, that will not happen because we will not let our children do that, we will not do it. So we are asking you to follow the last prong in Chapter 447 of Public Hearings, a Resolution of an Impasse, and that says that you are allowed to consider the welfare of the public. I beg you that the welfare of the public tomorrow will not be served when you are going to have to vote down your Fire Impact Fee, because there is going to be no way to vote it in, in the middle of this. We beg you to consider keeping morale up at that Police Department. We understand the public welfare requires some pension changes, we get that. That the public welfare will not be served by the unrest that will come from a Police Department that this man has come down and said literally this, pick my way, support me, give me that vote, let me take my axe cleaver and let me show the police what it is to have a rein of a tight fist and not even in a velvet glove. This is not fair to the citizens, keep the superior police force they have, fix the pension with us in settlement, go line by line and tell the Manager this is no way or at the end of the day you will have the single worse cumulative contract of any major Police Department in the state, no one will show you the cumulative, ask and tell you that any other department has all of these things gone – impossible; and lastly, I speak with an apology directed to the men and women in that room, to the men and women who are sleeping now because they worked all night, to the men and women who are in their cars right now and the men and women who are going to be dispatched to a domestic violence call, today this is one of the leading cause of injury for an officer. You will see that Mr. Salerno will mark a new anniversary of 9/11, 12, never forget 9/11, 01, you did great, you did great everyday in the City, they will take your pay today, they will take your benefits, but they will never take your dignity, and while you all go home and reshuffle your entire personal financial existence and some of you will retire and go work at K-Mart as a security officer, they can never take that oath they took away, and the look in my eye when an officer saved my daughter once from an attack on Miami Beach, that look and gratitude I had, Mr. Salerno can never take away, he doesn't know what it means, he doesn't understand it, and he's gotten caught up in politics and power, Mr. Salerno one for power, but today 100 for the police. I respect the shield, I could never do your job, I don't have that courage, and I'll never forget you even after a few hours from today when your lives will be turned upside down. Thank you the police officers of Coral Gables, thank you.

[Applause from audience]

Mr. Richard: Ms. Rind will now take over our case and I have to exit. Thank you so much for your courtesies.

Mr. Baublitz: Good afternoon Mayor, Commissioners, Mr. Leen, Mr. Foeman, can you hear me now? What I'd like to do first is I'd like to go back and look at a little history on these negotiations. In 2009, we were at the same impasse hearing, at that hearing we gave up 5 percent to the pension, we put a cap on overtime of 300 hours, so no overtime over that limit would count toward the pension; we did away with 480 hours sell back counting toward pension for comp time. We did that. We agreed to that, we were the first ones to come up with pension reform. Originally, even before the City was bringing up pension reform, we went from an unlimited overtime counting toward pension to a 600 hour cap, because we saw this coming. I have to give Walt Rogers credit because the union president at the time, he saw that there were issues and he tried to correct them. How did we get into the financial mess with the pension?- and this is history for some, some of you are new. At one point we paid 8 percent into the pension system; the City came to us during on negotiation session and said that, if we give up raises, we wouldn't have to contribute. The bad part was is that we no longer made sure the City was putting in that 8 percent for the employees. There has always been gamesmanship with the pension system, and it continues today, and I'm going to get to that in a little bit, but I want to start back to the actual negotiations. We started negotiating this and it was one of the most frustrating and insulting processes I've ever dealt with. In the beginning of that negotiation we sat across from excellent law firms, Mike Mattimore, Jim Crosland, Denise Heekin, Jim Linn at different times. We met countless number of times. We changed our proposals over and over and over again. We were told that we need \$1.5 million give backs to \$1.7 (million); we came up with ideas and then we were told no, it's not a total number, it's specific things. So we tried tweaking it and every time we were told no, and finally it dawned on me that the people sitting at the table, no matter how much they were paid had no authority to negotiate with us. Everything that was talked about at that table had to go back to the City Manager; a City Manager who didn't bother in two years to come to the table one time, didn't show the courage or the respect to the membership of the FOP to come and sit down and discuss the issues with us, for two years. So it was a game. We got to the Impasse Hearing, I'm sorry, Special Master Hearing on May 4<sup>th</sup>. At that Special Master Hearing we did come to an agreement. We believe that maybe with some of the other concessions we made and some of the conversations at the table at that hearing where Mr. Linn mentioned that we – some of the concessions we were considering would have saved the City a lot of money. We thought there is hope, let's try to work it out. So we got six (6) more weeks that turned into almost four (4) months. Mark touched on it a little bit, and this is where it truly became despicable and insulting, is when we got toward the end we asked for a final contract, a final offer from the City, so we could take it to our membership for a vote. We were told no. Then we were told – we asked for a final contract to our offer, so we could at least show it to our members so they could make some decisions, we were told no. We showed the

City, we gave them what we thought their final position was for the supposed negotiations that took place for four months and we got an e-mail back saying, no those aren't our positions, we refer back to Mayo 4<sup>th</sup>. So we went four months doing absolutely nothing. Where is the decency there?- where is the honor there? Mr. Salerno violated our agreement, he knows he violated our agreement because he had no intentions of negotiating a contract with us, just like in 2009 he had no intention of negotiating a contract, he had none today. He did it to us first, he did it to the Teamsters, and now he is doing it to us again. Now the impact that has on the membership. Morale is at an all time low; I've been a police officer for 20 years, proud to work for the City of Coral Gables. It's been an honor to work for this City, I've made a good living and I've supported my family, but the City has always treated us with respect, that no longer happens. There is no respect for this police force or my membership anymore. I had to have a special meeting to try to explain to my membership what was on the table from the City. I had members that have risked their lives over and over again, have worked for the City for 20-plus years, and they asked me, John what can be imposed on me?- what does this mean?- and I had to tell them, this is what they could do, this is what we think they are going to do, but you are going to have to make a decision now, a financial decision that affects your family, their husbands, their wives, their children, affect their families and their financial future going forward, and they had to make it on a "what if?"- because that's our famous thing from the City is "what if?" So they didn't have the facts to make that decision. I know none of the five of you would have enjoyed making a financial decision that affects the rest of your life without all the information that's what my membership dealt with, so I had members go into the DROP early, I have members that are sitting right here right now hoping you don't adopt all this stuff and just wipe out what they assumed they were going to make. It's the least to say disheartening, and think of this for a second, every member that went into the DROP early you lost a year, two years, three years, four years of service, and I'm not talking about just anybody, I'm talking about your highly trained professional police officers, the people you count on to teach the next generation, you've lost countless years of service based on disrespect. You know, another thing for my membership is we sit here and we know we sacrifice from 2009, and there is another group of employees that benefit package is exactly the same. They sunsetted some provisions, but their benefit package is exactly the same as it was in 2009. The 480 hour cap comp that I talked about sell back, they still have it, the highest cost to pensions is this group, it's not the police, it's not the Teamsters, but they get a free pass, and why do they get a free pass?- it's because they had a fire fee that they could support, is it because they supported Mr. Salerno in his time of need?- we didn't have those options; and you know Mr. Salerno talks a lot about pensions, and where we are going and the dangers of the pension system, but all his actions say otherwise. The Teamsters and its their money, when they went from the cost sharing, it went from 10 percent to 14.4 (percent), that was a \$3.3 million increase. The pension system never received that money; Pat Salerno reduced the City's contribution and created the Pension Sustainability Fund, he put \$2.5 million in that fund. Now that fund has no restrictions, he can spend it on whatever he wants, you can call it whatever

you want, but if it's not paying for pensions, and it's not in the pension system where it can be earning interest and reducing that unfunded liability we keep hearing about what's the purpose? Now the question is and this is a question for you, is what he did with the other \$800,000?- what did he spend that on?- I don't think it was pensions. That other union I speak about, I have a lot of respect for their membership; they risk their lives, just like my officers do, but we talk about shared sacrifice and when you have a group that's costing over a million dollars more to the pension than my members and there are a lot fewer of them and their contract ended last year, they could have easily been here, if Mr. Salerno is so concerned about pensions, why aren't they sitting here?- why aren't you dealing with them?- if they are the highest cost toward the pension, why aren't we dealing with the supposed troubles?- and his, and he did this not me, went to the Pension Board and requested that the Pension Board change how they calculated the cost to the City. Again, I don't know if you are concerned about making sure that the pension fund is funded properly, why we are trying to find ways not to put money in it? It contradicts the statements. As far as the presentation, I mean he did this to us last time so I expected it, you can't cherry pick numbers, and a lot of the averages you saw up there that counted toward pensions we can no longer achieve, that's what the 300 hour cap is; and yes, if you take officers who risk their lives even more by going to work for federal agencies, FDLE Task Force, and work unbelievable hours away from their families, yes they are earning high salaries, but they are giving up a lot of their lives for it, and Mr. Salerno forgets to point out that, that money is reimbursed. So yes, you can sit there and you can cherry pick certain officers, especially undercover officers and have those high salaries, but the average salaries aren't there and that's what he is not going to show you. The average pension for a Coral Gables police officer is a little more than \$60,000; the League of Cities actually did a study and they asked the public what do you think is fair?- and it came in right around \$60,000. The beneficiaries of officers that have passed away is \$18,000, that means wives of officers and husbands of officers that have passed away are living on average \$18,000. Does the pension system have problems?- yes, but we addressed them in 2009, we've already addressed the main issues, we are willing to tweak them some more, we've already offered 3 percent, we've offered the 5 year averaging, those were all on the table months ago. I'd like to also talk about the City's finances; the City was not broke 3 years ago, our presentation is going to show you that you had money, and I'm not going to say that we wouldn't have voted for a fire fee and I'm not going to say that you wouldn't have increased fees, and I'm not going to say that you might not have laid some people off, but if you knew back then that the City had money, more money than Mr. Salerno claims, maybe you wouldn't have laid off 100 people, but I bet each one of you would have loved to know the truth, would have had the information to make an informed decision, because that's all you ask for. You know at this point, I'm going to ask the five of you to negotiate a contract with us today, take it item by item, if you have questions, if you have concerns about something ask us during our presentation, we are flexible, we've been flexible. We can do in the next hour what we couldn't do with the City Manager over two years. This Commission can be fair to the police officers, the men and women

that risk their lives every day for this City, and we are also going to show that they are not over paid, their benefits aren't crazy, we'll actually show you comparisons not of picking different cities on which fits their little presentation best, we'll use the same cities over and over again. So it's a fair comparison. I actually got an e-mail when I put out to my membership that this was going to happen on September 11<sup>th</sup>, and one of my members shot back and at first I laughed, and then I realized how sad it was; the e-mail was, could they have picked a better date Christmas or 4<sup>th</sup> of July? This is 9/11, there is no reason we are here today other than Pat Salerno, and that's the God's honest truth. The disrespect that he has shown my membership I will never forgive him for, but I don't have to deal with him today, I am hoping and praying that the five of you and myself and my membership can work out an agreement today. I thank you for your time. What I'd like now is to play the video please.

[Video Presentation]

Mr. Baublitz: At this time I'm going to ask Officer Billy Barrow to come up, he is going to do a quick presentation.

Officer Barrow: Good afternoon, my name is Bill Barrow, I've been a police officer here for 23 ½ years. One of the duties that I have is I'm a training officer for this Police Department, I've made it a point of my career to help preserve the lives of the officers that patrol your streets every day. Can you hear me? I've made it my point of my career to help make the officers safe that patrol your streets every day, to give them the tools they need to serve you well and to do it safely and go home to their families at night. I stand before you today, some of the things I'm going to tell you, you are going to say seem rather obvious, and that is law enforcement is a dangerous profession. It's no secret police officers are killed, assaulted and injured on a regular basis. In fact in the United States a police officer is killed on average every 53 hours. These aren't numbers that I think any of us can snicker at when they are presented to you. In the last 10 years law enforcement deaths have averaged 164 a year, assaults have averaged over 58,000 a year, and injuries over almost 16,000 a year. This rise is not exclusive to the United States, this is being seen throughout the world, these numbers are very similar in countries such as England, Scotland, Australia, Wales. In recent years violent crime numbers have fallen, but the murders and the assaults of police officers have risen. The most disturbing trend recently has been the dramatic rise in the ambush-style assaults of police officers in the streets of America. Officers are being assaulted and killed for no other reason than simply the fact that they are police officers. In August of last year in San Diego, Officer Jeremy Henwood, a Marine Core combat veteran was murdered as he sat in his police car when a black Audi pulled up alongside of him, rolled down the window and killed him; three minutes prior to his death the surveillance video of Officer Henwood inside of a local McDonalds, his last act was buying a pack of cookies for a young man who didn't have enough money. Less than 48 hours ago from this point right here in

Michigan, husband, father of 4, 12-year veteran officer, Patrick O'Rourke was murdered. He was ambushed as he went to help an apparent suicide victim. As he walked up the stairs to check on the wellbeing of this man, he was shot and killed through the door. Unfortunately, these type of attacks are nothing new, they've been on the rise since 1994. Officer being ambushed and completely unprovoked attacks even while they were responding to false reports of crime with the sole intent to lure the officer to the scene in order to injure him. In August of this year a bogus 911 call brought two Minneapolis parked police officers to a location where the subject stabbed the two of them before he was subsequently shot and wounded by one of the injured officers. While being interviewed the subject stated that the whole purpose for the call of him being robbed, which was completely false was to lure the officers to that location in order for him to assault them. The Justice Department analyzed 63 of the 65 shootings of officers from the year 2011, they found that 73 percent of those, I'm sorry, 73 percent of those were the result of a surprise attack or an ambush on these officers. Why are these unprovoked ambush attacks occurring?- It's not for anything that the officer did, it's not for any action that the officer take, it's simply because they are police officers, they are a target. Not only does the officer face a lot of risk everyday on his job, but the fact that he does his job or that is the career he chose that alone puts him at risk. These threats do not end when the officer's shift is over, they continue at home. The officer is a target from 24 hours a day; law enforcement officers are now the favorite target of identity thieves, in fact just recently a man was convicted to 5 years, sentenced to 5 years in prisons for thousands of fraudulent tax returns in the names of police officers and their families to the tune of over \$800,000. Officers are targeted for crimes at their homes because of people trying to get their equipment or their weapons. Even simple things like going to dinner with your family can be very stressful event for an officer. Constantly checking around to see if somebody in the restaurant, possibly one of the staff somebody they arrested or had a, shall we say, unpleasant encounter with on the street. Officers find themselves eating in restaurants, you've read the stories in the newspapers, officers finding their food have been tampered with or with glass or poison or things like that. It's very difficult having this experience myself to walk into a restaurant just as you sit down to order you look over the table at your wife and say, I'm sorry honey, we have to leave, for no other reason than some of the people that in the restaurant or working in the restaurant. It is very unique to our profession. A police officer's family must be very aware of this, they must be aware of what to do in case of a violent incident in their presence, how to leave the area, seek protection, call for help, just as any citizen should do, but all the while that they are doing this their loved one is going the other way, they are running to the violent incident. Those things are obvious, some of the things are not so obvious; things that affect the officer's job while on duty and off duty; stress and need to be ever vigilant, shift work and the simple fact that they chose law enforcement as a chosen profession contribute to the negative impact on the officer and their family. It's tough to be married to a police officer even a child or a family member. The fear and worry about what might happen to them, the moments every time you hear about an officer involved in a shooting or crash involving a patrol car; was

that their loved one?- and there are the everyday issues of dealing with working at night, odd shifts, getting called into work on your time off. As the world around them functions normally police families find themselves unable to participate. Invitations must be declined, holidays are postponed, families divide when one member must work while the rest of the world plays. Child care, home and social obligations and recreation may become solo activities for the police spouse as their spouse stays at home to sleep off the midnight shift. Surveys continually reflect that among the police officers the divorce rate is close to or in excess of 75 percent. The national average is 50 percent. Police officers become very isolated because of their job; the wearing the badge, the uniform, the gun makes police officers separate from society. Officers and their spouses and immediate family are often disconnected from their families and friends alienated by their community. Once an officer pins on their badge and takes the oath to serve and protect they are treated differently by many, even childhood friends, you can go across this room into the officers you run into on the street and it would be very difficult for you to find an officer who has not lost a childhood friend simply because of the chosen profession that they are in. Probably the most unfortunate side of this is the effect on the officer's children. Our children are keenly aware of the dangers that we face and they have to deal with this everyday when they go to school or when we go to work. It's very difficult to balance the tremendous amount – it's very difficult to balance letting your children know the realities of your job while at the same time not to cause them undue worry. They see the news, they hear their friends talk about the violent incidents that occur, they read them on the Internet. The shift work, call-ins, long hours lead to many games, performances, award ceremonies, family events being missed, and as I've found, and I'm sure as you go across this room many officers with older children especially have experienced this; their children or our children become ostracized to a degree because of our chosen profession. An officer's badge may only weigh a few ounces, but it weighs heavily on the police officer and their family. Researcher John Valante maintains that the average lifespan for a police officer is 66 years, 66 years or about 10.6 years after retirement when adjusted for age and gender. The current national average for males in the United States is 76 years. If you compound this with some of the recent studies that have come out regarding shift work it exacerbates this problem even further. You may be fully aware of some of the things that I've spoken to you for being a police officer is a calling and these officers know these things. Why else would someone subject themselves to the negative aspects of this job. Author and researcher and to human-to-human aggression, Lieutenant Dave Grossner accounts a story from a soldier who compare police officers to a sheep dog, and the criminal element is wolves out to kill the sheep. You know the sheep do not want to believe there is evil in this world, they can accept the fact that fires happen, which is why they want fire extinguishers, fire sprinklers, fire alarms, and fire exits throughout their children's schools, but many of these same people are outraged if you put an armed police officer in that child's school. Our children are dozens of more times likely to be killed or thousands or more times likely to be injured by violence in school as opposed to a fire in their school, but the sheep's only response is violence is denial. The idea of someone coming to kill or

harm them or their children is just too hard; the sheep do not generally like the sheep dog. He looks a lot like the wolf, he has fangs and a capacity for violence. The difference though is that the sheep dog must not, cannot and will not ever harm the sheep, and if the sheep dog does intentionally harms the lowliest lamb it must be punished and removed. The world cannot work any other way, at least not in a represented democracy or republic such as ours. Still the sheep dog disturbs the sheep, he is a constant reminder that there are wolves on the land, they would prefer that he didn't tell them where to go, give him traffic tickets or stand at the ready in camouflage fatigues holding an M-4. The sheep would much rather have the sheep dog cash in his fangs, spray paint himself white, and drift blissfully along with the flock. Until the wolf shows up then the entire flock tries desperately to hide behind the one lone sheep dog. Before you are the men and women who put their lives on the line everyday to protect those they do not even know; they have sacrificed much personally and they continue to do so; their families have sacrificed much and will continue to do so. The risk to them goes far beyond the criminals that they confront, they cannot ever be fully off-duty, their families can never be off duty. Most individuals in society go to work for an allotted period of time and then they go home. The profession they chose is not a threat to the wellbeing of them or their family; police officers do not have this luxury. So when the gunshots ring out and everyone is running for safety, it is these men and women behind me and the men out in the street that march toward the sound of the guns. The funeral last year for officers Amanda Hollworth and Roger Castillo, Archbishop Thomas Winski spoke these words, "these tragic deaths brings home to all of us the fragility of our own lives, that they both died in the line of work reminds us of how thin that line is; the line of defense provided by our law enforcement authorities, how thin that line is that protects us from barbarity, that defends our community so that it remains just that, communities and not morale jungles. Commissioners, behind me is that thin line that the Archbishop spoke of; the thin blue line that stands between your community and chaos. Thank you.

[Applause]

Ms. Rind: Commissioners, I know that you have been provided with a notebook from the Fraternal Order of Police, this is Dina Bellows from Bellows and Associates, the CPA, her presentation that we are putting up on the screen you can find at Tab 2.

Ms. Dina Bellows: Good afternoon Mr. Mayor, members of the Commission, union members and guests, I'm Dina Bellows Levine, I've been a CPA for almost 30 years, I specialize in non profit governmental auditing, I've audited several municipalities over the years and I've been involved in negotiations and assisting and analyzing some of the coffers, in particular your coffers for several years. As Mr. Salerno had mentioned before, it is a matter of choice. In our first spreadsheet we show a summary of items for discussion, and I've highlighted just a few items which you have in your book, it would probably be easier to see those numbers in your

book, but what I want to highlight is the first item, is the General Fund unassigned Fund Balance? So this is for your Fiscal Year 9/30/2011, your last audited financial, and it shows unassigned, so this is unencumbered numbers \$12,300,000.

Ms. Rind: So Dina what does that mean?

Ms. Bellows: That means that, that hasn't been assigned, it has been encumbered, it's in your Fund Balance available for the uses based on what you determine valid expenses, and needs of the City. The next item, and John had mentioned it, it was your pension stabilization, which was assigned in your coffer of \$2.5 million, and I'm just putting that on my presentation just for discussion purposes, but it is assigned, again it wasn't encumbered, but it is assigned in your General Fund. The last area is Internal Service Funds; and an Internal Service Fund are those areas of funds that the City gets to allocate some of its costs to operate its operations, and you have three: you have a Motor Pool, you have a Public Facilities Fund, and you have the Insurance Fund. Now, I've only identified the Unrestricted Fund Balance in those three funds, and again these are the 9/30/2011 numbers, these aren't my numbers these are your numbers on your coffer. The Motor Pool Fund unrestricted fund balance was over \$5 million. Now one would wonder if it's – Internal Service Funds are usually at breakeven point because they are allocating the cost of the municipality, so one would wonder why one would possibly need the \$5 million as unrestricted fund balance. In past and in other municipalities those funds can be transferred back to General Fund. The Public Facilities Fund is \$2.8 million, almost \$3 million. The Insurance Fund is unrestricted fund balance is almost \$5 million, it's \$4.8 million. So those three unrestricted fund balances add up to over \$13 million. Added to the \$12 million, which is that first line and not counting the pension stabilization, which is another \$2 ½ million, you have over \$25 million of funds that I want to bring to your attention as available there.

Commissioner Cabrera: May I ask you a question?

Ms. Bellows: Yes, please.

Commissioner Cabrera: Is that a general acceptable practice to take an unrestricted fund and apply it to the general unassigned fund?

Ms. Bellows: As far as the Internal Service Funds, absolutely, as far as the General Fund assigned, that's what it's there for, that is your unassigned numbers.

Commissioner Cabrera: So if I, and forgive me for being confrontational, I don't mean to be...

Ms. Bellows: No, not at all.

Commissioner Cabrera:...I want you to educate me along this process. So if I were hiring another accounting firm would they share your thought process on what you just said?

Ms. Bellows: They would analyze your coffer in the same manner...

Commissioner Cabrera: In the same manner as you did?

Ms. Bellows:...And look for items.

Commissioner Cabrera: As a general accounting practice.

Ms. Bellows: Yes. The General Fund which is – sometimes it's easier to look at numbers in a picture, and so again it's hard to see some of these numbers, but you have this graph in your book. The first graph I'm looking at is the revenues, budget versus actual, so I've taken the original budget numbers and I've compared them to your actual numbers, and the blue line is your budgeted revenues; and so you see from 2008 to 2011 you see the revenue, now these are budgeted revenues, it's pretty – it's not a straight line, but it's not what you see on the next line. The next line is your actual revenues, and you see it change over in 2009 where the lines crossed, and you see a huge difference in 2011, so actual revenues exceeded the budget amounts by almost \$8 million. Now one thing you didn't see in the presentation before or hear that the City doesn't have the money, and so through some of these presentations I want to bring that home for you to ask questions and to discuss. Again, these aren't my numbers, these are your numbers on the coffer.

Commissioner Anderson: What percentage did you say it was, I'm sorry?

Ms. Bellows: I didn't say percent, amounts almost \$8 million.

Commissioner Anderson: Actual revenues?

Ms. Bellows: Versus budgeted – so the difference between what you budgeted before the year and what actually occurred was \$8 million.

Commissioner Anderson: I thought it was a percentage, sorry.

Ms. Bellows: No. And again, these are the same numbers, but it's interesting to see the difference that last column on page 4, budget versus actual, you see a huge difference in 2011, and I don't know if this trend in the change in the process occurred at one specific time, but

you'll see through this presentation that the graphs are kind of showing a trend in the picture. Page 5, shows the expenditures budget versus actual. Now here we look at budget, budgeted expenditures versus actual expenditures, and the actual expenses exceeded the budget by almost \$3 million, so again my blue line is the budgeted expenditures and the pink line is the actual expenditures, and in contrast to your revenues your actual expenditures are going down, where your revenues are going up, which is good news.

Commissioner Cabrera: So it kind of gives you the impression that we are not broke, huh?

Ms. Bellows: It does, one would think that.

Commissioner Cabrera: Has nothing to do with this discussion today.

Ms. Bellows: I know.

Commissioner Cabrera: It does not have anything to do with this discussion today.

Ms. Bellows: But it does have that, it's a matter of choice.

Commissioner Cabrera: No, but my question doesn't have anything to do with the discussion today, I didn't want to give the wrong impression because I'm supposed to act like a judge, but it rattled my head based upon previous meetings where we continue to be told that our City is broke. That's a discussion for another day.

Ms. Bellows: Agreed.

Commissioner Cabrera: For another campaign.

Ms. Bellows: On page 6, similar to what I showed you in the revenues, you have the budget versus actual and you have the numbers, and again in 2011 your actual expenses were almost \$3 million less than your budgeted expenditures. So the next graph, which is page 7, shows excess revenues over expenditures, so now I looked at actual and I compared them, and as we talked about a second ago is, the pink line is your expenditures and they are going down, and your blue line or purple are the revenues and they are going up. So one of my first questions would be, how do you know you need to cut the Police budget if your actual budget does not reflect your actual activity?- and anticipating a \$4 million surplus, which you did at the beginning of the year of 2011, but actually getting almost \$16 million surplus is quite a difference. If we turn the next page again, to be consistent, I wanted you to see the numbers revenues and expenditures and the excess revenues over expenditures, so that's where the almost \$16 million number is. So, we

just dealt with revenues and expenditures, now I want to move into fund balance, and fund balance includes reserved items and unreserved items, but if you look at the last four years, 2011 kind of pops out, and some of that is partially due to the increase in revenues, also previous years there was excess transfers back into the General Fund from the Internal Service Fund, from the Insurance Fund, so you did transfer money back?- not all of it, but you transferred some back into the General Fund, but you see in 2011 that last column it's \$19,487,000. Now that includes, on the next screen, that includes reserved and unreserved numbers. These are the same numbers as the graph I just showed you, but they are broken down between reserved and unreserved; and again let's look at trend, let's look at what happened in 2008, '09, '10, '11 in your reserve numbers. Now some of that might be some restricted items like grants and things like that which caused a reservation, but if you look at the unreserved numbers 2010, between 2010 and 2011, the numbers doubled. It went from \$6 million to \$12 million; and again, sometimes easier to see it in a graph, this is your reserve number and then this is your unreserved number, and that last column is 2011 of \$12,363,979. The next area that I highlighted in a table form, just to show you some trend is one of your Internal Service funds, your Insurance Fund; and here I started with your beginning balance and your transfers in are the amounts coming in from your General Fund to your Internal Service Fund, Insurance Fund, and transfers in. Again, from the General Fund, you had actual expenses and then you have transfers out later on, it's almost near the bottom of the page, so in that 2011 column, the far right column, you transferred back into the General Fund \$4,400,057 and change, you still were left with \$4.8 million. Now Internal Service Funds provides services primarily to other funds of the government; Internal Services Funds should be kept at breakeven, the question would then be, why is there excess funds in these accounts? – and possibly those funds are available to be transferred back. These are not my numbers these are yours, again it is a matter of choice. In 2011, the actual revenues exceeded the budget amounts by almost \$8 million; actual expenses exceeded the budget amount by almost \$3 million. Combining those two in just one year we have over \$11 million that you didn't anticipate.

Vice Mayor Kerdyk: Let me ask you a question. Have a looked at this from a real historical perspective, where it's been since the year 2000?

Ms. Bellows: 2008.

Vice Mayor Kerdyk: I know you looked at 2008, I can read this very well; had you looked at this from a more historic perspective than that, because we've always kept money in these fund balances.

Ms. Bellows: Yes...

Vice Mayor Kerdyk: Whether it was Dave Brown managing it, whether it was Jack Eads managing it, was that wrong Commissioner Cabrera, just making a comment, I thought you were saying something there. I just want to ask.

Ms. Bellows: Yes, I did.

Vice Mayor Kerdyk: OK.

Ms. Bellows: Yes, I did, and the fund balance – there is an amount you want to keep in reserve and one of the sheets in the other presentation from the City indicated 15 to 20 percent; \$12 million is over 10 percent, so you already have a sizable amount in your undesignated fund balance, not mentioning the other items that are parked in other funds. As of 9/30/2011, there are discretionary funds of almost \$28 million that we identified, just a little over 6 percent of this is what we are talking about here. These funds are not encumbered and it seems like it is a matter of choice, and if you don't want to pay the police then just say that, but don't indicate that there is an unavailability of fund issue because that just isn't so. It's your choice, it's a matter of choice. Thank you.

[Applause]

Ms Christina Gonnell: Good Afternoon, my name is Christiana Gonnell from Phillips Richard and Rind, representing the Coral Gables Fraternal Order of Police. I think we've been through enough PowerPoint, so I'm going to piggyback to the paper. I also am going to have with me John and Randy, they have their microphones available to answer any questions and after I go through an article they are going to address it as well. If you go to Tab 1 in your black notebook, here is the union recommendation for settlement pursuant to Chapter 447, Florida Statutes. Now some of it you heard addressed in earlier presentations, the City's presentation didn't accurately reflect the union's recommendation for settlement today, so this is what we are going to be talking about; and what it is, is for Article 15, Wages, parity with the Fire Department or IAFF on steps, the union also is proposing a 2 ½ percent non pensionable increase effective October 1, 2012, March 1, 2013, October 1, 2013, and October 1, 2014, and as you'll see spreading it out like this staggers the cost and lessens the cost to the City. In Article 38, Pension, the union is agreeing to give, to contribute an additional 3 percent to the pension on top of the 5 percent to make a total, that would be effective upon ratification. The union is also agreeing to use the highest 5-year average as opposed to the current 3-year average and this would include a caveat that the current 3-year average cannot be lower than the new 5-year. The union is also proposing to remove unused annual leave from pensionable earnings, this would give the City a total pension cost savings of \$530,000 annually estimated. In Article 31, the union is also agreeing to remove language regarding pay out of 160 accrued hours being pensionable. Once again,

reducing pensionable cost to the City. In Article 17, the union is agreeing to the City's proposal, the same proposal that was presented earlier about using, replacing vehicles at 100,000 miles, as long as they are certified to be safe to drive to protect our officers and the public.

Commissioner Quesada: I'm sorry, could you speak up a little bit.

Ms. Gonnell: Sure, no problem. Is that better?

Commissioner Quesada: Yes.

Ms. Gonnell: OK. So Article 45, the union is also proposing parity with the Fire Department on the PEP contribution, we'll go into that later. The union is agreeing to the City's proposed language regarding domestic partners, and the union is proposing the duration of the contract to be until 2014. Now everything else is not addressed in here, it doesn't mean we didn't consider it, it means the union's proposal is status quo. Now let's skip Tab 2, because you just went through that with Dina, and in Tab 3 you'll see the, just to give you a context of our bargaining unit is, and in Fiscal Year 2012 there are 176, can you hear me now?- 176 bargaining unit members, so that's 176 families that you have to consider. You've heard from some of them, but there are 172 more, so the majority of the bargaining units are police officers and that's what we'll use as a wage comparison. Now if you look at Tab 4, this will give you a background for the different departments in the local area, and throughout the presentation you'll see that use the same police departments, so you can get an accurate representation of how Coral Gables pays its police officers as opposed to other departments. So Coral Gables currently in Year 2011 had one officer for about 271 residents. Now if you move to Tab 5, regarding Article 15, I already stated this at the beginning, but the union's proposal is after 4 years of no raises to get – to make two changes to Article 15; one would be to restore merit pay from 2 ½ percent to 5 percent, like the Fire Department, and the second would be the 2 ½ percent non pensionable increases discussed before; and as Dina's presentation showed the City has the funds available to support this modest wage increase. Let's go through a little bit of history of what has happened with this bargaining unit. If you go to Tab 6, you'll see the current pay step; now this was effective October 1, 2007. This pay scale is still in effect meaning that these police officers have received no increases just like other City employees since 2007. The second page of that shows what happened in 2009 when this union came forward and gave concessions. Among those concessions were cutting the merit increase from 5 percent to 2 ½ percent, now that saved the City a substantial amount of money as you saw in the City's presentation. What you didn't see was the effect that, that had on the individual officers. Just that 2 ½ percent loss in merit increase would affect an officer's \$70,000, the number at the bottom of the third column from the right. Those red numbers mean negative, that's a negative impact on these police officer's pockets; \$70,000 lost just from that merit increase over a police officer's career. That year the police officers also agreed to give 5

percent contribution to the pension, that had an effect of \$83,000 over the life of that police officer, that's \$152,000 of concessions just for those two things from each individual police officer. Now two other things that the police officers gave up in that year were the floating holiday, you are not going to see the dollar effect here, but that floating holiday was given up so that the FOP could have a full time union release president, and that's something that the City is now asking the FOP to come back and give away again. They already gave something for that, so that should be protected. Now, the 5 percent contribution that was given to protect the Rule of 70, that's another thing the City is asking to eliminate today. So the point here is police officers have already given a lot, and now you are asking to come to the table again and this bargaining unit has come to the table and will go through that again. So if you go to Tab 7, what you'll see is that in addition to the dollars decreasing from these police officers pockets, the cost of living has also gone up, so it feels way worse to them. There are a lot of numbers here, but it shows is looking at any of the three major consumer price indexes police officers if they are topped out was held between a 13.75 percent to a 15.15 percent loss in their purchasing power. The numbers at the bottom of the scale who weren't topped out, lost anywhere between 21 to over 23 percent, this is what they have already given up on top of now the City is asking for more. So if you go to Tab 8, you'll see the current salary range, and what's interesting here is this looks very drastically different from the City's presentation of what a police officer makes, and one thing I want to point out here is that it takes a police officer almost 10 years to top out at \$65,000 a year. So now we have – if you go to Tab 9, you heard a lot about Coral Gables police officers being well paid. Now what we did is we took, based on the earlier exhibit showing you the comparable jurisdictions, we took nine police departments, Miami Beach, Aventura, Miami-Dade, City of Miami, who went through a financial urgency, Homestead, North Miami Beach, North Miami, Hialeah, and Coral Gables, and what you'll see in that yellow line at the bottom that is where Coral Gables has ranked currently ranks in Fiscal Year 2012. So that means that consistently Coral Gables has paid below average out of these nine departments. Starting salaries, they rank 7<sup>th</sup> out of 9 and paid 4 percent below average. Now if you'll notice City of Miami that we heard so much about, they were ranked number 4 starting salary even after their financial urgency. You also notice that the City's presentation highlighted Hialeah; Hialeah ranked 9<sup>th</sup> almost at every point in the pay scale except when Coral Gables beats them out for last and that's when Coral Gables police officers in their 11<sup>th</sup> year, after 11 years of service they are ranked lowest out of all comparable jurisdictions. Now I'm not going to go through the details and bore you, but if you'd like to look at the supporting information that's in the documents after that, you can actually see a comparison of year-by-year and department-by-department. Now if you go to Tab 10, we can skip the first page because that was the City's original, one of the City's alternatives, but what Tab 2 will show is just the impact of the City current wage proposal, and this isn't in addition to the other 39 items that were proposed earlier. The last column on the right will show you the police officers with the City's wage proposal, just in wages will lose between 5 percent and 10.33 percent today, that's on top of what they already gave in 2009. Now once again, the

union's proposal here is for two increases; one is a merit increase, and one is the non pensionable increases. Now, if you look at Tab 11, the union is asking here for parity; parity with the IAFF on the merit and loyalty increases. Currently, fire employees get 5 percent merit increase as they should and 5 percent loyalty for dedication to this City. Now the City's proposal is to keep the police union at 2 ½ percent for merit and 3 percent for loyalty, so it's a decrease; and what the union is proposing is for the police to receive the same 5 percent merit and loyalty that the fire increase. Now of course you have to talk about cost, if you look at Tab 12, the cost of a merit increase would be \$44,356 in Fiscal Year 2012, so it's a very small amount, and it's something that's well deserved by these police officers. Now that cost because of the way that merit increases are staggered in your next year, it would be about \$97,000, but that would go down, so at the max you are dealing with \$97,000. Now that amount must be put in context, so if you go to Tab 13 you'll see that from 2008 to 2012 the City has paid zero dollars in wage increases to the police unions, and that doesn't take into account all the money that the police union has given back in 2009. Now the 2 ½ percent non pensionable increases would be a cost of about \$433,000 in the 2012-2013 Fiscal Year, and \$455,000 the next year. So turn to the next page, you see that that's within the same slide, its 13, page 2, that's just point 35 percent (.35%) of the budget revenues as Dina went through, and we know that actual revenues were actually higher so it's a very nominal amount. One thing about the non pensionable increases in the City's presentation you were able to see that City contributions as a percentage of payroll have gone up, and the last few years the contribution dollar amount has been stable. The reason for this is because the value of the pensionable payroll is decreasing and the union has taken that into account with their proposal here by saying that these 2 ½ percent raises will not be pensionable, so it helps to address your pension issues. So that's Article 15 for wages. So the next big issue is Article 38, Pension, Tab 14. Now we heard repeatedly that something must be done about the pension, and the FOP has proposed several things to be done about the pension, and the main – the union is agreeing to a 3 percent, additional 3 percent pension contribution by its employees, bringing the total FOP member contribution rate to 8 percent. As you'll see in the next slide, this is more than most comparable police departments contribute. The union is also agreeing to use the highest 5-year average for average final compensation and to remove unused annual leave from pensionable earnings. Now this will save the City about \$530,000, and this doesn't take into account the fact that the police union actually cost the City \$1.25 million less than other unions. Now, if you look at the second page of Tab 14, we saw – you saw a presentation from the City of what members contribute in other jurisdictions, to get a more accurate representation of the picture you should also see what members are getting back. From here you can see – the FOP members currently contribute 5 percent and upon retirement they get back about 75 percent of average final compensation; of the nine jurisdictions we looked at with wages as well almost every other jurisdiction is at 90 percent or 100 percent. So here the FOP is getting less of a benefit, and even so they are willing to raise their contribution up to 8 percent. At 8 percent the only three that would be higher would be North Miami, Miami Beach and North Miami Beach,

and not only do those departments get more back those members get more back, but they also – Miami Beach is one of the highest paid departments in the City (sic: County), so you have to look at it with wages and pensions.

Commissioner Cabrera: In the County, you meant to say in the County, Miami Beach is the highest paid in the County, not the City.

Ms. Gonnell: Right, right, in the County. Now Randy is going to talk about pension.

Mayor Cason: You've got about another 5 minutes, you are already over 5 minutes, can you conclude quickly?

Ms. Gonnell: Yes.

Mr. Baublitz: Mayor, we are almost done, but I would appreciate a little leeway, at the last Commission meeting you guys, especially since we didn't have our 18, we would be able to – thank you.

Mr. Hoff: Good afternoon, let me start by telling you I am not the experienced hired gun of Mr. Linn, I cannot quote you the actuarial values that Mr. Tierney can, I just want to bring up a couple of things that based upon the pension plan and being a member of the Board, I don't know the 2012 values that obviously the City team already knew, but – and I'd be happy to share this information with you, it all came from either the Actuarial Report or the information is provided as a matter of public record. Going back to 2008, 9/30/2008, the Retirement Fund had approximately \$224 million in the Retirement Fund, 2009, and as you all know we take a snap shot for the purposes of the calculation on September 30<sup>th</sup> of each and every year and that's pretty much what the calculation is and what everybody bases their calculation on. Yes, 2009 was a bad year; the fund ended with approximately \$218,000; 2010 we ended with \$236,000, I'm sorry, million, I'm sorry, short changing you and us both; in 2011 it was \$240 million, and last but not least I don't have the numbers as of the most current estimation, but the ones I do have is for September, I'm sorry, October 31, which was \$273 million. There is no doubt that there was an issue with the retirement fund; as a Board it is my opinion that we have begun taking steps over the years with the appointees that you have appointed to the Board and the members that were elected to the Board, we've taken steps to solid up and diversify the investments of the Retirement Board. I'm not sure the whole grade D, grade F that came from the FSU, I don't know what components came in there, but as usual you know what, we can all play statistics, you can say it's 50 percent humidity, it's hot as it could be or it's as dry as it could be, and just like with the City's presentation on their use of certain cities in certain aspects to compare the two, we can look back and the things that we've done, the comparisons that we've given to you,

we've used the same departments and we've done the same thing. I'm just going back to this grading system, I don't know what the basis of the grading system is, I'm sure it's a very well founded program and I'm not questioning it, I just don't know where they got the information to qualify for that. I noticed that the City provided the Fiscal Year 2012-2013 numbers, and I was just wondering, I know that we are not allowed to ask questions, but you can ask yourselves where did that come from?- and also what I think you should ask is the funding ratio for the '12-'13 Fiscal Year, you have it up to the '11-'12 that's a big issue there. I want to touch very briefly on the shared plans. OK?- the shared plans are the 185/175 money. There was some really high payouts that the City depicted upon their shared plan, those are the people with all due respect that spent 40 years, Chief Harley, Chief Scolasky, Chief Naue, the people that you can't – based upon our current retirement system and the number of shares that you get, I'm not saying that it's a minimal amount of money, I'm just simply telling you that you would have to be here 40 years to achieve that type of return on those monies, because I think they listed the top 10 there. Again, as a part of the shared plan we pay \$93,000 out of the shared plan, which brings it down to go to fund the Retirement Board's minimum benefit. Another interesting fact on that is we pay 100 percent of \$93,000, the Fire Department, the City picks up half of their minimum benefit of an even greater value, so again, we go back to the issue on the share plan that was always as an ancillary benefit and in comparison to the \$100,000 that seems to be high on that, the average City of Miami leaves their shared plan with a few hundred thousand dollars.

Mr. Baublitz: I think at this time I can give you the short version of the rest of it, so we can get on. If you go to Tab 15, Article 17, Vehicles – basically what the union is agreeing to the City's proposal, all that we are asking for is that the motor pool director certify that the cars are safe. If you are going to ask these men and women to get into chases, go at high speeds, risk their lives, all we are saying is the cars we are driving somebody says they are safe to operate.

Commissioner Cabrera: So you use 100,000 as the benchmark for that.

Mr. Baublitz: No, we are saying that we would like for the motor pool – the way we did it is that the motor pool director would have to look at the car at certain levels of mileage, and if he says, listen that car is safe, I'm putting my name on it and it says its certified to be driven as a police vehicle to be in pursuit that we will adhere to that, but somebody will have to tell us that the vehicles....

Commissioner Cabrera: Yes, but you are using 100,000 as the benchmark, 100,000 miles is your benchmark...

Mr. Baublitz: Correct.

Commissioner Cabrera:....and at that point in time you make an assessment of whether the vehicle is safe enough or its time to replace it.

Mr. Baublitz: Correct.

Commissioner Cabrera: Got it.

Mr. Hoff: We are agreeing with the City's proposal, basically it's just adding the caveat that somebody certifies that it's safe.

Commissioner Cabrera: When you bring up something that seem somewhat agreeable, I want to get clarification on it, so that we can deal with the unagreeables.

Mr. Hoff: I didn't go about all of the accidents that have happened to all of the vehicles and stuff like that, that cost the City money, we'll let you guys deal with that.

Mr. Baublitz: If you go to Tab 16, here we are talking about – all we are asking for is parity with the IAFF, that's the PEP plan they currently get 950, we get 650. If you feel that we should stay at 650, all we ask for is that we get it, if fire gets to keep it we'll eventually get it, that's all.

Vice Mayor Kerdyk: Say that again.

Mr. Baublitz: Basically we are agreeing – we would like the 950...

Vice Mayor Kerdyk: As long as the other bargaining unit gets the 650.

Mr. Baublitz: Right – we are “me tooing” is what we are doing. 18 we've already touched on, that's the domestic partnership issue, we are obviously agreeing to that. Article 14, work week, you've got to understand...

Vice Mayor Kerdyk: Is it 18?

Mr. Baublitz: I'm sorry, Tab 18, Article 14. This is extremely serious, I mean, we have high standards in this department, we've lowered our standards for police officers, unfortunately; 20 years ago our standards were much higher than they are today, but we are still trying to attract good people. You can't reduce the working conditions and expect to keep hiring people. It talks about the 40-hour work week, I mean, that's basic; if you go to page 3 of that tab, I'm sorry, that 40-hour work week is necessary, it's needed, it's a must, you can't ask people to work the schedule they are working, basically you are asking them to work more for less, and it's not only

not right, it's not appropriate. We talked about the overtime issue on page 3, counting toward overtime and comp leave as you see all the agencies agree except for the last two, Miami and North Miami Beach, but all the others are the same nine that we've always been using do count it toward overtime. Sick leave is an area where the union would be flexible and we would agree that sick leave was, if you called in sick your overtime would not be calculated at time and-a-half, it would be at the 8 hours during that 40-hour work week. Annual leave...

Commissioner Cabrera: Isn't sick leave Article 27?

Mr. Baublitz: Yes sir.

Commissioner Cabrera: Just want to make sure.

Mr. Baublitz: Annual leave it's as you can see all the other agencies except for three count that toward working overtime. You shouldn't penalize people, especially on annual leave and comp for taking time off. A lot of our overtime is forced overtime, it's not something we chose to do, if you make a late arrest at the end of your shift, you are forced to finish that arrest, so you could be working overtime. If you have court, we don't have a choice not to go to court, we have to go, it could be your day off, it could be after you work the midnight shift, it could be during morning when you are not scheduled to work obviously, but that's forced time-on, we should be compensated for that. If you go to Tab 19, Article 27, sick leave, if you just skip that page and go to the next page you can see that the sick leave payouts for every other department is greater than ours, except for Aventura. They have unlimited payouts on their sick leave, but if you skip that page it shows it better on page 3, and just for example Miami-Dade they get 1,000 hours, Miami gets 100 percent of their first 1,000 hours and 50 percent of the next 1,000 hours, Hialeah is unlimited, we are at 400, we are below the norm, that's again, I'm going to keep harping on it, it's the same nine agencies we keep using.

Vice Mayor Kerdyk: Did you just say you were OK with sick leave?- or did I miss it?

Mr. Baublitz: This is different as far as this is payout at the end of your career, this is when you retire.

Vice Mayor Kerdyk: OK.

Mr. Baublitz: That is our proposal, I thank you for your time, our presentation, but what I would really, really request from you now is when you look at this and take it item by item and really line by line because just looking at an article one part, if you miss something it really has a great

effect on the membership and the men and women that risk their lives every day for you. So I really must insist that you take it issue by issue when you do this.

Mr. Hoff: One last thing, they said that other amendments to articles depicted on the City's page 125 was a matter of housekeeping, but there are significant changes that the City has proposed in those housekeeping things that again, if you take it article by article, we'll be able to present it to you.

Mayor Cason: Alright, we are going to take a half-an-hour break for lunch and be back at 3:30 p.m.

[Note: The Commission took a lunch break at 2:58 p.m. and resumed the meeting at 3:43 p.m.]

Mayor Cason: We are ready to resume the session. We are going to start with questions from the Commissioners, we'll start with Commissioner Quesada.

Commissioner Quesada: I guess I've got a few questions. Mr. Richard, when he started speaking he said a few things and I'd like to hear a response from the City's side addressing those items. He used a few different numbers; he said it's a 20 percent cut or a \$2 million cut, he also talked about a \$22 million that we had, that the City had in its control right now, and I think Ms. Bellows addressed that in her presentation, and then he also addressed the Pension Sustainability Fund and the \$2 ½ million, also which Ms. Bellows addressed in her portion of her presentation, and then Mr. Baublitz mentioned that there was about \$800,000 that sort of making it seemed like it disappeared. I would like to hear a response from the City related to that 20 percent cut, that \$2 million cut, and to that \$800,000 in the Pension Sustainability Fund. You know, do you believe those numbers are accurate?- or any other positions that you guys may have with regard to that information that was stated?

Mayor Cason: Whoever on your team that would like to respond or the Manager, I guess, you are part of our team, the City team.

City Manager Salerno: I'll do that in a second Mayor, please. I think – well first of all, I don't know where they came up with the 20 percent, unless – they have to answer that question as to where the 20 percent...

Ms. Rind: Sure. The police payroll is approximately \$1.1 million...

City Manager Salerno: Sorry?

Ms. Rind: I'm sorry, \$11 million....

City Manager Salerno: \$11 million.

Ms. Rind: The value of the cuts we've been told are \$1.9 million.

City Manager Salerno: Yes, but of those \$1.9 million, you cannot take \$1.9 (million) and divide it by 11 and come up with 20 percent and say they are taking a 20 percent pay cut, because \$1 million of that are pension savings to the City, OK, it's not pay, it has nothing to do with, it doesn't take money – that \$1 million does not reduce your pay, that's a reduction, that's a savings to the City in contributions, so you cannot take that and add that together. If you want to look at the \$950,000, which are a combination of pay and other types of benefits, then that would be, that's an “apples to apples” type scenario, but you can't add the other \$1 million in and say its 20 percent. So I believe the correct answer to that would be 9 ½ percent at – took \$950,000 divided by \$11 million in payroll, OK, that's 8.6 percent, I believe that's the correct number.

Mr. Baublitz: Mayor, may I respond?

Vice Mayor Kerdyk: Yes, but I want to ask a question. I'm trying to get clarity on the \$950,000, so I got this figured out. I know that \$500,000 we talked about that, that is salary, is that correct?

City Manager Salerno: Its all sorts of....

Vice Mayor Kerdyk: I'm trying to get the real numbers of how you came up with the \$950,000. I know it's shift differential is \$119,000, I can go through what I think it is, but maybe it would be great if you just go ahead and give me the \$950,000, do you have that number?

City Manager Salerno: Denise do you want to try to go through that?- I think there was another question that Commissioner Quesada first asked. I'd like to finish all of his questions.

Commissioner Quesada: I did. I have my own version of these numbers as well, so if we can clarify that now we can move on to the others.

Ms. Heekin: The \$950,000 is made up of there is a savings of \$190,000, using only actual hours worked for purposes of overtime, \$119,000 for the proposed changes in the shift differentials; \$510,000 for reduction in wages; \$26,000 for fiscal year 12-13 on the loyalty pays; \$6,400 on removal of the detached president; \$92,000 changing the holiday pay from 2 ½ times to 2 times; \$22,000 on the sick leave, there is an increase on the group health because we are proposing to

pay more for that of \$44,000, so that's a plus; on changing the language regarding special events, the working of special events the savings on that is \$18,000.

Mayor Cason: How much?

Ms. Heekin: \$18,000. The proposal regarding working out of class from the 40 hours to go to 40 hours is \$13,300; and the savings on reducing the union administrative leave time from 1,000 to 250 hours is \$5,000.

Mayor Cason: That adds up to \$950,000?

Ms. Heekin: \$950,000.

Vice Mayor Kerdyk: OK, that answers my question.

Mayor Cason: Ralph, you got a second question?- Frank?

Commissioner Quesada: The first question was a 20 percent cut, the second question was a \$2 million cut, which goes in line with the response you gave me of the \$1.9, as opposed to the \$950,000, and then the pension sustainability fund was the next question, I think it was Mr. Baublitz that brought up there is about \$800,000 that – the implication was it just sort of magically disappeared or moved around, can you clarify.

City Manager Salerno: I'd like to ask Mr. Baublitz what he is referring to?- so I'm sure I'm answering the right question.

Mr. Baublitz: What I'm referring to is when the Teamsters went from 10 percent to 14.4 percent.

City Manager Salerno: What?

Mr. Baublitz: When the Teamsters went from 10 percent to 14.4 percent, the City's obligation went down \$3.3 million, that money was not put into the pension system; \$2.5 million went into the Pension Sustainability Fund and \$800,000 was spent, or I believe, I know it was spent because I talked to Don Nelson and Don Nelson told me they used it for the budget, so that's what I'm speaking of that \$800,000.

City Manager Salerno: First of all there was no requirement, there is no requirement that any of that money go into any such Pension Stabilization Fund that was something that I had created and proposed, so there was no requirement that any of the money...

Mr. Baublitz: That's part of the problem, no requirement, what you do with that money?- and it should have went into the pension system.

City Manager Salerno: No. Let me just say this. That's something that was negotiated, the provision of the cost sharing with another bargaining unit, so I really doubt that you have any perspective to what that was used for or what that should be used for, that's part of a contract with the Teamsters, it is not part of a contract with the FOP.

Mr. Baublitz: Contract with the Teamsters that I believe you are possible in arbitration or litigation about.

City Manager Salerno: Sir, what does that have to do with....

Mr. Baublitz: You are basically saying I don't know what I'm talking about, but obviously I do and I don't know why you need to take the adversarial tone.

City Manager Salerno: I'm just saying you are not party to those, you were not party to those negotiations...

Mr. Baublitz: No, but I do work well with the Teamsters.

City Manager Salerno: It's not an item on the table with this negotiation, so therefore I already answered the question that none of the money needed to go in any such stabilization fund, the City had total discretion with that money and could have done anything they so wished with it.

Mr. Baublitz: OK, but pensions are an issue and when \$3.3 million is kept out of the pension system this goes back to the City playing games with the pension system on when to put money in and when not to, and then asking the employees to pick up the cost for their game playing.

City Manager Salerno: John, I would dare say that you don't understand, I'm trying to be nice here.

Mayor Cason: I think the question is it's there in the budget, it's in our reserves, is that correct?

Commissioner Quesada: I'm clear on the response. My next question was for the FOP; I had a question related to Tab 18, page 2 of Tab 18, and I understand the definition of overtime that you guys proposed, I know we were rushing toward the end there, and then I'm also looking at Tab

99 of the City's presentation, I guess it will be 97 through 99; am I comparing the right things is the first question?- because I know we've discussed a lot.

Mr. Hoff: Yes, you are in the same ballpark.

Commissioner Quesada: OK, same ballpark. OK, so explain to me how the FOP's position is different from the City's position with regard to the overtime hours and pay?

Mr. Baublitz: You are talking about the FLSA overtime, sick annual and comp?

Commissioner Quesada: Yes.

Mr. Baublitz: Most agencies pay you if you take annual leave or comp leave, they pay you overtime; say you take 8 hours of annual, and then during that same 40-hour work week you get a late call or you go to court, they pay you overtime at time and-a-half.

Commissioner Quesada: OK.

Mr. Baublitz: What we are agreeing to is on the sick leave issue, say I call in sick a day, and then I go to court or I get held over, that first 8 hours would be at straight time. We are agreeing to that, we are not agreeing to count annual and comp leave, but we are agreeing to count sick leave under the FLSA.

Commissioner Quesada: I'm sorry.

Ms. Rind: I think he said that backwards.

Commissioner Quesada: Yes, OK, I got it now. A few more question to the FOP and I know it's tough because I know Mr. Richard isn't here, but he said a few things at the beginning of his presentation. He said that there were some numbers that were presented by City staff that were incorrect, but I didn't really hear any of that in your presentation, I mean, I heard the comparison between the different cities, but if you could just highlight for me again, if I missed it any numbers that you allege are incorrect that they've proposed today.

Mr. Baublitz: I think and without asking Mark directly, I can only assume that he was speaking of the slides that the City put up about the rate of pay of retirement benefits based on what sergeants, and I think they used a lieutenant, what they earned. Those retirements were earned under the old system, so basically before 2009 we had a 600 hour cap and before then it was unlimited, so if you worked 1,000 hours of overtime that all counted toward your pension. After

2009 only the first 300 hours counted, and so those pensions that the City was putting up there was based under the old system, not the new system, that's why the changes that have been made are working, we just ask that we continue to make the right fiscally responsible changes that don't hurt the members and don't hurt this police department.

Commissioner Quesada: OK, so....

City Manager Salerno: Commissioner?

Commissioner Quesada: Yes, I'd like to hear your response.

City Manager Salerno: If things were working with the changes that were made in 2009, OK, as we all know the change in the unfunded liability went up over \$20 million, I don't remember the exact in the last year, \$25 million in the last year in unfunded, so if 2009 solved anything, then why has the unfunded liability kept going up by \$25 million or so? The other thing I would add along that Commissioner, is during the FOP's presentation you didn't hear one word about the unfunded liability, it's like it's an issue that was irrelevant to the presentation, and it is the gorilla in the room, it is – let me finish – there was an attempt to show that the City has reserves and cities need to have reserves, OK?- the one example on the sheet here was that the City has \$5.4 million there in the motor pool. Well I think you saw a slide that showed we had \$15 million in needs today to replace the fleet, we are still \$10 million inadequate, but I think the key thing is those reserves pale in comparison to the unfunded pension liability, and its important that the Commission know that Gatsby 68 is going to be going into effect. Commissioners please, it's important, I know you are listening, but the world is going to change in 2015, Gatsby 68 is going to go into effect, and I don't know whether the FOP members here, it's not their job to pay attention to it, but they probably should be, because what that's going to do is the unfunded liability that we have today is going to then in 2015 show up on the government-wide balance sheet, OK, what's that going to mean?- we are going to go from having a net worth or net assets in the positive, we just did a quick calculation, and these are just based on if we had that today, it's going to show that we have a negative net worth on the balance sheet, if that was the case of approximately \$190 million once that goes into effect, that's going to effect – the intent there for Gatsby, the Government Accounting Standard Board is in that regard what they are trying to do is make cities, governments in general, that haven't been paying attention to the unfunded liability, they are forcing governments across the country to pay attention to their unfunded liabilities and that's why it's going to show up and that's why it's going to become very important, it's going to affect the way the rating agencies looks at it, it's going to affect how everybody looks at local government after that goes into effect, and it's just two years or so down the road, so I felt I needed to bring that item up, because it did not seem as if the unfunded was being significantly paid attention to.

Commissioner Quesada: Mr. Salerno, the employees that were listed here on the City's report, Mr. Baublitz said that those employees that calculation was done under the previous 2009 agreement, is that the case?- or is that not the case?

City Manager Salerno: I can't answer that directly because I didn't prepare those slides, but Jim.

Mr. Linn: The employees retired in 2010 and 2011.

Commissioner Quesada: OK.

Mr. Baublitz: So they would have earned those averages before they retired and before the effects went in, the 300 hour cap went in. We understand that the pension needs tweaking and we were one of the first to do it. We care about the unfunded liability, but it took decades to get into the hole we are into, and they were at fault to go around by the FOP. Let's say the employees as a whole, the City and the Pension Board. Now the FOP has definitely stepped up and done their part, the Pension Board is doing their part, again it took decades to get there, it's going to take a little while to get back, but we are headed in the right direction, the retirement fund, and I believe Randy has an exact number, has more money in it now than it did before we got into the crisis, so we are doing something right, we are heading in the right direction.

Commissioner Quesada: You said it's taken decades, you said decades?

Mr. Baublitz: The pension system goes back to the, I want to say the '80's, when it started having problems. I've been FOP President for, it was almost twelve years ago when Walt Rogers was President, when he saw issues with the pension system and we put the 600 hour cap in, so we saw that – and obviously there is nobody here to blame, but when we didn't have enough people working and people working overtime on the 4<sup>th</sup> floor to fill in for communication operators, you had officers and sergeants at that rate of pay filling in to work at a call takers position. They made unbelievable amounts of overtime. We saw that the officer's pays and sergeant's pays were skyrocketing and it was the union that first came to them, and again I give Walt Rogers credit, that came to the City and said, listen, this is going to hurt the pension system. We need to do something to cap it. First, the best thing you can do is hire, we don't need to create all this overtime and try to pay for it later, and that's what happened. So this started, honestly back in the '80's, and its continued. It's wrong to try to fix a problem that was created by others on the backs of the employees today. We are willing to help, but it needs to be modest, controlled, fiscally responsible, but morally responsible also. Mr. Salerno also talked about the \$15 million for the fleet, well you are not replacing that fleet tomorrow, you have certain cars

and certain things that needs to be replaced, you are not going to replace the whole fleet in one year.

City Manager Salerno: I need to replace it, I needed to replace it five years ago, that's when the City needed to, or seven years ago. That is not a need that just became due today. If you talk to the fleet director, and he made a presentation here, he is holding that fleet together except for police cars; police cars have been exempt because of that particular provision that made us and required us to replace police cars with 34,000 miles on it.

Mr. Baublitz: And now we are willing to help, we are willing to do our part there too.

City Manager Salerno: Well, I understand, now you are apparently...

Mr. Baublitz: And we did in 2009.

City Manager Salerno: As I just said, that is minimal cost savings to the City, OK....

Mr. Baublitz: \$800,000 your number, \$800,000 is minimal?

Mayor Cason: We are not going to have a debate here back and forth.

City Manager Salerno: Mayor, it is important to understand; John, that is a present value of \$800,000, so if you divide that number by 9, that would tell you that's the annual amount of savings, it's in the \$80 to \$85 to \$90,000 range, and it's really only the time value of money, because police cars, no matter what under any scenario they have to be replaced if there is a need. If they are not safe, they have to be replaced. That's all I'm trying to say; it is not \$800,000....

Mr. Baublitz: If you have 26 cars to be replaced at \$800,000 this year and you don't have to do it that's \$800,000 this year that you are saving. Yes, it pushes it back into the future, but it reduces it and now you have time to work and decide how you are going to do it, but you can't tell me it's not \$800,000 savings today.

City Manager Salerno: It is a present value over that cycle and that translates to around \$90,000 or so a year, and it's only the time value of money.

City Attorney Leen: Under our Rules of Procedure this period of time is for the Commissioners to ask questions and to answer directly, the party should not be talking back and forth to each other, please direct all comments to the Mayor and the Commission. Thank you.

Mayor Cason: Frank you have...? Ralph?

Commissioner Cabrera: I have lots of things to talk about. Earlier today we were asked by you all to consider an offer that you had tendered for whatever reason, whether we were insulated or uninsulated or partially insulated, the bottom line is I never saw it until this morning. When I saw it I looked at it from the standpoint of these are the salient points that the FOP wants to negotiate on, to settle on, and I had some hope when I saw that, but shortly after discussing it I saw that there were a lot of missing parts to it, OK?- and then I just decided to take the City's binder, which I got to see for the first time because that's standard operating procedure and your binder, and I started to look at where we could come to some sort of compromise, because here's what happens for the last few years, it doesn't matter what the issue is; whether it's the Biltmore Hotel, or some large development we get caught with all kinds of information, lots and lots of information that's almost impossible to digest in a Commission meeting, and then we are pressed into making a decision, and it's usually a decision that somebody else wants, not necessarily what's best for the City; and so we get caught and I think it was Mayor Slesnick who said this at one time or Mrs. Anderson who said this at one time, we get caught making sausage publicly and it's not a fun thing to watch. If you ever want to know about the making of sausage don't watch that video it's not fun. So now what I'm trying to do is, I'm looking at all the items that you all presented to us and I'm listening to the City's consultants and lawyers and actuaries, and I come away with the fact that 11 articles were not addressed by your offer, but then ironically it was either Mr. Linn or Mr. Mattimore who said, there are some articles that are housekeeping, am I making this up gentlemen?- I apologize if I don't recall which of you two handsome guys said this, but I think it was Mr. Mattimore who said at the very end, there are some housekeeping articles that were never addressed, and then I heard Mr. Baublitz say, well they are not really housekeeping, they have relevance to them, but I'm going to take your word for it, I looked at the articles and I kind of think they are housekeeping, but I'm not a police officer and I'm not a police administrator, therefore I tend to believe you because they are certainly not as pending as the other articles; and by the way, in case anybody is following what I'm saying the articles that I'm referring to that are housekeeping are Articles 10, 12, 14, 18, 30, and 44. Those are all the housekeeping articles that you alluded to earlier. On the other side of the coin the articles that did not get addressed by you, the FOP were, Article 14, which is work week, and you didn't address it in your offer, but you addressed it in this recommendation for settlement, which is a little different. Article 29, which is the detached president, and incidentally I heard from this young lady, forgive me for not remembering your name, I apologize, but I heard you talk about how the detached president came to be and that was through a floating holiday that each police officer gave up, so there would be funding toward that position; and incidentally, I happen to think that's nickel and diming, that doesn't solve the pension woes, OK?- saving \$6,400 on page 110, is not going to solve the pension woes and I think that's punitive, that's just the way I feel, I feel

it's punitive. Article 23, which was holiday pay and that appears on page 118, I think we can come to a compromise there; Article 27, which addresses sick leave savings and I came up with \$22,000 and that came directly from the presentation by staff; and then last but certainly not least, Article 40, which deals with the group health plan and that really is a non issue, because we talked about the fact that the City is actually contributing more than it needs to contribute based upon the numbers of that particular tenure and therefore it's not even up for discussion. The other good news is, domestic partner, everybody seems to agree on a domestic partner benefit, and I think that's a real plus, and I commend both sides for that because I think we need to have that in the City, so that's a non issue today. So given what I've said, I'm not – I'm now talking to my colleagues, I'm no longer talking to you folks, I'm not going to accept this package, I'm just not, and here is the reason why I'm not going to do it, and I'm not trying to play up to the cops, but if it was the Teamsters, if it was Fire, these folks are way too valuable to us to just say we have to take this or nothing. I really believe that we have to drill this down and come up with a package that works well for both sides because I've got two statements that I'd like to make, and incidentally before I make my statements regarding today's Impasse Hearing, I don't think some of you were around back in 2006-2007, but I talked about pension reform when it wasn't something people knew what it meant, and if you don't believe that go see the City Clerk and ask him for the minutes of the Second Budget Hearing in September of 2007, and I talked about pension reform then, so now that's it's popular, I'm very happy that we the politicians across the nation have decided that we need to reform pension plans, but back in 2007, I challenged my colleagues to make it a priority and I'm not pointing fingers at anyone, but I just want you to know that this is not new to me, I didn't just land here, I've known about pension reform for quite some time. I've got two questions and one is, whatever we end up doing today is the situation this critical, and I say this to my colleagues, to treat our employees this badly?- that's the first question, that's the true question here; and the second part of the question, we can make this campaign fodder if you want, today's meeting for me has been the most complicated meeting that I have attended. I've been a part of four Impasse Hearings, I consider myself a student of labor negotiations, I consider myself a student of collective bargaining, I've had to deal with unions as an executive, not as an elected official. I know what it is to deal with unions, but basically what we have done today or what I believe the City has done is thrown the kitchen sink at this group, and maybe that's a tactic that works and may have worked in the 60's, 70's, and perhaps the 80's, but I watched the video today that was telling, it was telling me a lot of things. The video that I watched today from some of our men and women our Police Department really made me very sad, and allowed me to reflect on really what's going on, and I have to tell you whatever happens today we have an opportunity to make something of a compromise or we can make things even worse than they already are. So today can come out as a constructive exercise or a very, very destructive exercise and I really hope that's not the outcome in today's discussion. So back to the drill down part, Mrs. Anderson, Mr. Cason, Mr. Kerdyk, Mr. Quesada, I don't know if you share my sentiment, but I just have a hard time with accepting

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Impasse Hearing

September 11, 2012

To resolve issues of collective bargaining negotiations  
With Fraternal Order of Police (FOP)

all of it, do you want to work on this as a case-by-case basis?- how do you want to proceed?- maybe I shouldn't be asking the question, maybe I should stay quiet and allow Mrs. Anderson to....

Commissioner Anderson: Actually, I was making a list of all the things that were being brought up, and I think it's fair to say that going on a case-by-case, on a line-by-line basis, item-by-item is fair. I think there are areas of commonality and I think there are areas we can figure out a solution; it's not all or nothing, it's not that one side has more than the other, but I think there is common ground, its not just one side, there is always a middle ground, and I don't think we've reached that, but I think that there are areas that I'm seeing pension contributions from 5 up to 8 percent, you've got your average from 5 years, your average compensation to 5 from 3, I mean there are a variety of things that made the list. So I support the line-by-line.

Vice Mayor Kerdyk: So your thoughts are, which I don't necessarily agree with, going from Article 10 to Article 44 with line-by-line or are you going to pick out specific articles that you suggest....

Commissioner Anderson: I can work collegially with you all, because there are things I'm sure we can agree on, but it's not all this, I don't support all of this, but I think we can find areas of commonality.

Vice Mayor Kerdyk: There are some questions I have too.

Commissioner Anderson: But actually I wanted to finish off a bit of history, if I might through the chair. Frank, one of the things you were talking about was history was that in 1989, and you may know this – '88 and '89, the City made the pension non-contributory, so a lot of the pension stuff got really bad in '01 when we actually took office we had a dot com bust, but it had been coming for a while because of that non contributory system, then a variety of financial things, so I just wanted to add that as a bit of history.

Mayor Cason: Bill.

Vice Mayor Kerdyk: Yes, just a couple of questions maybe from Jim Linn. I want to talk to you a little bit about pension cost and there were some pretty interesting numbers that were told to the Commission today, and one has to do with the police pension cost of 62.4 percent, is that correct?

Mr. Linn: It is what it is right now, yes.

Vice Mayor Kerdyk: And that is the percentage of basically what every dollar we pay in pension basically, and its going to go up to 72.8 percent, is that correct?

Mr. Linn: Correct – according to the most recent actuarial report.

Vice Mayor Kerdyk: OK. And I just wanted to ask the FOP, is that a number that you agree upon or not?

Mr. Mattimore: When you say the most recent actuarial report, are you talking about 2011 or do you have a copy of the 2012?

Mr. Linn: No, no, this is 2011, page 50, which breaks down the cost at the bottom of percent of payroll, this is Tab 4 in the binder that the City presented today, and if you look at police percent of payroll 72.8, and this is the report that sets the contribution for the fiscal year beginning October 1, 2012. There is a year lag time between the time of the date of the data, which was October 1, 2011, and the application of the new numbers.

Vice Mayor Kerdyk: OK. So you have 62.4 percent cost of pension cost and then the benefit cost is 89.1 percent, is that correct?

Mr. Linn: Correct, that's with all benefits including pension.

Vice Mayor Kerdyk: So, OK, anybody that works, if you say you make \$100,000, if one of my associates makes \$100,000, they basically if they have no pension or anything like that, it's – excuse me, let me back track, if one of my associates makes \$189,000, and it's the same thing as a police officer making \$100,000, plus the 89 percent benefit package, is that correct?- or either way of saying it, somebody would have to make \$189,000 to make the same thing as a police officer with the \$100,000 plus the 89 percent benefit package?

Mr. Linn: In terms of the employer cost.

Vice Mayor Kerdyk: Employer's cost, OK. Another – the cost of an employee, Jim, how did you establish that number?

Mr. Linn: That's not my number.

Vice Mayor Kerdyk: Whose number is that?

Unknown Speaker: [Inaudible – off microphone]

City Manager Salerno: If I could add, I think what Jim just said there is, that is the cost of the FOP president with benefits, that's what that slide is saying, the detached president cost is that according to....

Vice Mayor Kerdyk: I think it's two different, it might be close, but this is just the cost of an employee, correct?

Ms. Heekin: [Inaudible – off microphone]

Mr. Hoff: I'm sorry, just so I make sure that I understand what you just said, the slide on page 7, 196728, that's just a depiction of the detail breakdown on page 109, if you are using the FOP President as an example.

Mr. Baublitz: A little clarification there for the Commission. \$10,000 of that is not paid by the City, so that figure is wrong; that figure is paid for by the membership, basically for the job of the FOP President is not a 40-hour job, so for the extra time and effort the membership voted to increase it by \$10,000, that's not paid by the City.

Commissioner Quesada: [Inaudible – off mic]

Mr. Baublitz: You are including it as a cost, it's not a cost to the City. You are saying that it's funded \$400, but the way you have it written there is a salary of \$105,000, the City does not pay a salary of \$105,000.

Mr. Hoff: I'm sorry, one other quick question for Mr. Linn. I hate to go back to it, but the 72 percent, you are saying that's on page 50 of the Actuarial Report?

Mr. Linn: Yes. Is it not on your page 50?

Mr. Hoff: I don't see 72 percent, but I'm looking to see how you calculated this.

Mr. Linn: [Inaudible]....the actuary updated the page.

Mr. Hoff: No, we don't have the same page and this is the book the City gave out. Do they have the right page?

Mr. Linn: Probably not.

Vice Mayor Kerdyk: Maybe not, this is what I'm trying to get to.

Mr. Hoff: Right, it doesn't make sense that's why I'm scratching my head.

Mr. Linn: [Inaudible]...the updated page provided by the actuary May 9, 2012.

Vice Mayor Kerdyk: Mr. Linn, I just want to ask you a question. Everybody defers to you as having great knowledge as far as pension systems go. I'm not going to sit here or I don't think any of my fellow Commissioners...and tell you that we know what other pension plans exist around the state, there is just no possible way we can look at some numbers from FOP, we are going to look at the numbers from you. You are right, it's what numbers you show, but from your point when you look at this, the pension plan as far as it goes to our police, how does that rank in the state?- is that a very generous plan, a mid-range plan, a lower plan?- give me some overall parameters of where this stands.

Mr. Linn: Well right now I think the Coral Gables plan is one of the most generous pension plans in the state, and what I base that on, it's hard to compare plans, that's the problem. The provisions are different, but the best way of comparing the plan is taking all the benefits together including when somebody can retire, what they are going to earn when they retire, whether they get a DROP benefit or any other benefits on top of the pension, and distilling that down to a number, which is what we try to do with this 401(k) plan equivalent number on the benefits provided by your plan, and I've seen that done in a number of different plans around the state, and I can tell you that those numbers, the \$2.4 million, \$1.8 million figures of what it would take to replicate these benefits are among the highest I've seen anywhere in the state.

Vice Mayor Kerdyk: OK. One last question for the FOP and then I'll make a quick statement. On Article 14, work week, can you go over your position again on the work week?

Mr. Baublitz: If I can respond to the whole pension thing really quick.

Vice Mayor Kerdyk: Pardon me?

Mr. Baublitz: Can I respond to the pension thing real quick?

Vice Mayor Kerdyk: Sure.

Mr. Baublitz: What he said. Different cities and different agencies, and it's true, have different pension systems, that some offer 90 percent, some offer 100 percent, there are different ways to calculate it, but one of the things that happened that the state level did, everybody is capped out

at 300 hours of overtime now counting toward the pension. That was one of the ways that they looked at the problem, but I think there is a breakdown and comparison Tab 14, that shows the same nine that we always use where we are not one of the best pension systems on percentage of salary on retirement. Miami went obviously before their problems was at one year averaging and they went to a five, so we all kind of heading in that same area. What the City is asking us to do is go beyond that, which is what's not right, but as you see here our proposal for 8 percent puts us at one of the highest contributions with actually the lowest return in benefits. We are looking at a 8 percent contribution with a 75 percent benefit where everybody else is either at 90 or 100 at the agencies around us. I can't see how that we are so much more generous than anybody else, the numbers are the numbers.

Mr. Linn: The percentage contribution has nothing to do with the maximum pension benefit, it's 75 percent of what?- and in your case because there is so much additional added into the average final compensation, the benefit is high.

Mr. Baublitz: One thing that everybody keeps forgetting about is there is another organization here, we've already given up over millions in concessions, there is another organization and we are willing to give up over \$500,000 in concessions today.

Vice Mayor Kerdyk: But John in all fairness, we are not negotiating that contact.

Mr. Baublitz: I know you are not negotiating...

Vice Mayor Kerdyk: They are going to be sitting here too and you are going to be sitting back there listening to it, no, I understand what you are saying, I'm trying to deal with the situation in front of us, not necessarily what's going to be in front of us in the future.

Mr. Baublitz: If you look at some of these, you look at North Miami Beach, Miami Beach, those are 90 percent, 100 percent and yes, we get the \$75 here and there for specialized union pay, but I don't see how you can fault somebody that takes the initiative to risk their lives even more than they already are to be a diver, to be a SWAT member, to do something else and say, well that's \$75 shouldn't count toward your pension. We have made great strides and I think we are continuing to, my fear is that you are going to over-react and we need to find that balance, because at the end of the day we need the balance for the pension system, but you need a good Police Department. We have lowered standards, 20 years ago you would get 1,000 applicants for 4 or 5 jobs, now we are getting 50 applicants for 4 or 5 jobs, and out of that 50 we are lucky to find 2 or 3. Our people are doing a great job hiring, but you know what?- people are smart, you are asking people to come here with degrees and everything else they are looking around, they are shopping.

Vice Mayor Kerdyk: Let me just say one more thing. The work week, can you address that really quickly?- and then I'm going to make a comment and then we can talk about some other issues.

Mr. Baublitz: I'm sorry?

Vice Mayor Kerdyk: The work week, Article 14, I just want to hear your thoughts on that.

Mr. Baublitz: As to what respect sir, the whole thing?

Vice Mayor Kerdyk: Your position.

Mr. Baublitz: Obviously, we want to keep the work week the schedule the same, I mean, you are asking an officer to work a 40-hour week...

Vice Mayor Kerdyk: Is that the 10-4 or 8-5?

Mr. Baublitz: Well we have a 10-4 now or an 8-5, we are asking to stay there. Part of being a police officer, as you know when you take this job you can work midnights, you can work afternoons, you can work days, you might be called in for a hurricane, you might be called in for a special event. There is court time, there are numerous things that are going to affect and disrupt your life. We are just asking to know that, hey listen, the shift I do for the next three months. I'm going to be working these hours, I'm not going to be asked to work a 12-hour, I'm not going to be asked to work 84 hours in a week or a pay period, so an extra 4 hours to the City is straight time. We are not asking to be asked to do more than anybody else. To be honest with you, those are some things that a new hire is going to look at, it's just a benefit for our officers.

Vice Mayor Kerdyk: OK, and the City's position Mr. Salerno, on that particular issue is, the work week, Article 14?

City Manager Salerno: Denise, do you have it in front of you?- would you go into it?

Ms. Heekin: Yes, on the 7-K for the 84-hour work schedule in the 14 day work period, it would allow us to have the police officers work a little more before we are entitled to overtime, but for instance, our Fire Department works a 7-K, a different schedule, they have a 28-day period, I believe, not a 14-day period, but they do have a work schedule that falls under the FLSA 207 K position.

Vice Mayor Kerdyk: When you say 7-K, what does that mean?

Ms. Heekin: That's a provision under the FLSA, it's commonly referred to as a 7-K schedule which allows you to work for police officers and firefighters a certain number of hours within a defined work period, so instead of like a 7-day work week, 7-day work period or 14-day work period or 21 or 28, and that's defined by the statute.

Mr. Baublitz: You can't compare us to Fire, its 48 on and 48 off, I' sorry.

Mr. Mattimore: May I cut to the chase?- this is so that they can affect a 12-hour work schedule, that's what it boils down to.

Mr. Baublitz: I don't know maybe like one other agency that does it, that's Hialeah.

Vice Mayor Kerdyk: OK, I got it, I got it. I sort of agree on that. Let me just say, let me just tell you that from my standpoint, I think each one of us value our police officers. Actually, I've had the opportunity, unfortunately to use you all twice in the last couple of months, and its been unbelievably how professional and how good and how comforting you have been, so I understand that better than most people do. I'm sure everybody here agrees with that, and I don't have a problem about talking about some of these articles here, but I just want to make a general statement. With police pension costs rising in 2013 to 72.8 percent of wages, which really means every dollar in wages, the City is going to pay \$73 percent in pension, I mean that's a problem, that is a problem, I think it is unmanageable, not sustainable, and we have to make some substantial changes up here, we have to do that, and it's going to happen to the other bargaining unit you are talking about, and it happened already to the general employees, it's unfortunate. Do you think I like sitting up here for 9 hours, no I don't....

Mr. Baublitz: I know you don't sir.

Vice Mayor Kerdyk:...I can tell you, this is not a pleasant day for me.

Mr. Baublitz: And I appreciate that, but also we need to realize how we got to the 72 percent.

Vice Mayor Kerdyk: Yes, but the problem is we are here, we are here, and we need to get out of it.

Mr. Baublitz: Without taking it off on the current employees, that was something – you can't ask people to pick all the sins of the people in the past.

Vice Mayor Kerdyk: But do you think 73 percent, because we are just talking specifically pension at this point, I mean we can talk other things, do you think that's a realistic number in these days and time?

Mr. Baublitz: No, but how did we get there?- again, we have to balance, we are going to do more and obviously I know you are going to ask others to do more, we are going to do more, but we have made changes before. A lot of these retirements that people are retiring at now I won't be able to attain and people under me will never be able to attain, basically you'll have a chart where it's going like this, and its already started on the way down, and we just – sometimes you ride it out just like with the retirement system, you know they smooth everything over a 5 year average; we have to understand how we got here and that we are going to take the proper steps, the necessary steps to bring it back down, but we don't have to have overkill, that's basically what we are saying, and we do realize that there is an issue.

City Manager Salerno: Mayor, can I just clarify something here? I know the FOP President has been able to address some of it, I just want to put into context something. The FOP President just said we are willing to give up, make some – they have in some cases given up and made concessions, but in the same sentence they are asking for wage increases to offset the same amount that they are giving up, so if you give up \$500,000 in – if they save the City based on their numbers \$500,000, but then they get a wage increase of \$500,000, which no other employees are getting, they haven't contributed anything from today, it's a status quo. We didn't gain anything, we spent \$500,000 by giving them a wage increase, we saved \$500,000 on the pension, it didn't cost them anything. That's what's been on the table, I just want to make sure.

Commissioner Cabrera: I agree with you, I actually agree with you, second time we've agreed with one another today.

City Manager Salerno: We are on a roll.

Commissioner Cabrera: We are, we are. So let's do this, let's increase their contribution, let's increase their pension contribution from 8 percent to 10 percent.

Mr. Linn: Excuse me, unfortunately, you can't, you can't increase their pension contribution that's why the City's position is a wage reduction because by law as long as you participate in Chapter 185, they, the union must agree to any increase in the member contribution.

Commissioner Cabrera: Well they may, what if they chose to.... Mr. Mattimore, Mr. Linn by all means, Mr. Mayor may I?

Mayor Cason: Go ahead.

Commissioner Cabrera: I don't want you to get all razzled and frazzled over this, I'm OK with your counsel, I'm OK with your counsel, but the Manager made a very strong point, I don't disagree with the Manager's point and therefore I'm listening to him and he is right. So let's throw something back their way and see if they accept it.

Mr. Mattimore: I would agree with the Manager, the problem is this, we are at an impasse hearing and like we counseled earlier what Mr. Linn is saying that at impasse you cannot raise their contribution rate.

Commissioner Cabrera: No, I can ask if they would accept, I'm pretty sure I can ask if they are willing to accept it.

Mr. Mattimore: But if they accept it then it is not resolved through the impasse process, it's an agreement, and then it goes to a ratification vote, and if it's voted down we go back 18 months and start all over.

Mr. Baublitz: Everybody is here and this is what we ask for; we ask for back and forth, give and take to try to negotiate a fair contract that I can take back to my membership. We would be – it would be a huge mistake and it would be silly for us to accept something here today and go back and especially if it's something that's going to go out through 2014, which I hope, it would be silly for us not to accept that, because we know that all we are going to do is get slammed, and if you say 18 months but it could be faster, but it doesn't make sense.

Ms. Rind: It could go out as an alternative proposal, if they didn't accept the 10 percent contribution, then hypothetically a wage reduction would be imposed, that way when you vote on it you have an agreement one way or the other.

Mr. Baublitz: That's exactly what happened at the last meeting, that was the exact thing that happened at the last meeting is, we were told if you don't vote it in that everything that was imposed that day would happen with a 5 percent pay cut.

Commissioner Cabrera: Look, I'm just trying to come up with something that addresses the pension now.

Ms. Rind: We are agreeing with you; we are saying to you that it could go out for a vote that way and avoid the problem of not becoming an agreement.

Mayor Cason: Let's let Commissioner Kerdyk finish, you had a statement that you wanted to make.

Vice Mayor Kerdyk: I said a couple words, we'll talk a little bit more, I'm sure.

Mayor Cason: I have a question, I think it goes to the essence of your argument. Basically, you've said that there is no fiscal urgency, that the City is financially sound and that is the worst cumulative police contract in the state and I'd like the City to address that.

City Manager Salerno: Mayor, on the issue of fiscal urgency?

Mayor Cason: Yes.

City Manager Salerno: Well, I can tell you in 2009, I considered declaring fiscal urgency, OK, I decided not to because I thought that it would tarnish the City's reputation greater and we went through an arduous process of implementing changes to that situation. I think Coral Gables reputation is such that in other cases a city's financial situation may not be such that they value that. I think the reputation and the brand of Coral Gables was such that I could not in good conscience do something that would hurt that brand, so we didn't do that then. We are in better shape today than we were in 2009, but as we've said here today, I'm not going to feel comfortable until we get fund balance in the 15 to 20 percent, which in \$17.4 (million) to \$23.2 million, so we are about half way there.

Mayor Cason: My impression was that when we had a hurricane before, it would cost us at least \$11 million, one hurricane...

Commissioner Anderson: And we have FEMA also.

Mayor Cason: FEMA put some in but I mean....

Commissioner Anderson: May I say something just briefly, I'm not trying to be confrontational, but I was remembering 2001, we had some similar financial issues, but I do want to say something that and I had some odd, had some not great ending with the former Manager Mr. Brown, but to his credit he never ever kept rubbing it in that we were about ready to be financially solvent, and it's something that if you are talking about the brand of Coral Gables, you keep saying it and to me that's offensive and I don't want to fight it, I really don't, but I just know that – that's all, I just wanted to say that.

City Manager Salerno: I was only responding....

Mayor Cason: I way I heard this issue was that the City does not have any – have plenty of money to be able to pay whatever it is that you would like to have.

Commissioner Anderson: We managed before. I'm not saying have a healthy reserve is not a good thing, absolutely not, but I'm saying that I think it's being overly painted for a variety of reasons which I won't bother to go into. I think we can reach something here, but I don't think it's going to happen. I think there are ways to find some compromise positions, but I don't think it's going to happen, because I just don't think that's the case and honestly I've never seen a group more far apart in the four – and the group as far as the negotiating standpoint than the four sessions and it's not about personalities, it's just about issues of trust.

Mayor Cason: Well, I just want to refer to the multiplier the 3 percent. I come from the federal side of things where the pension multiplier is 1.7, FBI, DEA, CIA has a pension multiplier of 1.7, so I always found 3 to be extremely high. We are leaving it at 3 under the City's proposal for 10 years and then drop it to 2 ½, but my impression is that we have a very generous pension and people are paid very well. Now we are the most indebted per capita in all of Florida, the 489 plans for our accrued, actuarial accrued liabilities, I know that per capita is not normally necessarily a benchmark, but it just shows how bad the pension cost to the City is gone from roughly \$4 (million) to \$26 million, it's been crowding out money available for investment in roads and other projects. I know when I was campaigning everybody was talking about the need for pension reform, so I don't think there is a doubt that we have to have pension reform. I'm willing to discuss some of the elements of this today.

Commissioner Anderson: Actually, I was one of those ones in '09 that supported the full package...60 percent of that at the time, so I support pension reform, I support basic structural pension reform and I think what I'm looking at is to eliminate what's nickel and diming and what's real pension reform, that's what I want to get to, that's what I want to drill down to.

Mayor Cason: I agree with that and also there are a number of assumption changes that are going to be coming up that the Pension Board has talked about that could cost a million dollars or more each one, a lot of those things probably should have been done before, but any rate they need to be done, so that number of \$26 million is probably going to go up even more. I think there can be no doubt that we need pension reform, I think reserves have got to increase because there are a lot of things that could happen that could wipe us out, and I'm willing to discuss some of the major issues here to go forward.

Commissioner Cabrera: So where do you want to start?

Mayor Cason: There are three ways to do it; one we could agree on to take the City's proposal everything other than "X" number of the major articles, which we could agree on because that's a lot of the small things; and then we could look at, for example Article 10, 12, 14, 15 and vote separately on those; we could take it by the retirement side and then the wage side, I'm open. Frank what do you think?

Commissioner Quesada: I think I am going to make a motion about the ones I think there is either agreement to or I didn't hear a dispute on in the presentations. I think those are, I guess, I am thinking out loud right now, Article 40 on Health there is an agreement.

Commissioner Cabrera: That's a non-issue.

Commissioner Quesada: That's a non-issue.

Commissioner Cabrera: Domestic partner benefit is a non-issue.

Mayor Cason: That's what?- Article....

Commissioner Cabrera: That's Article 40.

Commissioner Quesada: No, hold on; Health is 40.

Commissioner Cabrera: Yes sir, Article 40 is Health.

Commissioner Quesada: And domestic?

Commissioner Cabrera: It's not an article...

Commissioner Quesada: OK, but agreed that's part of it.

Commissioner Cabrera: It says new article, it doesn't have a...

Mr. Baublitz: I'm sorry, Commissioner Quesada on article you are talking about the payment for the 609...?

Commissioner Quesada: Yes.

Mr. Baublitz: That is a concession by the union if you accept the City's proposal, because what it asks for, is right now if the Teamsters contribution goes up, we get the matching funds, so if they from 609 to 630, we would go to 630, that's the language.

Commissioner Cabrera: But historically, historically Mr. Baublitz all the unions have accepted, as insurance rates go up, all the unions have accepted the new contribution. What you haven't

accepted is changing it so that instead of a 100 percent single contribution, it could be 90, 80, 70 percent, that's what you had trouble with, all the unions have had that problem.

Mr. Baublitz: Yes, but the language in the article itself – there the City is asking us to take that part of the language out, that we no longer – we get the automatic increases, we have to each contract we have to negotiate...

Vice Mayor Kerdyk: But you are also getting the benefit from retroactive, you are getting \$44,000...

Mr. Baublitz:....well we got it back in July...

Vice Mayor Kerdyk:....right, so you are getting \$44,000 plus there and you are giving up the opportunity of going forward, but you are also starting a negotiation as soon as we finish this one.

Ms. Rind: The goal is to send it out for ratification and have it approved, right?- if you do that you get a contract.

Vice Mayor Kerdyk: Right – well let's see what we get.

Commissioner Cabrera: So back to you counselor.

Commissioner Quesada: Let me just change the order here because I was bouncing around. I'm looking at this first page...

Commissioner Cabrera: I am too.

Commissioner Quesada: OK. So we got 40 checked off, we got domestic partner checked off; 10?- there is no dispute as to 10, is there amongst the Commissioners?

Mayor Cason: I don't have one.

Vice Mayor Kerdyk: I don't have one.

Commissioner Anderson: Which is 10 please?

Commissioner Quesada: Internal investigations.

Mayor Cason: Obligations to the public.

Commissioner Cabrera: What I'd like to do is here what you say and agree or disagree with you, but I'm not going to do that, I'd like to get clarification because what they said after Mr. Mattimore called it housekeeping, they said well it really does have an impact. So I'd like to know what that impact is if that's OK with you Commissioner.

Commissioner Quesada: How about we do this?- I would like FOP right now to turn to pages 125 through 127 of the City's report, and those items from 125...

Mr. Baublitz: It's extremely hard because...

Unknown Speaker: Let him finish, I want to hear what he is going to say because I think I know where he is coming from.

Commissioner Quesada: Which ones are you saying that were not just standard housekeeping items?

Mr. Baublitz: Article 10 is not a housekeeping item. Article 12, if I recall it might have been, but so much is going on we would like to actually take a look at the City's language, just in case there is something in there we didn't know, that's the hard part about it.

Commissioner Cabrera: Here's what's going to happen, here's what's going to happen – if we can't – he is trying really hard to move the process along and I'm with him and I want to support him because he's got it going, and if we start to bog these things down we are never going to get through this.

Mr. Baublitz: OK. Article 12...

Vice Mayor Kerdyk: We are still on Article 10; let's make a decision here on 10. It says relieve of duty, suspended...

Commissioner Quesada: I'm going to do something, I'm going to do something here, I want to make my motion...

Commissioner Cabrera: But I like what you were doing.

Commissioner Quesada: Yes, I know, but if we are going to go back into presentations...

Commissioner Cabrera: No, I think what you are doing is very helpful and productive, and I'm just trying to tell them...

Mr. Baublitz: I don't agree with everyone there, but Article 10 is dealing with relieving of duty and stuff, that's extremely important for an individual that may be relieved of duty.

Commissioner Quesada: That's an item you didn't address in your presentation.

Mr. Baublitz: We asked to be status quo on that.

Ms. Rind: Sorry, to be clear anything that was not addressed I stated that it was status quo, so our proposal was to keep the current...

Commissioner Quesada: OK. Well considering your position, considering what I reviewed, I'm still making the motion as to 10.

Mayor Cason: Go ahead make your motion.

Commissioner Quesada: OK – So 10, 12, I'm going to jump here for a second to 17, which is to the vehicles, I think from what I saw, from what I heard from the City and from what I heard from FOP, the only difference was 9 years and that 9 years, wasn't again addressed in the presentation, it was 9 years or 100,000 miles, and then what they said today was just 100,000 miles.

Commissioner Cabrera: And aren't you OK with that?

Commissioner Quesada: Yes, I'm OK with that.

Commissioner Cabrera: Yes, me too, I'm OK with that.

Commissioner Quesada: The City's proposed, well the City's contractual language, is what the motion is on.

Mayor Cason: To accept the language of the City's proposal.

Commissioner Quesada: Correct.

Vice Mayor Kerdyk: OK, keep on going.

Mayor Cason: 10, 12, and 17.

City Attorney Leen: Also Commissioners, 40 and domestic partner benefits he also said.

Mayor Cason: Right, we did those 40....

Commissioner Quesada: Yes, 40 we have and domestic partnership we have, I'm also going to say 23, which is holiday pay, and I think there is from what I have heard from the other Commissioners, I think those are the ones that are not in dispute. So my motion is...

Vice Mayor Kerdyk: How about sick leave?- how about 27?- did you say that...

Commissioner Anderson: Sick leave is agreed with the City, right?

Mr. Baublitz: What we agreed to was the FLSA part of it, meaning if you call in sick your next 8 hours would be straight time not overtime. The actual payout at retirement – we get one of the least benefits in that area, that's why we wanted it to stay the same.

Mayor Cason: Cost of that was \$27,000?

Vice Mayor Kerdyk: \$22,000.

Mayor Cason: \$22,000.

Commissioner Quesada: So, I'm going to leave my motion at that; 10, 12, 17, 23 40, and domestic partnership, so we can move on from those.

City Attorney Leen: So Commissioner just to clarify, so you would be – the motion is to impose the City's language on those, correct?

Mayor Cason: That's right.

Commissioner Cabrera: OK, let's go over those again.

Commissioner Quesada: And I'm sorry, one more, I'm going to say 44 as well.

Vice Mayor Kerdyk: Drug and alcohol policy.

Mayor Cason: Drug and alcohol – 44. So that's one, two, three, four, five, six, seven articles – six articles and the new one. That's to impose those conditions...

Commissioner Anderson: That's fine.

Commissioner Quesada: Correct, for those conditions to be imposed.

Mayor Cason: Do we have a second?

Vice Mayor Kerdyk: I'll second it.

Commissioner Quesada: Now as for – at this moment right now.

Mayor Cason: Commissioner Quesada has made a motion the Vice Mayor seconds it.

City Clerk: Vice Mayor Kerdyk?

Commissioner Cabrera: Are we going to discuss?

Vice Mayor Kerdyk: I thought we were in agreement.

Mayor Cason: We said we agreed on it.

Commissioner Cabrera: OK.

Commissioner Quesada: If you have anything to say – absolutely.

Commissioner Cabrera: No, I just want to be able to at least Commissioner, take me through the numbers one more time.

Commissioner Quesada: OK. Its 10, which addresses internal investigations; 12, which addresses the grievance procedure; 17, which addresses vehicles; 23, which addresses holiday pay; 40, which address the health...

Mayor Cason: Group health.

Commissioner Quesada:....group health; 44, the drug policy, and then the domestic partnership.

Commissioner Cabrera: There was one that I missed, I've got 10, 12...

Mayor Cason: 17, 23....

Commissioner Cabrera: I'm missing 17.

Commissioner Anderson: That was vehicle.

Commissioner Quesada: 17 is the vehicles.

Commissioner Cabrera: OK.

Mayor Cason: Alright. So we have a motion and a second.

City Clerk

Vice Mayor Kerdyk: Yes

Commissioner Quesada: Yes

Commissioner Anderson: Yes

Commissioner Cabrera: Yes

Mayor Cason: Yes

(Vote: 5-0)

Commissioner Quesada: Now let me address the ones that were left out; 14, my position on 14, now I'm referring to the document that was passed out to us by – this one, this document everybody, if you go to Article 14, and if you go to I think the three main paragraphs that were really discussed today in both presentations where the meat numbers are, are 3, 10, and 11. Obviously there are changes throughout the article, there are other changes, but I think those are the paragraphs that were really discussed, I won't say ad nauseum, but quite a bit on both sides, so 3, 10, and 11.

Mayor Cason: What were the costs of this again?

Vice Mayor Kerdyk: Shift differential \$119,000.

Mayor Cason: Shift \$119,000.

Commissioner Quesada: The overtime was \$190,000, and paragraph 11 was...

Commissioner Cabrera: I'm going to jump in on this overtime issue, and maybe I'm not completely accurate on my commentary, but I have always said that overtime is not a labor issue, it's a management issue, and if management can't manage its overtime, then the problem should be with the management team, I'm not talking about the City Manager, I'm talking about the Police Chief, then the problem lies within that senior manager. See, sometimes overtime needs to occur because it's a mandate based upon staffing needs, and if you are understaffed....

Commissioner Anderson: You have more overtime.

Commissioner Cabrera: You are going to have more overtime.

Commissioner Anderson: That happened early in 2002, '01 area.

Commissioner Cabrera: Exactly, so I don't ever look at it as a labor issue, I look at it as – darn it, if the Police Chief can't manager his or her overtime then you got to take corrective action on it. So I have a huge issue, maybe I'm misreading this, but its reducing it from 300 to 190?- am I misreading this? I apologize, but the hour is a little late, it's not right sir?- correct me; I'm good if you correct me.

City Manager Salerno: OK. It is not a – it is a contract issue; it is a term and condition of employment....

Commissioner Cabrera: I hear you, I don't disagree with you, I just think that morally – from a business standpoint, why are you going to impose on a collective bargaining unit a restriction on overtime when it should be a management issue, if they can't manage, then they need to show you why they couldn't manage, and then from that point on it's up to you how you want to deal with it.

Commissioner Quesada: But what about the issue of only allowing the hours that are actually worked?

City Manager Salerno: This is how you calculate it, and then you manage it within the system that gets adopted before the Commission.

Commissioner Cabrera: Within a framework. It's a tough one. I can't. I'm not going to go on this one.

City Manager Salerno: I think this proposal is intended to make the City more efficient in the way it calculates the overtime.

Mr. Baublitz: Mr. Quesada, we as a union willing to agree that if sick leave, if we call in sick that the first 8 hours, of an 8-hour day would not count toward overtime, and that is basically the standard for Police departments. We are just asking that you keep the other two, so the City will still be getting a savings, but you keep us in line with all the other agencies.

Mayor Cason: What's the savings you calculate for the City?

Mr. Baublitz: I think the City gave us \$190,000 for all three, so....a third of that.

City Manager Salerno: No.

Mr. Baublitz: No?

City Manager Salerno: No, it's \$190,000 for the first one, the FLSA, and those other ones are additional.

Mr. Baublitz: Correct, that is the FLSA, \$190,000, so if you take a third, if you have comp, annual and sick, if you take a third of that, it would be a third of \$190,000.

Ms. Heekin: I'm not sure if it's an exact third, you are talking about – if you count annual and compensatory, but they agree not to count sick leave, that is just a third of \$190,000, I don't know if that's how that works out.

Mr. Baublitz: I don't think either party at this time can give you an exact number.

Commissioner Quesada: I'm going to make another motion on Article 14, my motion is going to be to impose the City's contract on it; however, paragraph 11(a) and 11(b), and I know I maybe knit-picking here, but this is – paragraph 11(b) with relation to working in a higher classification, so my motion would be to impose 14 without the revisions delineated in 11(a) and 11(b).

Mayor Cason: What's the money associated with (a) and (b)?

Ms. Heekin: \$13,000.

Mayor Cason: \$13,000 for (a)?

Ms. Heekin: \$13,000.

Mayor Cason: For both?

Ms. Heekin: Correct, for both.

Mayor Cason: OK, we have a second?

Commissioner Quesada: Well, do we have any discussion?

Mayor Cason: Do we have discussion on that?- \$13,000 on (a) and (b) would be the savings.

Commissioner Anderson: To remove the City's portion of it?

Commissioner Quesada: To leave the language the way it exists today.

Mayor Cason: Except for (a) and (b).

Commissioner Quesada: Except for (a) and (b), so 14 is the proposal except for changes in 11(a) and 11(b).

Vice Mayor Kerdyk: The proposal that the City is making?

Commissioner Quesada: The City, I'm sorry, the contractual imposition of the City, to be clear.

Mayor Cason: The modification is dropping (a) and (b) from the City's, is that correct?

Vice Mayor Kerdyk: So accepting everything else the City is proposing?

Mayor Cason: Yes, in Article 14.

Commissioner Quesada: In Article 14, correct.

City Attorney Leen: Excuse me Commissioner, just a point of clarification, what about (d)?- does that involved in yours or not, because it seems to be similar to (a) and (b).

Mayor Cason: Is there a number associated with (d)?- savings on 11(d)?

Ms. Heekin: There is no separate number on 11(d); the additions of (c) and (d) are just further clarification on paragraph 11.

Mayor Cason: So all 11 is \$13,000?

Ms. Heekin: Yes.

Commissioner Quesada: But let me rephrase because I missed (d), so it would be just to leave not make any modifications to paragraph 11.

Commissioner Cabrera: What's the dollar value in this?

Commissioner Quesada: \$13,000.

Commissioner Cabrera: This is the nickel and dime part that just kills me.

Mr. Baublitz: With all due respect Commissioners and Mayor this affects working conditions for every member, I mean, you are talking about changing shift differential pay. The 207k schedule, I mean, we still want to attract people to the City, you can't, I mean you can, but it's not a helpful thing there to impose what you are asking at this point, I mean the cost savings – and I'll go back to Ms. Bellows presentation, you guys have the money, to do this is not beneficial for the Police Department, it's not beneficial for the City, and the citizens, it's just not.

Commissioner Anderson: For that small amount of money?

Vice Mayor Kerdyk: He is saying the whole article here is not...

Mayor Cason: So Frank your motion is still on the table dropping Article 11 entirely?

Commissioner Quesada: No, dropping paragraph 11 of Article 14.

Mayor Cason: Paragraph 11 of this Article 14.

City Attorney Leen: So just to clarify then the motion is that Article 14 will have all the changes put in by the City except for paragraph 11 which will remain status quo.

Commissioner Quesada: That's correct.

City Attorney Leen: And that's being imposed and there needs to be a second.

Vice Mayor Kerdyk: The only issue I have with this article, I hate to tell you, is the work week portion of it. The overtime, the shift differentials, that's the issue that I have is what we were talking about before, the work week issue of it.

Mayor Cason: What do you propose?

Vice Mayor Kerdyk: I'd strike it.

Commissioner Quesada: And what's paragraph is that?

Vice Mayor Kerdyk: I think that's on paragraph 3.

Ms. Heekin: That would be paragraph 2; you are talking about the 7k?

Vice Mayor Kerdyk: Yes.

Ms. Heekin: The 7k that the City's description...correct, that's paragraph 2; paragraph 3 addresses the FLSA overtime.

Mayor Cason: Is that the one with the 190 attached to it?- \$190,000 or the \$119,000?

Ms. Heekin: Two (2) doesn't have a cost proposal with it.

Vice Mayor Kerdyk: The working conditions.

Mayor Cason: Just the working conditions.

Ms. Heekin: Exactly – the 190 is the actual hours worked, is paragraph 3.

Commissioner Quesada: If I were to amend that motion to remove, well actually to not make those changes in paragraph 2, is that something you can work with?

Vice Mayor Kerdyk: Say it again.

Commissioner Quesada: So adopting – your concern you don't like paragraph 2, if I take paragraph 2 out of my motion is that something you are OK with it?

Vice Mayor Kerdyk: Yes.

Commissioner Quesada: So, I'll amend my motion in that regard.

Vice Mayor Kerdyk: I'll second.

Mayor Cason: Any more discussion on that? Alright, so we have a motion by Commissioner Quesada.

City Attorney Leen: The motion is that Article 14 would be the City's proposed language except for the changes to paragraph 11, which remains status quo, and paragraph 2, which remains status quo.

Vice Mayor Kerdyk: Yes.

Mayor Cason: Yes.

Mr. Hoff: Mr. Mayor just for reference if you are taking out the 207, the 207k, that is referenced throughout the entire article both in 3, in 4, and in 5.

Ms. Heekin: When we prepared the agreement to go for ratification or what's actually getting imposed, if you're imposing the provision without the 207k in there we would take those references out.

Vice Mayor Kerdyk: You would take it out, all throughout.

Ms. Heekin: Exactly, it would come out of all the paragraphs.

Mayor Cason: Does it cause any other problems?

Vice Mayor Kerdyk: No.

Ms. Heekin: No, we just take those references out.

Vice Mayor Kerdyk: That's fair.

Mayor Cason: City Clerk.

Commissioner Quesada: One quick second, can you just review it one more time to make sure we are not going to have any issues by removing the 207 with the rest of the language. You are confident that there is not going to be any other technicalities that will be...

Commissioner Anderson: Unintended consequences.

Mr. Mattimore: [Inaudible – off mic]

Vice Mayor Kerdyk: It's not going to affect anything else, OK. Thanks.

Mayor Cason: City Clerk.

Commissioner Quesada: Yes

Commissioner Anderson: No

Commissioner Cabrera: No

Vice Mayor Kerdyk: Yes

Mayor Cason: Yes

(Vote: 3-2)

Mayor Cason: You want to go to Article 15?

Commissioner Quesada: OK. This is a big one. Sorry, I'm not as prepared for this one.

Mayor Cason: This is \$510,000, is that correct?- \$510,000 this article, that's the value of that article?

Ms. Heekin: Actually the reduction in wages is 510 (thousand).

Commissioner Cabrera: And it's interesting.

Ms. Heekin: Yes, that's it.

Commissioner Cabrera: Ms. Heekin, its 510, and according to that one sheet of paper that's in the proposal from the FOP, as well as what we received earlier this morning, their number is 445.

City Manager Salerno: No.

Commissioner Cabrera: I'm sorry.

Mr. Linn: [Inaudible – off mic].

Mr. Linn: It's a 5 percent reduction, so it just depends on what payroll number you are using with the 5 percent.

Mayor Cason: So roughly, Article 15, paragraph 1 is something in the order of....?

Mr. Linn: \$500,000.

Mayor Cason: \$500,000 plus or minus \$25,000 or something of that sort, that's the bulk of this.

City Manager Salerno: That would bring them to the equivalent close to of the 10 percent contribution.

Mayor Cason: That's the 9 and-a-half (9.5) you mentioned. Paragraph 2 of that, is that the \$26,000?- the merit increase?

Ms. Heekin: Yes, that's the loyalty increase \$26,000, it's actually paragraph 2, I'm sorry.

Vice Mayor Kerdyk: How about paragraph 3?

Ms. Heekin: Paragraph 3 is the loyalty and that's \$26,000.

Mayor Cason: Alright, then what's merit?

Ms. Heekin: Paragraph 2 is the merit increases, that's status quo.

Commissioner Cabrera: So paragraph 1 represents according to the City \$500,000, correct?

Mr. Linn: Right.

Commissioner Cabrera: OK. Paragraph 2, which is on loyalty pay, represents how much to the City?

Vice Mayor Kerdyk: That's paragraph 3.

Commissioner Cabrera: No, its 2 and 3.

Vice Mayor Kerdyk: Merit pay he said is a white-wash.

Commissioner Cabrera: I'm looking at the cliff notes.

Vice Mayor Kerdyk: Oh, I'm sorry.

Commissioner Cabrera: I'm looking at the cliff notes. So loyalty pay is a wage increase based solely upon longevity, it results in an automatic and compounding increase at 10, 15, and 20 years of service. Loyalty pay like all percentage based add-on has a compounding effect that magnifies the amount far beyond the simple 5 percent. What's the dollar amount?- or is this the wrong question to ask?

Ms. Heekin: The dollar amount on the loyalty pay is \$26,000.

Commissioner Cabrera: OK, that's in 10, from October 2012 to September 2013.

Ms. Heekin: Correct, that's for the upcoming fiscal year.

Mr. Linn: That's reducing it from 5 to 3.

Commissioner Cabrera: So to reduce it from 5 to 3.

Mayor Cason: So each percent is \$100,000, roughly \$100,000, is that correct?

Mr. Linn: Yes.

Mayor Cason: What do you all think in terms of the number?

Commissioner Anderson: Average final compensation is 5 to 3, is that what we are talking about?- 5 to 3.

Mayor Cason: Each percent is \$100,000. Frank, any thoughts?

Commissioner Quesada: Yes, I'm supportive of the City's position as to paragraph 1, as to paragraph 3; I think I'm a little less in favor of that.

Mayor Cason: Of paragraph...?

Commissioner Quesada: Paragraph 3 the loyalty pay.

Mayor Cason: OK. Bill.

Vice Mayor Kerdyk: I'm pretty much like that too; I'm supportive of 1 and 3 – I'd like to keep the 5 percent.

Mayor Cason: And I think I would agree; keep 1 drop 3. Ralph.

Commissioner Cabrera: That's fine.

Mayor Cason: OK. Maria.

Commissioner Anderson: Go for it.

Mayor Cason: OK. So I think it's unanimous.

Commissioner Quesada: I'll make the motion.

Mayor Cason: Commissioner Quesada makes the motion.

Vice Mayor Kerdyk: Second.

Mayor Cason: Vice Mayor seconds.

City Clerk

Mr. Baublitz: I'm sorry, could you say that again.

Mayor Cason: We have agreed or are going to agree to keep Item 1, which is the 5 percent wage reduction and drop the reduction on loyalty pay from 5 percent to 3.

Mr. Hoff: And everything else is status quo or you are...?

City Attorney Leen: Verify the motion – so you'll be accepting the language of Article 15, except that, as presented by the City, except that number 3 will remain as status quo.

Commissioner Quesada: In other words, we are imposing the City's language, except as to paragraph 3.

Mayor Cason: Keeping 4 and 5, OK.

City Clerk

Commissioner Anderson: Yes

Commissioner Cabrera: Yes

Vice Mayor Kerdyk: Yes

Commissioner Quesada: Yes

Mayor Cason: Yes

(Vote: 5-0)

Mayor Cason: Article 18.

Commissioner Cabrera: What article are you on?

Mayor Cason: 18. What's the dollar?- do you have a dollar figure on 18?

Ms. Rind: There is no dollar figure on 18.

Commissioner Cabrera: When we are done with Article 18, can I ask a question about the domestic partner benefit just to get some clarity on it?

Commissioner Quesada: Do you want to discuss it right now, we haven't started on 18.

Commissioner Cabrera: Well, I just wanted to know under the domestic partner benefit, I realize it's sick pay, bereavement pay, I got to find it.

Mayor Cason: It says bereavement leave, sick leave, family leave...last page here, so bereavement, sick and family.

Commissioner Cabrera: Nothing with benefits with regards to giving them the ability to have the same benefits as their partner as a dependent?

Mayor Cason: How does health fit in with that?

City Manager Salerno: In the case of police, they run their own health plan, so it would be up to them to make a decision as to if they wanted to extend it, it's not within the City's purview.

Commissioner Cabrera: That's why it wasn't in here.

City Manager Salerno: That's why it's not in here.

Mr. Hoff: Part of the issue on that is we can't move forward with the health trust until the City adopts an ordinance....

Commissioner Anderson: For the domestic partnership.

Mr. Hoff:...for the domestic partnership.

Commissioner Cabrera: So adopting this gives you the ability to now make it inclusive into the health trust?

Mr. Hoff: No, because this only affects the FOP, you the Commission will have to adopt a City ordinance for the domestic partnership before we can offer it as an insurance, offer any kind of insurance benefit.

Commissioner Cabrera: You mean to tell me that if you had this ordinance passed, you couldn't go back to your carrier or your administrator, your health plan administrator and say, we now have this ordinance in place and we'd like to recognize domestic partners in terms of dependent benefits.

Mr. Hoff: Yes, that's what I'm saying, that's what we need is that in the form of an ordinance.

City Manager Salerno: No.

Commissioner Cabrera: The Manager was just correcting me and I think he's absolutely right in terms of once you – you want to go and clarify?- no, go ahead.

Mayor Cason: And Craig you had something you want to say on that?

City Attorney Leen: Well, it was similar to what the Manager said, it was that this issue has come up and the position of the City has been that we will do this through the collective bargaining process. The only reason he said the health benefits are not in this one, although it's our position that it should apply to health benefits too generally, but through the collective

bargaining process here though we can't do it because like as was said, we don't control the health plan; but now whether they need an ordinance of the City to do that...

Commissioner Cabrera: I've dealt with this before, I've dealt with it in Broward County; the way I understood it was, once the municipality or the governing entity comes up with an ordinance, then that collective bargaining unit can go back to their carrier or administrator and say, OK, now this is a benefit that we must provide to domestic partners, and the carrier has no choice or the administrator has no choice but to accept it, because it's been ratified or its been passed as an ordinance.

Mr. Hoff: Correct. Once it's an ordinance, that's what we've been told, once it's an ordinance then we will be, we will offer it as an additional benefit.

City Manager Salerno: We don't designate any benefits, you negotiate those all yourself.

Commissioner Cabrera: No, you're right, but the carrier whomever they deal with to deliver their insurance has to have an ordinance that directs them to provide that benefit, otherwise they don't have to do it.

Commissioner Anderson: They don't have a legal leg to stand on.

City Attorney Leen: I think as a legal matter you are saying you want an ordinance basically requiring that to everybody...

Unknown Speaker: [Inaudible – off mic]

City Attorney Leen:...Is that because your health insurance company won't do it?

Mayor Cason: Well that's something we have to bring up in another session.

City Attorney Leen: I'm not sure I completely agree with you, but we'll talk with labor counsel and try to figure that out.

Vice Mayor Kerdyk: And try to bring it up as soon as possible too, let's get that...

Mayor Cason: Alright, Article 18, there is no cost involved, so is this basically dropping the Captain?

Mr. Mattimore: There are three things Mr. Mayor, if you drop the Captain...[inaudible – off mic]...second page, section 9 on that page...[inaudible]...7 percent for seniority and developing...taking that requirement out, and it's also saying on the next page where there is...

Commissioner Cabrera: How does that affect the pension plan Mr. Mattimore?

Mr. Mattimore: Inaudible.

City Manager Salerno: Which one?

Commissioner Cabrera: The one that you just gave us, the item that you just gave us.

Mayor Cason: The 7 percent bonus that's on points.

Mr. Mattimore: That 7 percent....[inaudible]...

City Manager Salerno: It has no effect on anything financial.

Mr. Mattimore: [Inaudible].

Mayor Cason: Was that taken out of his proposal because it's unusual, not common elsewhere?

Mr. Mattimore: [Inaudible].

Mr. Baublitz: If I may, most agencies get some kind of seniority benefit or points for their seniority on the department, their experience; some give 5, some give 7, I don't know how you don't give any points for experience on the job.

Mr. Mattimore: [Inaudible].

Mayor Cason: So it's leaving flexibility to the tester to decide.

Mr. Mattimore: Inaudible.

Mayor Cason: So it can go either way higher or lower.

Vice Mayor Kerdyk: I don't think this is one of our big issues.

Mayor Cason: It's not a major one. What are the other items in here?

Mr. Mattimore: The last item is that when you have a promotional pool...[Inaudible]...

City Manager Salerno: In the case of the Chief making a promotion, right now he deals with the top three on the list, that's who he chooses from, this allows the Chief to chose from the top five instead of the top 3, that gives the Chief more flexibility in making that selection on a promotion.

Commissioner Quesada: And he has more options.

City Manager Salerno: Yes.

Mr. Baublitz: But the option on that though is unlike a Lieutenant's test you might only have four or five people, and right now with the Rule of 3, the Chief can pick from the top 3, but he also has the Rule of 3, so he can actually skip 1, 2 and go straight to 3, if he chooses. If you give them the top 5 now he can go from 1 to 5 and basically what they are doing is especially a small list like the Lieutenants list is you are just picking whoever you want, you are picking a friend; the testing process is no longer an issue.

Mayor Cason: In reality does that happen?

Mr. Baublitz: It can happen, it can happen.

Commissioner Cabrera: It can happen.

Mr. Baublitz: We've had it this way for, I guess since the department started, I don't know why all of a sudden this is an issue, other than Vice President Randy Hoff is sitting second on the list.

Mayor Cason: This is not a major...

Mr. Baublitz: No.

Mayor Cason: Alright, does somebody want to make a motion on 18?

Vice Mayor Kerdyk: So moved.

Mayor Cason: The Vice Mayor makes a motion accepting, impose it as it is, we have a second?

Commissioner Quesada: I'll second.

Mayor Cason: Commissioner Quesada makes a second.

City Clerk

Commissioner Cabrera: No

Vice Mayor Kerdyk: Yes

Commissioner Quesada: Yes

Commissioner Anderson: No

Mayor Cason: Yes

(Vote: 3-2)

Mayor Cason: Sick leave is \$20,000, is that what we are talking about?- excuse me, \$22,000.

Mr. Baublitz: Every agency has a higher sell at the end of their career than we do basically...

Vice Mayor Kerdyk: Say again, I'm sorry, say that again.

Mr. Baublitz: Almost every agency has a higher cap, like a thousand (1,000) hours, 400 hours, 500 hours, 600 hours, whatever it is; the issue of – now saying that if you are only going to get half of it, if you are only going to get the 200 hours out of the 400 hours, why wouldn't people just call in sick and use their time, I mean this is counter-productive, and it's not an overly huge benefit compared to other agencies, we are not even on par.

Vice Mayor Kerdyk: I don't need this, well I'm not going to impose it, I'm not going to vote for it.

Mayor Cason: Any other discussion on Article 27?- Maria?

Commissioner Anderson: This isn't one that you agreed on, right?

Commissioner Cabrera: No.

Vice Mayor Kerdyk: No, I'm not going to impose...

Mayor Cason: \$22,000 is the monetary value of it.

Vice Mayor Kerdyk: I just don't see the reason, the rationale.

Commissioner Quesada: So the difference here on 27 is, currently the way it is, we pay 100 percent of unused time up to 400 hours, and the City's contract it would be paying 50 percent of the unused sick time, is that correct?- do I have that correct?

Mr. Mattimore: At the point of retirement.

Commissioner Quesada: At the point of retirement.

Commissioner Cabrera: I don't think the votes are there.

Mayor Cason: Well we can have a motion...

Ms. Heekin: It's after 7 years, after they have been employed for 7 years that's the benefit.

Commissioner Quesada: OK, and I was going to look at it here, but maybe you can tell me quicker, other cities, what are other cities doing with this provision?

Mr. Baublitz: Let me look. Commissioner Quesada if you go to 18 of our chart.

Commissioner Quesada: I'm sorry, I can't hear you.

Mr. Baublitz: 18 of our chart you'll see the comparison that we have with other cities, and we have one of the – I'm sorry, its 19, if you go to 19, page 3, it shows the breakdown of different agencies, Hialeah is unlimited, Miami is 100 percent of 1,000 hours, 50 percent of the next 1,000, Miami-Dade 1,000 hours, North Miami 1,000 hours, Homestead 880, the next one is 600, so we get one of the smallest payouts; and the issue there too is like I said before, you are going to have people, if they are not going to get compensated for it, they are going to use it, they are going to call in sick, which is going to create more overtime which is going to be more of a problem.

Mayor Cason: That happens in the federal government.

Commissioner Anderson: And staffing is a problem, it's already a problem, from what I hear too.

Vice Mayor Kerdyk: So basically I want to leave it like it currently is in the contract and not implement or impose...

City Attorney Leen: If you don't impose, it just remains status quo...

Vice Mayor Kerdyk: OK.

City Attorney Leen:...and then they can get the union to negotiate.

Vice Mayor Kerdyk: So we don't have to do anything...

Mayor Cason: So are we agreed, we are not going to impose this?

Vice Mayor Kerdyk: Right, I'm not going...

Mayor Cason: Anybody disagree?

Commissioner Anderson: No.

Commissioner Cabrera: I don't think that's the case.

Commissioner Anderson: Do we have to do any vote?

City Attorney Leen: Well Article 27, is there a dispute?

Mr. Baublitz: I think you've got to vote it status quo.

City Attorney Leen: What is your position though?- is your position status quo?

Mr. Baublitz: Status quo.

City Attorney Leen: Your position is status quo, and your position is...?

Commissioner Quesada: I'm going to make a motion; I'm going to make a motion whether it survives or dies, but I think it will clarify things. I'm going to make a motion to impose the City's contract on this provision.

Mayor Cason: Do we have a second?- so it does not pass.

Commissioner Cabrera: Now we have to take a vote on the....

Commissioner Anderson: Status quo.

City Attorney Leen: Because it's a disputed item, it looks like both parties are treating it as a disputed item, so you would have to impose, even though it's a status quo.

Commissioner Cabrera: I therefore make a motion to impose the status quo.

Commissioner Anderson: I'll second that.

Mayor Cason: Commissioner Cabrera makes a motion to...

Vice Mayor Kerdyk: Impose the status quo, I think he said.

Mayor Cason: ...impose the status quo, Commissioner Anderson seconds it.

City Clerk

Vice Mayor Kerdyk: Yes

Commissioner Quesada: Yes

Commissioner Anderson: Yes

Commissioner Cabrera: Yes

Mayor Cason: Yes

(Vote: 5-0)

Mayor Cason: Article 29, Employee Organization and President, the value on this is...

City Manager Salerno: \$196,000 – what it really does, it's not a savings, right now, John you can respond, I'm sure, to what I'm going to say, but right now the cost of the union President not doing providing a direct benefit to the taxpayers is \$196,000, by eliminating the detached the FOP President would go back to work as a Police Officer, as a Sergeant and start providing public safety services to the residents of the City, instead of the City paying him to do union business on City time.

Mayor Cason: What other cities in Miami-Dade have, you may have raised this before, but have a paid President that does not have to basically go on the street?

Ms. Rind: City of Miami has three detached officers; PBA (Police Benevolent Association) has a number of detached officers, Miami Beach.

Commissioner Quesada: I thought Miami-Dade County, Miami Beach, and Hialeah did not have.

Mr. Baublitz: Miami does, they are PBA.

Mayor Cason: Mr. Mattimore, what is your information and then we'll compare it.

Mr. Mattimore: [Inaudible – off microphone]...

Commissioner Cabrera: That's your information and the other side is saying, for example Miami-Dade County does have detached personnel...

Mr. Baublitz: They have a PBA.

Commissioner Cabrera: Miami Beach which is not used for comparative purposes has personnel that are detached.

Mr. Baublitz: And I take offense that I don't provide a service to the citizens. I do a lot with different citizen groups, but my most important job is representing the men and women that protect you; they get complaints all the time, it's part of the job. You know you have 170 officers out there doing a job and they look to me for representation when they get complaints, they look to me when they get in trouble. We run our health insurance. My job isn't just, there is not just one part or aspect to my job there are many aspects to my job. We are doing a presentation at the Ponce Business Association soon. We take phone calls all the time from different citizens asking questions. Our FOPA is very strong in the community, I attend the Crime Watch meetings, I'm the Vice President of the Crime Watch Board, and I know I'm going to miss stuff, but the most important thing is you need somebody to protect the men and women that protect you. If it's a shooting, if it's something – from extreme as a shooting to a simple complaint, they deserve the best representation they can get.

Mayor Cason: My question is this, Fire doesn't have one, Teamsters don't, is that correct?

City Manager Salerno: That's correct.

Mr. Baublitz: The Teamsters President is – he doesn't work for the City, thank you.

City Manager Salerno: That's exactly right; and the taxpayers of the City are not paying...

Mr. Baublitz: The Firefighters they are different; their job, they don't get a lot of complaints, let's be honest, they run and they put people in the ambulance and take them to the hospital, or they put out fires. They are not dealing with domestic violence and home burglaries and robberies and different things like that and...arrested traffic stops, and I can finish, the

firefighters also they work a schedule where 48 on 48 off, they also get compensated by their union handsomely, there are different benefits that they get while they do it, it's not the same, you are not comparing apples to apples.

Ms. Rind: And so you know there are many bargaining units at the County all of them have full time relief.

Commissioner Cabrera: Detached, detached personnel.

Ms. Rind: Yes, full time relief; 121 have multiple employees, at Jackson where they just had a crisis their President is on full time relief...

Commissioner Cabrera: Government supervisors.

Mayor Cason: But of the 35 cities in Miami-Dade how many...you pick six, are there...the ones that have Police Departments.

Mr. Hoff: Mayor Can I make another observation? Again, this seems to be a hotly debated issue, but if you look in the contract one of the items that the City is striking out of the language in the contract is the fact that several years ago, we gave up a floating holiday, the Police employees gave up a floating holiday to fund a position, it's been written in the contract ever since then so other employees, I presume the general employees and the Fire employees still have their 3 floating holidays, where we only have 2 floating holidays that we utilize to fund this position.

Commissioner Anderson: So you are saying the full funding of the detached President is by that floating holiday.

Mr. Hoff: I think it really depends on whose numbers you use.

Mayor Cason: Let's start to get a sense – you are saying you've already paid for it?- is that what you are saying?- you paid for it years ago giving up one of the floating holidays every year.

City Manager Salerno: The norm today is 3 floating holidays; every contract – it's not like you negotiate one you get a benefit and it's for life, today the norm is 3 floating holidays, the FOP has 3 floating holidays.

Mr. Hoff: No we don't, we have 2, we only have 2.

City Manager Salerno: Excuse me, excuse me, it's 2; the point of the matter is it's costing the City today \$196,000 to the taxpayers to pay for a union representative and the idea was to put the Sergeant back on the street, that was what the basis of the proposal was, so that the taxpayers get benefits for this, instead of having the City spend...

Mr. Baublitz: There is no way its \$196,000, if every employee gives up a floating holiday...

Mayor Cason: A part from how much it is looks like before you had 1,000 hours of administrative leave, is that enough to do?...

Mr. Baublitz: No, it's not enough to do, and the fact that we have that 1,000 hours, it's for our members to go to training classes, to go to state conferences, to take certain leaves to be here for days like this, and you know in that contract, and I don't think the City has even recognized that, is that rolls over every year, so those are huge values to that 1,000 hours, and that's something we are going to have to look into, but let's call it what it is, this is union-busting; this is Mr. Salerno's way of telling me that I didn't play ball, that I fought him on different articles and we went to arbitration that I had to fight him, and think about this for a second, we weren't going to make promotions for Sergeants or we were going to go with fewer Sergeants on the road than we needed, we had to file an arbitration on that, we had to file a grievance, and that's the issue here. I did not roll over and allow him to do what he wanted to do; there are checks and balances in this world and this is what this is, it's a check and balance.

Ms. Rind: Can I get a clarification because I'm hearing a \$196,000 number and when the City presented their cost savings it's only \$6,400 that the President would save.

Mr. Mattimore: We explained that, we explained, it's both the \$190,000....\$6,000 floating through that from your organization, so we still save...

Mr. Baublitz: Basically what they are saying is that the \$10,000 that is provided by the membership somehow cost the City \$6,400, I still to this day don't figure that one out.

Commissioner Cabrera: How does this affect the pension?- how does this article affect the pension plan?

Mayor Cason: I don't think this affects the pension; this is a question of....

City Manager Salerno: It does in this regard, that the pension contribution, the 64 going to 72 percent on the salary is not being used for public safety services, it is being used for union support, so the taxpayers of the City are supporting the...

Mr. Baublitz: If you think that representing the men and women that risk their lives every day for you that live in the City is trivial, not important...

City Manager Salerno: I didn't say trivial, I said...

Mr. Baublitz: Well why would you do away with the position?

City Manager Salerno: Very simply....

Mr. Baublitz: And it's not a matter of me, I won't be here forever, and it might be the next person, but they deserve whoever sits in this chair after me, the men and women deserve to have somebody in that chair to look out for them and their rights.

City Manager Salerno: I would say in the case of the other cities, the vast majority of them do not have taxpayer supporting the union operation. Let me correct myself, because the principal is correct, the standard today here is 2 floating holidays, and that's what I'm trying to say, North Miami 2, North Miami Beach 2, Homestead 2, Hialeah zero, South Miami 1 floating holiday, Miami-Dade County, 1 floating holiday, City of Miami zero floating holidays, and the only city we found that had more than 2 was the City of Miami Beach. So what we are saying is the standard today in Miami-Dade County is 2 floating holidays that's what the union currently has.

Mayor Cason: What's the cost of a floating holiday?- just to know, is it a little bit?- is it a lot?

Mr. Mattimore: We believe it's in the nature of \$36,000.

Mayor Cason: \$36,000 – total?- for Police?

City Manager Salerno: I don't want to have the IAFF the Fire union starting to ask for, he wants to be paid and detached, and a Teamster.

Mr. Baublitz: We've had a FOP President for....

Vice Mayor Kerdyk: For how long?

Mr. Baublitz: For over 20 years.

City Manager Salerno: No.

Mr. Baublitz: Yes, you have, there was one when I got hired and I've been a Police officer for 20 years.

City Manager Salerno: I'm sorry, what did you say?

Mr. Baublitz: There has been a FOP President detached for over 20 years.

City Manager Salerno: I thought that was done in 2000 and...?

Vice Mayor Kerdyk: '92.

City Manager Salerno: '92 – regardless, that compounds the situation.

Mr. Baublitz: So we protect our officers for 20 years and now we don't want to.

City Manager Salerno: You are still able to protect it; you are just not doing it on taxpayers...

Mr. Baublitz: Not as well as they deserve.

Mayor Cason: Let me make a suggestion, let's hold this in abeyance for a minute, let's finish up the others and come back to this. Let's go to 30.

Vice Mayor Kerdyk: 30 – OK.

Mayor Cason: Now how does 30 fit in with what we've done already?

Commissioner Quesada: I'm going to make a motion to impose Article 30.

Commissioner Anderson: Does it have any impact on any other stuff we are doing?

Mayor Cason: Any impact on anything else?- maintaining existing policy with merit increases, loyalty steps, leaves of absence, defenses of lawsuits, educational training and injuries.

City Attorney Leen: I would want to say something on that. In terms of defenses of lawsuits this issue was brought to me. I just want to make it clear for purposes of the Commission, the public, and the Police that my office under the City Attorney Ordinance has the discretion to represent individual Police officers, it's an honor to do so and we do, do so. I don't anticipate that changing regardless of this language is here or not. As a general matter we try to represent the

department and of course the individual Police officers unless there is a conflict of interest and then we follow the Florida Statute with regards to that. Just want to....

Commissioner Quesada: And I would agree that this article removing it has no effect on....

City Attorney Leen: Has no effect on that, that's in another ordinance and that's my discretion and I've already stated what I would do.

Commissioner Quesada: So motion to impose 30.

Mayor Cason: Motion by Commissioner Quesada seconded by the Vice Mayor.

City Clerk

Commissioner Anderson: Yes

Commissioner Cabrera: Yes

Vice Mayor Kerdyk: Yes

Commissioner Quesada: Yes

Mayor Cason: Yes

(Vote: 5-0)

Mayor Cason: Let's move to 31, Annual Leave, what's again is the cost of annual leave, this article?

City Manager Salerno: That's not a real savings because either way you either save \$160,000 if people don't cash it out, but either way – they are not losing something because they would simply use their annual leave, so it's the ability to cash it out which affects the reserves versus them using their annual leave, and to that extent if you are concerned about Police officers taking time off to get rest and get away from the job then we should be encouraging them to take their annual leave instead of cashing it out and not having that break.

Mayor Cason: We are seeing a minimum of one week 40 hours per fiscal year.

Vice Mayor Kerdyk: No, that's not what it says.

Mayor Cason: Each employee may take minimum of one week annual or compensatory leave each fiscal year.

City Manager Salerno: This is just a sell back of....

Mr. Baublitz: Basically they want to take out the hours.

Commissioner Cabrera: Mr. Mayor, if it's OK, I'd like to....

Vice Mayor Kerdyk: We are getting down to the end.

Mayor Cason: Let's get the points of view; go ahead what's your point of view on...

Mr. Baublitz: You know we are taking cuts in pay all over the place.

Vice Mayor Kerdyk: Pardon me?

Mr. Baublitz: We are taking cuts in pay all over the place throughout what we are doing today, and the 80 hours, we gave up the 160 in the last year counting toward, we were agreeable on that, counting toward pension, but to take away the 80 hours per year to be able to sell, or our members to help themselves financially and especially in hard times. You saw what the cuts; the contributions and everything else that have taken place, how it's affected the member's bottom line. So here's just a simple way just to help them out and it's their leave, it's their time, they are just asking to sell 80 hours.

Vice Mayor Kerdyk: Does this affect the pension at all?- the 80, selling it?

Mayor Cason: No impact at all.

Vice Mayor Kerdyk: No impact on the pension because either you take it now or you take it later on.

City Manager Salerno: No it doesn't.

Mr. Linn: This definitely affects pension.

Vice Mayor Kerdyk: It does?

Mayor Cason: How does it affect pension?

Mr. Linn: Well right now....

City Manager Salerno: Well you haven't addressed pension yet.

Mr. Linn: Right – but it also addressed in the Pension Article, so right now this sell back of annual leave is included as pensionable earnings.

City Manager Salerno: So it is a way of inflating the salary.

Mr. Baublitz: It's not going to be in the future, that was something as soon as we sign this contract, the annual leave won't be able to count toward pension. We are not asking the 80 hours to count to be pensionable; we are asking the 80 hours to be able to sell it, so our members can have a little financial relief at difficult times in their lives.

City Manager Salerno: The Commission hasn't addressed that issue yet, they have not addressed that item.

Mr. Baublitz: So maybe we should address that item.

Vice Mayor Kerdyk: So maybe we should address that item first, is that in the Retirement System?

Mayor Cason: 38.

Vice Mayor Kerdyk: 38, is that where that is at?- maybe we should do 38.

Mayor Cason: We will hold off on 31 as well as 29 and go to 38.

Commissioner Quesada: I'm missing 38 from my package.

Mayor Cason: Retirement Systems.

Commissioner Quesada: Yes, mine is missing.

Mayor Cason: Somebody has a copy of 38.

Commissioner Quesada: Thanks.

Mayor Cason: Can you run through this again for us what's involved in 38?

Mr. Linn: The benefit changes are in Section 1; 1(a) is the reduction in the multiplier, which applies only to future service, so people keep whatever accrued benefit that they've already

earned, and going forward the multiplier will be 3 percent for the first 10 years of service, and 2.5 percent, thereafter.

Commissioner Anderson: And that's in keeping with other employees, is that right?- the other....

City Manager Salerno: It's actually better than the other employees have.

Mayor Cason: The others are 2.25?

Mr. Linn: The general employees went to 2.25.

City Manager Salerno: General went to 2.25.

Mayor Cason: So this doesn't take effect for 10 years?

Mr. Linn: No, it takes effect immediately.

Mayor Cason: The reduction of the 3 percent.

Mr. Linn: The reduction only applies to years after an employee has 10 years of service, it's not like this kicks in 10 years from now, it's implemented for service from now forward.

Mr. Baublitz: So people who have worked 15 to 20 years, 23, 24, 25 years are having that multiplier changed from 3 to 2 ½, and they don't have options other than just to take it. You basically told people when they signed up for this job that you are going to get certain benefits and certain pay raise, and now 20 years into it you are going to turn around and change the rules. How do you look at somebody that's got 3-5 years left and tell them that the multiplier has changed, honestly how do you tell a person you just hired yesterday this is your package and you turn it around and change it. It's not right.

City Manager Salerno: I would say it's been done all over the United States, we've already done this, we've done it for management, it applies to directors....and it applies to 350 Teamsters, that's over half the workforce that it now applies.

Mr. Linn: The leading case in Florida on reduction of pension benefits is the Florida Sherriff's Association case, which was decided years ago, and it involved a reduction in the multiplier for special risk under the Florida Retirement System from 3 percent to 2 percent per year, and the Florida Supreme Court upheld that.

Mayor Cason: (a) is....

Mr. Linn: (a) is the reduction of the benefit multiplier; 1(b) is the change in the normal retirement date to go from the current rule of 70 or age 52 with 10 years of service, or age 55 to age 55 with 10 years of service or 25 years of service regardless of age. However, anybody who now has 10 or more years of service is grandfathered in to the current normal retirement condition. So this changes the new retirement ages would only apply to people with less than 10 years of service now and new hires; (c) is the early retirement benefit and the proposal is to eliminate the early retirement benefit; (d) is the change in the average final compensation to go to a 5-year average transitioned in over the next two years to replace the current three-year average.

Vice Mayor Kerdyk: Is that how we did it for management?

City Manager Salerno: Yes.

Commissioner Anderson: Yes, management is actually less, I think.

Mr. Linn: (e) is the definition of pensionable earnings, which would basically do the same thing that was done previously for general employees and management employees to make the definition for pension purposes the regular pay, temporary assignment pay, disability pay, holiday pay, incentive pay, loyalty pay, pay for leave that's actually taken, but basically exclude everything else and the significant items there are overtime, shift differential, the annual sale of sick and annual leave and the special unit allowance.

Commissioner Quesada: Quick question for you Mr. Linn, it says, but excludes – I know there is a Florida Statute that says that they are allowed the overtime pay up to 300 hours, was that changed?

Mr. Linn: Actually, it now – it was changed in 2011 to basically say that going forward you could eliminate all overtime pay.

Commissioner Quesada: OK. That was my question.

Mr. Baublitz: Again, you keep talking about – no disrespect to my brothers and sisters at the Teamsters or the IAFF, but we are forced to do things that they are not, we are forced to come in and work hurricanes and go to court and have late arrests and again, I go back to do we not want to attract people to this City to work as a Police officer, no one else that I know is going below the 300 hours, why are we going to a base pay retirement?- the effects – we did the 300 hour cap,

we made our sacrifices for the pension, but this is just gutting the whole system, I mean this does not feel like anything but punitive at this point.

Mr. Hoff: I think the other thing that should be pointed out is Mr. Salerno keeps referring to management like they gladly accepted this. I can assure you that there are quite a few people in management that were not real thrilled with the changes that were imposed upon them along with the general employees.

City Manager Salerno: I totally agree with you.

Mayor Cason: I think there are people all over the United States, lots of discussions where people are having to make these sacrifices.

Commissioner Anderson: That's one of the bigger issues we faced early on with multipliers.

Mr. Baublitz: The changes you guys are making now are worse than the cities that have declared financial urgency. We talked about having a comfort zone of \$17 to \$22 million dollars; I think our presentation is showing you, you have it. This is not anything that is going to benefit the City in the long term; again, we've already lowered our standards from at least from a minimum of a 2-year degree to now basically, you graduate high school, you go through the academy, and we'll hire you. We've already done that; and the reasons that we've gotten to that point is because we have lowered we are not competitive, you guys – we'll be lucky if we get the high school students at this point, really I think everybody needs to take a step back and catch their breath because what's happening here?- what you are doing is going to devastate this Police department and that in a way affects the citizens of the City. The reason we don't get civil rights violations is because we hire people, we have accountants, attorneys, working as Police officers, many of my members have Master's Degrees, most of my membership have a Bachelors Degree and you did that 10-15-20 years ago because you had a fair benefit package. You want to attract the best, now what you are doing you are not going to be attracting anybody.

Mayor Cason: That's a prediction that time will tell.

Mr. Baublitz: I can make you an exact promise.

Vice Mayor Kerdyk: I do want to hear an answer from the City staff because that does bother me.

City Manager Salerno: Let me correct Vice Mayor. We haven't lowered the standard, it's still the same.

Mr. Baublitz: That's not true sir, you lowered the standard.

City Manager Salerno: No, the standard is 54 hours of college credit...

Mr. Baublitz: No sir.

City Manager Salerno:...or an Associate's Degree.

Mr. Baublitz: No sir, no.

City Manager Salerno: What is it?- go ahead tell me.

Mr. Baublitz: It's basically a certified Police officer and all that means, it used to be experience, but now...

Ms. Jaramillo-Velez: I think we are talking two different things, we are talking about high school and the 54 credit hours, and then what you are talking about is certified versus non-certified.

Mr. Baublitz: Right – even before you still needed the credits if you were a certified officer to get hired here; now what you are saying is all you need to do is get certified, so we are not getting experience officers.

Ms. Jaramillo-Velez: John we haven't changed anything.

Mr. Baublitz: Well you haven't changed it, but it got changed.

Ms. Jaramillo-Velez: I'm telling you we have not changed it, it's still the same standard.

Mr. Baublitz: It's not the same standards; when I got hired 20 years ago you needed 54 college credits, certified or non-certified. Today you just need to be certified and all that means is you went to the academy, so you can have a high school diploma and graduate the academy, come here work here with no experience whatsoever. So it has changed.

City Manager Salerno: If that was the case – I'm not even agreeing that they'd been changed because I'm not aware that they'd been changed, OK, no one has informed me that they'd been changed. Scott can you come here for a second? The Acting Chief just told me that there's been no change; it's still the same requirement. I'm going to take his word; I've never been informed on it, I'm sorry John that's the Chief.

Mr. Baublitz: How about this – yes, I’m going to say he’s misspoken, because 20 years ago, he is not correct, I’ll tell you 20 years ago how it was...

City Manager Salerno: I’m not talking about 20 years ago, I’m talking about now.

Mr. Baublitz: But that should matter, the reason why we have people with Master’s Degrees and Bachelor Degrees and we have attorneys and accountants is because we had those standards.

City Manager Salerno: But we still have them; you have a Chief that has a law degree, a LLM, and MPA from Harvard.

Mr. Baublitz: And he is in Guantanamo.

City Manager Salerno: I think the standards are high.

Mr. Baublitz: But I’m talking about the officer that responds to the burglary alarm and walks into your house that you can feel secure that he is going to do the right thing. It’s a quality of person; when you have someone that is going to respond to your house because you have an issue you want the highest quality, the highest character person you can get, and you are not going to get that with this.

City Manager Salerno: Nobody disagrees with that.

Mayor Cason: Look, let’s continue, we went down through (c) on this...

Vice Mayor Kerdyk: We’re (e).

Mayor Cason: (e) excuse me.

Mr. Linn: I would like to say one more thing about the definition of compensation, and that is that I just happen to have the Miami Police and Fire Plan with me, and they also exclude all overtime pay, payments for accrued sick leave, accrued vacation leave, comp time, holiday pay, premium time, or any other form of remuneration from their definition.

City Manager Salerno: And that is the largest municipal police force in the county and someone we would compete with and they already did it.

Mr. Baublitz: Yes, they already did it, but they didn't do it because they wanted to. The Commission did not want to impose those things, they had a \$40 million deficit they had to make up for, so they were looking for give-backs. They didn't come up and wake up one day and say, you know what, I'm going to devastate the Police department to where it affects the citizens of this City. Nobody woke up and said they wanted to do that, they did it out of necessity.

City Manager Salerno: They did it because they didn't increase taxes like this City did in 2009, and increase every other fee that they've got. This City did that in 2009, the City of Miami has not. That's all.

Vice Mayor Kerdyk: Just finish with the clarification here because this is an issue that bothers me as far as when John tells me it's going to affect the quality of Police officers. I need some clarification. Jim, you read that one, in other situations that you have, have you seen this encapsulate all these other provisions in there as far as what does not count toward pensionable items?

Mr. Linn: In a number of cities that have implemented pension reform they have reduced the definition of compensation as one of the reforms, and City of Hollywood did that as part of the reforms that they implemented last year. There are other cities around the state that have done that.

Mayor Cason: It's been done at the federal level; basically, in the federal it's just your base pay, they don't even throw in your annual leave or sick leave.

Mr. Barrow: If I may please, I think I speak to this unique standpoint. I've been fortunate enough to train with and train officers, military personnel, from all over this nation. I can speak to you, especially having worked extensively with departments within this region. We hire the absolute highest quality of officer that is out there. The reason that they come here because every recruit that comes to this department comes through me. I am the first training officer that they get. They come here because of the working conditions, the high quality individuals that they work with, and the benefits that they receive here. They are leaving departments like the City of Miami and coming here and I can tell you, I go back to the presentation earlier today, I just have two words if you lower the standards too much and you remove these benefits that attract these high quality individuals it goes back to, and I'm not going to say that it could get this bad, but just remember in the 1980's with the River Cops scenario. You attract low quality individuals and that's the things that come out, you hire high quality individuals and you get this first class Police department that you have here protecting you every day.

Vice Mayor Kerdyk: Jim let me ask you a question. You are hiring mostly 22-25 year olds, is that pretty much?

Mr. Barrow: Not as a rule, I don't do the hiring.

Vice Mayor Kerdyk: OK, since you are speaking on that behalf...

Mr. Barrow: I get them in training; I speak from a training standpoint.

Mr. Hoff: We just hired a gentleman that just retired from FHP; he has over 23 years in law enforcement who came here. Officer Banks, who is here right now retired from the Philadelphia Police Department.

City Manager Salerno: We haven't lowered the standards.

Mr. Barrow: But by taking away what's being proposed here, you are going to remove that incentive to come here. I'm sure that each and every one of you when an officer comes to your door you feel secure when they arrive there, do you not?- I'm sure you do. OK, that is because right now we have the highest quality individuals out there, they are attracted to this department, you are removing that attraction, you are removing that incentive to come here.

Mr. Baublitz: We've had officers from North Miami Beach, Miami, South Miami, the School Board, that are all coming here 4-5 years into the job because of the situations that are happening at other departments. All you have to do is look at Pinecrest; Pinecrest had such low standards that we must have hired 15 officers from Pinecrest, and they finally went to FRS, they had to go to FRS to keep people, and not just train them and have them go to other jobs. Officers are very smart people and just like every other job applicant out there, they shop, and the reason why we picked up so many officers right now is because benefits were good. Now, if they left one department to come here because we had a better benefit package and now you just take it away from them, what do you think that person is going to do?- with 3-4 years on and still young and says, I can go just a little ways down the street and get better pay and better benefits. I hate to say this, but its common sense, if you are going to hire, you hire the best law firm, you are paying them a whole hell of a lot of money, you didn't nickel and dime there, don't nickel and dime with your Police force.

Mayor Cason: Mr. Mattimore is the competition, can you address that across Miami-Dade and elsewhere, the benefits as I understand are going down everywhere, are there many cities that have much better benefits?

City Manager Salerno: That's exactly correct.

Mayor Cason: Isn't that the point; this is happening everywhere.

Mr. Baublitz: No.

City Manager Salerno: Yes.

Mr. Mattimore: The economics of local government of property values, of monies from the state is going down throughout the state, not just in South Florida in municipalities. We are looking at the same situation in Pensacola, I looked at it earlier this year in Jacksonville, it's throughout the state, and I think Mr. Linn also travel the state and he would, I think have the same observation that there is a new normal for pension benefits and for wages and other compensatory benefits for public employees. I've seen it with the State, its everywhere.

Mayor Cason: This is the essence of the pension reform. This is about a million dollars...?

Vice Mayor Kerdyk: The whole pension reform.

Mayor Cason:...this article?

Mr. Mattimore: Jim the question is the pensionable benefits are not, it's about...

City Manager Salerno: This is key to the pension reform.

Mayor Cason: This is pension reform.

Mr. Mattimore: How much is this piece, the Mayor wants to know.

Mr. Linn: All of the pension changes that are in the City's proposal combine to a cost savings in the first year just over a million dollars.

Commissioner Anderson: Throughout the whole discussion that we've had many over the years, the biggest thing we've had is multiplier, so I have to go with this one. I do agree that the multiplier is a key component and it's still higher than the other ones.

Mayor Cason: I go back to what I said earlier on, FBI, CIA, DEA abroad is 1.7, this is almost double, the federal government law enforcement officers. I think this is a very high multiplier; I personally would like to see it lower, but I think that 3 percent, this is more than fair.

Mr. Baublitz: They also receive higher pay than our officers do; they get a lot higher pay than our officers do.

Mayor Cason: DROP eligibility, do we go into (f).

Mr. Linn: Yes, I didn't get a chance to do that. Basically, this just conforms the DROP eligibility requirements; employees go into the DROP when they reach normal retirement eligibility and since we are changing the normal retirement eligibility this changes the DROP eligibility to be consistent with the normal retirement eligibility and if this contains the same grandfather provision for employees who now have 10 or more years of service their eligibility for retirement and for DROP is not going to change. These changes to age 55 with 10 years of service or 25 years of service regardless of age, the new normal retirement eligibility that will apply only to members who now have less than 10 years of service and the DROP changes similarly only apply to those folks; and the only other change in the DROP is if an employee elects to wait after reaching eligibility for the DROP to defer going into the DROP this simply says that for each month that they wait longer than six months past their earliest eligibility date that the maximum DROP period will be reduced by one month for every month past six months that they defer entry into the DROP.

Mayor Cason: Any more discussion? Ralph?

Commissioner Cabrera: No.

Mayor Cason: Frank? Bill? We have a motion on Article 38?

Commissioner Cabrera: Can someone repeat the motion then?

City Attorney Leen: There is no motion on the table.

Mayor Cason: Do we have a motion?

Commissioner Quesada: I have a question. I see tuition reimbursement in here, how many Police officers are involved in any kind of training?- why?- because I have a question about that.

Mr. Baublitz: To be honest with you, I don't know exactly how many, Elsa can help us on that.

Ms. Jaramillo-Velez: If you give me a few minutes I have the information downstairs, but it's quite a few.

Commissioner Quesada: It's quite a few?

Commissioner Cabrera: Why wouldn't we want that?

Commissioner Quesada: I reading it, I'm curious.

Commissioner Cabrera: And you are certainly entitled to that and I'm not trying to be argumentative, but...

Mayor Cason: I think it's a good thing.

Vice Mayor Kerdyk: Why wouldn't you want it left into the...

Commissioner Cabrera: I just think it's good for the development of personnel in general.

Mr. Linn: But remember we are not deleting the tuition of payment, the tuition reimbursement payment, this is just saying it's not going to be counted as part of the pension.

Mayor Cason: That makes sense; we continue to pay tuition, that's not at issue here.

City Manager Salerno: Right – the City reimburses the employee for his college tuition, should that reimbursement be a pensionable item?

Commissioner Quesada: I agree with what you said, I think we all agree with that, with the reimbursement. I'm going to make a motion to impose Article 38.

Commissioner Cabrera: No discussion then any more about increasing, well it's too late...

Commissioner Quesada: Well if you have any more comments, I'm not opposed to that.

Commissioner Cabrera: We talked about the 10 percent contribution, but I mean we are eating him up alive here, so...

Mayor Cason: Well this is the essence of the issue, so we have Commissioner Quesada has made a motion the Vice Mayor has seconded it.

City Clerk – Commissioner Cabrera.

Mr. Baublitz: You keep going you are destroying this Police department; you don't realize what you are doing.

Commissioner Cabrera: I'm not sure what I'm voting on, I'm not going to vote on something for the sake of voting on it.

Mayor Cason: Accepting these...

Commissioner Quesada: It's imposing the City's contract on Article 38.

Mayor Cason: Which is the essence of the main issues.

Mr. Baublitz: Can I get some clarification on how this affects members that have 10-15-20 years on, on what they have already earned and what their averages are? What are you exactly doing here?

Mr. Linn: These changes don't affect what anybody has already earned.

Mr. Mattimore: [Inaudible – off mic]...final average compensation

Mr. Linn: The average final compensation which is phased in over the next two years is going to...

Mr. Baublitz: No, what we are asking is, say someone has 15 years, so what they have their average and everything is going to be calculated on the old system?- the first 15 years....?

Mr. Linn: No, no.

Mr. Baublitz: So you mean I've worked 20 years and you are going to change everything that I can now earn going forward and back in retrospective?

Mr. Linn: No. So if you have 15 years you have accrued benefit of 3 times 15 is 45 percent, and that 45 percent...

Mayor Cason: Is locked in.

Mr. Linn:...and then for each year going forward it's going to be 2 ½ percent instead of 3 percent.

Mr. Baublitz: But then what happens to the officer who has been here 20 years and he has his average, his 3-year average of \$80,000 with overtime and all the other things, does that stay?- or now is that gone?

Mr. Linn: The last sentence of the new definition of earnings says that nobody is going to get a lesser definition of pensionable earnings than what they have right now.

Mr. Baublitz: My fear is that my officers that can't leave and go to another department, that are just too close to retirement are going to at least be able to protect what they have right now.

City Manager Salerno: They do.

Mayor Cason: Up to 75 percent.

Mr. Baublitz: I can only implore you please truly think about what you are about to do; I don't think you have a true feeling and comprehension of what you are going to do to this department. You are going to see people – and this is me basically trying to save the department that I grew up in and that I love and for the City I work for and the citizens that I protect. I'm telling you that you are making a mistake and it's a mistake that the five of you, if you do this are going to regret. This place will not be the same; two of your Officers of the Year have already left, you are having trouble keeping people now. We had a person working at CIB is now going private; he gave up his dream of law enforcement and went to the private industry because of the changes that have been made.

City Manager Salerno: And we also have the lowest vacancy rate now than we've had in three years John.

Mr. Baublitz: Right because you went from leaving 16 open to 13, I'm not impressed.

City Manager Salerno: What are you talking about?- we have 6 vacancies; we have 6 Police officer vacancies, that's the lowest I believe since I've been here.

City Attorney Leen: Mr. Mayor, if I could just ask Mr. Linn for clarification on one point I didn't understand just for the Commission. When you say pensionable income does not decrease it's as it is now, so if you have pensionable income of \$100,000 legally this means that even if it goes down to \$80,000 next year you are still at \$100,000, is that what you are saying?

Mr. Linn: Correct. It can't be less than whatever the compensation for pension purposes was on the effective date of these changes.

City Attorney Leen: Just wanted to clarify that.

Mayor Cason: OK, that's clear. Commissioner Cabrera.

Commissioner Cabrera: I know how this vote is going to go down, so yes.

City Clerk

Vice Mayor Kerdyk: Yes

Commissioner Quesada: Yes

Commissioner Anderson: Yes

Mayor Cason: Yes

(Vote: 5-0)

Mayor Cason: Alright, we'll go back to, I guess 31; 31 is related to what we just did, so. 31 was the annual leave.

Mr. Hoff: There is one little thing I'd like to point out before you take a vote on this; consider the fact that by affording an individual the opportunity to sell that time, that's less time that you are going to have to pay overtime to fill, so if you just pay the person then you are just paying the person, but as short as we are and as much overtime as we blow through, you are actually saving the City in the long run by letting them sell as opposed to being able to...

Mayor Cason: Is this pensionable? No – OK. So it's just straight being able to sell it and get money for it, OK.

Commissioner Quesada: I'm going to make a motion to impose the status quo on 31.

Commissioner Anderson: To impose the status quo?- OK.

Mayor Cason: I agree too. So let's just have a formal motion, is Commissioner Quesada – seconded by Vice Mayor.

City Clerk

Vice Mayor Kerdyk: Yes

Commissioner Quesada: Yes

Commissioner Anderson: Yes

Commissioner Cabrera: Yes

Mayor Cason: Yes

(Vote: 5-0)

Mayor Cason: Alright back to 29, which is the President. Bill did you want to pick this up again? So what this does is take the employee organization admin time from 1,000 to 250, and eliminates the President as detachable, is that correct?

City Manager Salerno: Right – the union President would go back to work in a law enforcement capacity on a regular basis.

Commissioner Anderson: What I'm still not clear – if you said you got floating holiday that pays for this, what's the deal?

Mr. Hoff: If you'll turn to the holiday article that the City has given you here, Article 23 – Holiday, it says one floating holiday prior contracts contain 3 had been deleted from this agreement in order to assist in supporting the salary and benefits of the full time bargaining unit President.

Vice Mayor Kerdyk: I'm going to move to the status quo.

Commissioner Anderson: I'll second it.

Mayor Cason: So the motion is made by Vice Mayor and seconded by Commissioner Anderson.

City Clerk

Commissioner Quesada: Yes

Commissioner Anderson: Yes

Commissioner Cabrera: Yes

Vice Mayor Kerdyk: Yes

Mayor Cason: Yes

(Vote: 5-0)

Mayor Cason: Do we have any loose ends on this City Attorney?

City Attorney Leen: I see no further loose ends to do, does either party see any additional issues at impasse?

Mayor Cason: That we missed or left out?

Mr. Mattimore: No, I don't believe there are any, I think that covers everything.

City Attorney Leen: What happens is, I will take the items at impasse and I will draft a resolution for signature by the Mayor that will reflect what the resolution was today.

Mayor Cason: OK. So that closes the Special Hearing and now we move in – do you want to take a five minute break – five minute break before we go into the regular.

[End: 6:17:07 p.m.]