CITY OF RIVIERA BEACH
PALM BEACH COUNTY, FLORIDA
CITY COUNCIL WORKSHOP MINUTES
HELD IN THE CITY COUNCIL CHAMBERS
APRIL 23, 2018 @ 6:00 P.M.

CITY CLERK CALL TO ORDER

CHAIRPERSON DAVIS JOHNSON: Good evening. I'd like to call the City Council Workshop of April 23rd, 2018, to order. Madam Clerk?

ROLL CALL

CITY CLERK ANTHONY: Mayor Thomas Masters?

UNIDENTIFIED SPEAKER: Start again.

CITY CLERK ANTHONY: All right. Mayor Thomas Masters? Chairperson Tonya Davis Johnson?

CHAIRPERSON DAVIS JOHNSON: Here.

CITY CLERK ANTHONY: Chair Pro Tem Lynne Hubbard?

CHAIR PRO TEM HUBBARD: Here.

CITY CLERK ANTHONY: Councilperson KaShamba Miller-Anderson?

COUNCILPERSON MILLER-ANDERSON: Present.

CITY CLERK ANTHONY: Councilperson Julia Botel?

COUNCILPERSON BOTEL: Here.

CITY CLERK ANTHONY: Councilperson Terence Davis?

COUNCILPERSON DAVIS: Here.

CITY CLERK ANTHONY: City Manager Karen Hoskins?

CITY MANAGER HOSKINS: Here.

CITY CLERK ANTHONY: City Clerk Claudene Anthony is present. City Attorney Andrew DeGraffenreidt?

CITY ATTORNEY DeGRAFFENREIDT: Here.

CITY CLERK ANTHONY: You may proceed.

CHAIRPERSON DAVIS JOHNSON: Stand for a moment of silence followed by the Pledge of Allegiance led by Chair Pro -- Pro Tem Hubbard.

INVOCATION

PLEDGE OF ALLEGIANCE

(Everyone stood for a Moment of Silence with the Pledge of Allegiance being led by Chair Pro Tem Hubbard).

CHAIRPERSON DAVIS JOHNSON: Madam Manager, are there any additions, deletions or substitutions?

AGENDA Approval: Additions, Deletions, Substitutions

CITY MANAGER HOSKINS: No, ma'am.

CHAIRPERSON DAVIS JOHNSON: We have -- want to announce the agenda?

AGENDA ITEMS

1. **<u>DISCUSSION OF SEIU CONTRACT</u>**

CITY CLERK ANTHONY: Discussion of the SEIU contract.

CHAIRPERSON DAVIS JOHNSON: Madam City Manager.

CITY MANAGER HOSKINS: Yes, ma'am. Based on the closed executive session that we had recently, the city council expressed concerns about the SEIU contract and how they would like to have a workshop stating the -- giving the impact of the contract. You have included in your agenda a copy of the proposed contract with SEIU and also an e-mail from myself to you all giving -- talking about frequently Asked Questions as it relates to the labor contract. And one question that I included in that memo was, "The general employees did not receive their 3 percent budgeted increase on October 1, 2018." That's a mistake. That should be -- that should say October 1, 2017. So on the memo -- on the question where it states, "The general employees did not receive their 3 percent budget increase on '21 -- 2018," that should be October 1, 2017. The -- our labor attorney Mr. Jack McLean is here to talk about the contract and the impact and at this time I call Mr. McLean up.

JACK McLEAN: Thank you, Madam Manager. Let me push this away from me a little bit. Right? Madam Chair and council persons, glad to see you again. And I guess what I wanted to just -- is talk a little bit about the analysis of the contract. As the manager said, you have a copy of the contract in front of you. That copy of the contract will also have underscored the wage article so you can look at the change in language. It will also have underscored the article dealing with the PTO and its conversion process.

The last time we met we did -- we spent some time talking about those two items. But what I would like to do -- let me turn this here -- oh, it worked. This is the -- this is the analysis that I think was included as part of your package, and it was just analysis on the impact of the -- of this labor agreement. And you can see in the analysis it does reflect the attachment of the proposed contract. The SEIU has indicated to me they've scheduled a vote on the contract, I believe on the 30th. And tentatively we have scheduled a vote depending on -- well, when they vote, on May 2nd, 2018.

This process of leading to the -- well, I -- and the next paragraph really just notes that -- what the manager's already indicated that she sent out some questions in regard to the -- that were frequently asked and that laid out answers. And I believe that those were distributed to the employees in the bargaining unit. Is that correct, Manager?

CITY MANAGER HOSKINS: Yes, ma'am.

JACK McLEAN: Okay.

CITY MANAGER HOSKINS: Yes, sir. I'm sorry.

JACK McLEAN: Okay. So that they can do it. It was not done as you stated

in -- in our -- in -- in her memo for the purpose of trying to influence a vote, just to make sure that the responses that she gave to one individual was consistently conveyed to another individual. And they could take that information, operate off the same information, decide to vote for or against it. As I remember in that memo you reminded them that their bargaining representative was SEIU and if they had any real questions about anything she said -- or anything placed in the memo was to talk to the bargaining representative.

This process that we went through was a collaborative process. There was a lot of give-and-take through the time we started meeting back in May through the time that we finally TA'd an agreement back in February of -- of early of this year. And we -- oh. Okay. We TA'd that agreement on February -- on February 8th and now that is the content -- that form, the proposed contract. Let me see if it's going to come back up.

CHAIRPERSON DAVIS JOHNSON: Mr. McLean?

JACK McLEAN: Yes.

CHAIRPERSON DAVIS JOHNSON: Let us just pause a moment -- oh, we're back. We were trying to wait for the --

JACK McLEAN: Wait for it to come back on? Okay. Oh, yeah, I guess -- yes, we still have to wait for a moment. Oh, were we actually off the air, too?

CHAIRPERSON DAVIS JOHNSON: We're back.

JACK McLEAN: Oh, we're back. Okay.

CHAIRPERSON DAVIS JOHNSON: For the record, the temporary silence that you hear is we're waiting for the presentation to reboot.

JACK McLEAN: Everything turned off? This is right there. What, you're going to change it?

UNIDENTIFIED SPEAKER: Yeah.

JACK McLEAN: Okay.

UNIDENTIFIED SPEAKER: (Unintelligible). This right here?

JACK McLEAN: No. That's -- that's a control to --

UNIDENTIFIED SPEAKER: Oh, right here.

JACK McLEAN: Okay.

UNIDENTIFIED SPEAKER: Yeah.

JACK McLEAN: I can do it here. Right. (Unintelligible). Where does it say Workshop? Oh, here. It's right here.

COUNCILPERSON DAVIS: Madam Chair?

CHAIRPERSON DAVIS JOHNSON: Yes.

COUNCILPERSON DAVIS: Just for time's sake, just for the case of those that may have shown up a little later or tuned in a little late, could we restate the purpose of the workshop for the public while we wait since we --

CHAIRPERSON DAVIS JOHNSON: Sure. Madam Manager?

COUNCILPERSON DAVIS: -- (unintelligible).

CHAIRPERSON DAVIS JOHNSON: Thank you.

CITY MANAGER HOSKINS: The purpose of this workshop is to talk about the fiscal year 2018/'21 proposed labor contract with SEIU and talk about the impacts. There were a lot of questions that the union had regarding the contracts so we also included in the backup documentation that was on the -- posted to Novus, Frequently Asked Questions that the union had. Okay. The -- and that's basically it.

CHAIRPERSON DAVIS JOHNSON: Okay. Are you ready to resume, Mr. McLean?

JACK McLEAN: I -- yes, I am, Madam Johnson.

CHAIRPERSON DAVIS JOHNSON: Please continue.

JACK McLEAN: And what we -- what I was saying earlier is that we did spend some time between May of last year and February of this year coming to an agreement, and we did come to an agreement. Mostly all of it was consensus. There were a few moments and places where we had some -- to use the word "misunderstanding." But the parties have agreed that we need to move forward and have scheduled ratification votes on -- on the contract. And that's the process that we are in now.

Actually there was a question, What is -- are there any disadvantages to this contract, both from the employee's perspective, as well as from the employer's perspective? And that's one of the things that I wanted to address and that's what this chart does here. The first thing you see is that this three-year proposed agreement is $4,159,824. That is almost -- almost three and a half, four times what it was last -- the last contract.

The last contract if you look down there cost the City $1,519,000 for 6/3/3. Now we're talking about a contract over three years that's going to be $4,159,824. And that's going to provide in the very first year of that contract an 11 percent on average increase. Some employees will actually receive increases above 36 percent when they actually go through and look at it. And for those employees who were not scheduled to receive anything under the wage study that you approved back on February 21, they all received 3 percent, also.

So in this contract, all the employees that are in that bargaining unit receive that. As I was informed earlier, too, is that in this contract nearly 77 people are actually going to get a $5,000 or above increase. That's the actual number. You come to the 11 percent average, you'll come to some individual averages of, you know, 36 percent or 16 percent. But if you look at those who made more than $5,000 increase as a result of that, it would be 77 individuals on it. The reason that we see this kind of reflection here is a strategy that this council has embarked on to become much more competitive in the workplace and around this county.

That as our employees had been consistently not paid as well as others for comparable work and comparable skills and that there was a determination made not only for SEIU but made for both the firefighters as well as for the police to embark on a strategy of six years of beginning to get us in the competitive of space. The first contract that I mentioned at $1,519,000 was the first step in that. That was the first building block. We knew where we wanted to go. We knew that we needed to begin to rechange some of the -- the ways if we wanted to get more competitive.

One thing if you look at that contract it says we began to shift our longevity plan. That was the first time we started looking at longevity. Longevity had been basically given as a percent of salary every four years. And that's how we've done it. But we wanted to basically begin to shift away from that and then go to a lump-sum payment which is what we did do. So we went to a lump sum which says, If you're here five years you get $250. If you're here the next five years you get, you know, $750, and went into those kind of $250 increments of pay.

The reason for that, even back at that thinking, was that we wanted to shift the longevity pay more into their current pay and to make that more immediately available and to be able to get a better return on it. Because the return on the longevity pay -- and you'll see an example of that in a moment -- under the plan that the City had before -- and the City has had this longevity pay, I mean, it go back 50 years. A long time -- is that it did not -- it was done on simple interest. So if I had $1,000, I wait four years to get another 2 percent of it, and I just didn't get the compounding effect of the money coming to us. So that's one of the things you'll see that begins to change.

So first we shift to a lump sum dollar amount, and what you begin to see if you look above is working conditions. If they would begin to roll over the longevity pay into the salary. And we do that at a compounding interest rate of 2.4 percent. So no longer are we waiting every four years to make an adjustment in the longevity pay. We begin to do that now under this contract, every year of a contract at 2.4 percent.

The other thing that we do is -- is that we're shifting away from the sick and vacation leave time on the accrual. If you look at the accrual time on sick and vacation time, and you look at the chart where it says the balance sheet, you can look down in the first three years, we have a liability balance in the beginning of that about 2 -- 2015 of about $3 million that we had on our books that we had to book as an accrual. We didn't pay it out, but we had to book that because it was owed to the employee.

And the employee at some point in time would get it, but we had to book that. And that had an effect on our book. We can make our books look better. But as you can see, it actually began to grow if you look at the top one. You'll see it's at $4 million. We wanted to be able to start to shift that liability on the books off the books and to take the money and put it into the employee's salary. So if you look there where you see that buy back over three years at $997,266, we take that money and we shift that money over into the employee's pay. That helps us fund that 11 percent increase. Helps us fund that $4 million in part.

Now, the nice thing about that, it has another benefit to it. Is before when we paid that back pay, if -- let me preface it. The legislature in 2011 decided that they would no longer allow you to take your lump-sum payments of sick leave and vacation time and make it pensionable. They thought that -- they didn't want to do that anymore. So for us we had to stop doing that in 2014 and so we did do that. All that time that's laying over there kind of waiting to be cashed out, could not be made pensionable. In this plan we have now made that money pensionable because we shift it from the books to the person's pocketbook that they can spend now immediately. And it's part of their cash. It's part of their salary.

So that now, not only do you get the benefit of having that money up front, okay, to spend, you also have the benefit of now that we're in the Florida Retirement System, of having a larger pensionable sum that you can look at that we did not have before. So that was the other nice feature about converting.

In the PTO, because we're no longer giving the accrual time, we actually gave more days. Under the old plan we had about 144 days, I believe, of -- of -- if I wanted to think -- oh, yeah, vacation time and then 12 days of sick days on a -- on a -- sick days. So 144 plus 112. Under the new PTO program we actually have 230 days available to people during the course of the year. It's uncapped. They can use it whenever they -- they want to use it. It's not bookable, as you can see here, because of the shift that we're making. But that time is now available to them. It did not upset what people already had earned up to 2014 and beyond 2014 in sick and vacation time.

We gave them three options in the contract. You could keep your money banked in a bank, okay, that's sick and vacation time. And if it was prior to 2014, it was pensionable. Okay? Whenever you decide to cash it out. You could decide to take that same time and then roll it over into PTO time. So you actually have some options as to how to deal with the fund.

But going forward as of April 1, though, everyone is on the PTO time. All the monies that are available to you through this plan and how we cash it out and flow it out to -- to pay for this $4 million is frankly going to you, and a lot of it -- a significant portion of it is now pensionable.

So that's the -- that's the big change that we made. But that was a change that was started back in 2014. We were thinking long term about where we wanted to end up. And we're close to that. The results of that -- and then I actually say where the funding source -- 'cause I wanted everybody to know where the funding source was. The budget appropriations of a million -- we've been talking about the buy back and sick and vacation restructuring. That's how we have the money.

The City did not keep the money itself. It put the money in the employees' pocketbook. And you can see that it got started by funding back in the prior year contract. When we started the very first thing we did was to restructure the pension program. The City's pension program was -- it was expensive to us. And -- and we wanted to get into FRS because we thought it would be a stronger system for us. It -- the early entry into it was less cost, and the City went through an elongated period of discussion with the unions and with the employees and with the referendum vote to switch from the -- switch to the FRS system.

Again, much like we did here, if you had the City's plan and you wanted to stay with the City's plan, you could stay with the City's plan. We did not -- we did not close the City pension plan to those who were already in it. But for all new people coming into the system, they had to go into the FRS plan. So we still have some people in the old plan and some who are now in the new plan, particularly all the new ones in it. But that was part of the restructuring.

The other thing that we did was that we decided to basically refinance our unfunded liability because of a changing interest market, because the cost of money was better. It was made, a decision about finances, that we would refinance our unfunded liability, and that generated extra cash available for us to help us be able to go about this reshifting that we've been talking about. The last thing that helped in that year was we were -- we were in the great recession from 2008 thereabouts and we were coming out of the great recession, and we had property values that were -- that were increasing. They had been decreasing in the prior years, but now they were increasing so we had a little bit more money and property to kind of help us with this transformation that we were making. Let me move this here off the top. Then what that has meant for us in the change is that if you look at us in -- in the competitive market, we are getting better. Are we West Palm Beach?

CHAIRPERSON DAVIS JOHNSON: No.

JACK McLEAN: Okay. You know, but we are a lot better and a lot closer than we are, you know, five years ago because we are much more competitive than we -- than before. So what you see is as a result of this, six months ago if you looked at your own pay band which was not market driven, you would only have 10 percent of your people towards the midpoint. That is the entry-level salary, the mid-point salary and the top-out salary. And that plan was not market driven. You only had 10 percent movement which meant that we really were not paying our employees the way we would like to and hope to. As a result of this first step in your plan, you're now at 35 percent of the folks in SEIU are now at midpoint, three times what it was six months ago. Now, we still have work to do but we have -- we made great strides in this one -- with -- in this -- in -- with this contract.

The other thing that we have been able to do is by shifting our liability and -- and giving employees money and taking liabilities off the book, we're going to put ourselves in a position. Not that we need to, that when we get ready to go to the bond market, we're gonna -- our books will look better. Okay? And the cost of money -- because our books look better, will be cheaper to us.

The other paragraph that I was talking to you about, the 230 days for PTO, we mentioned that already compared to the 166 days before. What I'd say about this contract is in the short term it's a good contract for employees. In the long term it is going to be great for us, also, as a city financially. But the one thing is, is that we said we wanted to address our employees' interest and get us more in -- competitive in the marketplace; we've done that. We're going to that. PTO has made us a much more family friendly city.

Okay. Before people had talked about that and said, "We need more time. We need more flex time." PTO has now driven us in that direction to use it. Now, these are changes, and everyone kind of says, Well, you know, how do I know this to be the correct change and it's going to work for me? In your packet -- and I don't have it here. Let me find it here 'cause it's kind of -- kind of set up change. In your packet at the end of that analysis, you should see a page, and let me see if I can find it here -- here 'cause I'm now in a different present set up. Let me see if this is me. Yeah. I think what happened is that I went down to -- but there's a -- there's a bottom page -- yeah, thank you, if you could help me. There's a -- it's the last page of it. It's going to be on -- it's on -- in the analysis and the sheet is a sheet of paper that has -- there you go. Yes, ma'am. Yes, ma'am. You're right at it. It's right there.

And what that shows you here is that -- an example of when you -- and we'll -- the public can look at it in a moment. But it show us in a -- what it will show is that on the longevity portion of it, I have said earlier that moving to the compounding of longevity and paying it out now was a good thing and that's what -- this is what this chart tends to show us.

UNIDENTIFIED SPEAKER: Take it and drag it to the desktop.

JACK McLEAN: Take it and drag it to the desktop?

UNIDENTIFIED SPEAKER: Yeah.

JACK McLEAN: You mean over here?

UNIDENTIFIED SPEAKER: Uh-huh. This right here.

JACK McLEAN: The -- you mean the whole folder?

UNIDENTIFIED SPEAKER: Yeah. I'll take it. Just this one right here.

JACK McLEAN: I think that's it. But I have some other stuff, too, though.

UNIDENTIFIED SPEAKER: Okay.

JACK McLEAN: That's okay. We have -- it'll make it work. That's not me. Where's my work -- oh, here's my workshop. There it is. Yeah. This is what you want me to drag over?

UNIDENTIFIED SPEAKER: Yeah. If you want to use all that --

JACK McLEAN: Yeah. Possibly I will. Okay. Thank you.

UNIDENTIFIED SPEAKER: No problem.

JACK McLEAN: So I'm on the desktop now. I'm sorry that we're having this kind of -- with me getting used to the system. Yeah. I think I just gotta find the right one, look in the bottom. Now let's see if I can find the one that has all the pages that you have in your sheet so that the public can see it. And I'm going to move on but I'm -- just hopefully I can get it for them so they can see it. Yeah. I had it on my -- on my computer.

CHAIRPERSON DAVIS JOHNSON: Has everyone identified that form in your documents?

CHAIR PRO TEM HUBBARD: The analysis?

CHAIRPERSON DAVIS JOHNSON: Has everyone -- the analysis.

COUNCILPERSON DAVIS: Yeah, I don't have it.

COUNCILPERSON BOTEL: I don't have that. I have this one.

CITY MANAGER HOSKINS: It's just the -- the memo.

COUNCILPERSON BOTEL: This is what he's looking for.

JACK McLEAN: Yeah. I'm looking for what Miss Botel had in her hands a moment ago.

CHAIR PRO TEM HUBBARD: Yeah. We have that one.

JACK McLEAN: Okay. Here's what I'm going to do. I'm going to make it -- we'll talk through it, but I'm going to move to a different slide that shows the same thing. Okay. And this one is -- let me just move to that slide and -- and -- and go to the

same -- it'll show us the same thing.

COUNCILPERSON DAVIS: It's on the e-mail.

JACK McLEAN: Huh?

COUNCILPERSON DAVIS: It's an e-mail. Page 7 of the e-mail.

CHAIRPERSON DAVIS JOHNSON: The public just can't see what we're looking at.

JACK McLEAN: Yeah. I'm trying to make sure that the public can look at it. That's fine. Oh, here it is. Okay. Here we go. Look. Here's an example that will tell us what we have.

CHAIRPERSON DAVIS JOHNSON: Thank you.

JACK McLEAN: Okay, great. Sorry, guys. This chart -- there are two on this chart. This one is gonna show basically the same thing. It starts out with a chart that says in year one it's going to be a comparison of two charts, and it's going to look at the old chart of -- we call it 3 percent increase in pay. You know, looking at longevity. Your base pay is $100 by way of example so you get $100 that you see there, and you will start out -- this one -- this includes the -- the new contract. You get 11 percent increase on top of that new contract. On top of that. And then if --

COUNCILPERSON MILLER-ANDERSON: Madam Chair?

JACK McLEAN: Yeah.

COUNCILPERSON MILLER-ANDERSON: Can you --

CHAIRPERSON DAVIS JOHNSON: Councilwoman Miller-Anderson.

COUNCILPERSON MILLER-ANDERSON: -- can you -- looking at that and looking at this, I'm not making a connection. So can you -- you -- do you have this in front of you?

JACK McLEAN: I do. I just have to -- you know what happened? When it left -- let me find it. If you'll give me a second --

COUNCILPERSON MILLER-ANDERSON: No, no. All I'm saying is if you have this in front of you I need for you to explain how this correlates to that.

JACK McLEAN: As to that?

COUNCILPERSON MILLER-ANDERSON: 'Cause it -- you're speaking apples and oranges right now.

JACK McLEAN: Okay.

COUNCILPERSON MILLER-ANDERSON: And I can't make out how this goes with that.

JACK McLEAN: Okay. That's -- that's fair enough.

CHAIRPERSON DAVIS JOHNSON: Well, I'm -- I'm looking for it so that I can forward it to you.

CHAIR PRO TEM HUBBARD: Yeah.

COUNCILPERSON MILLER-ANDERSON: Yeah, 'cause that's not going to do it.

CHAIR PRO TEM HUBBARD: No, can -- can you forward it to her from the one you sent to us?

JACK McLEAN: Okay. Here we go. This is what you're looking at right here?

COUNCILPERSON MILLER-ANDERSON: Uh-huh.

UNIDENTIFIED SPEAKER: Yeah.

JACK McLEAN: This? Okay.

UNIDENTIFIED SPEAKER: Yes.

JACK McLEAN: All right. What this shows you on attachment 3, this talks about example of longevity pay, and it's going to be versus every four years if you look at this chart. This is actually of an individual. Okay? That's in the bargaining unit. And you will see what the -- what the salary is at $37,434. Salary with longevity is $37,434. And it gives you each year what the salary is. Like in FY '19, you'll see 2.4 percent increase that we talked about before and how that salary grows each year 2.4. If you look at that.

Then you get to a highlight where you have 2.4 and you look at that number 2.4, and then you go down at -- on -- on -- on FY '23 right below there. That is the longevity pay under the old system, and you can see that the compounding effect crosses over in that year. and you begin to make more money by moving to the system we're proposing now under the contract. That's what that shows on an individual basis.

Okay. And the same thing is happening, you know, below if you look at it, too, that there's a crossover effect from longevity plus the base pay or the -- or the base -- or longevity by itself. So the main thing that -- that I wanted this to show is that the contract itself has a -- works for the employee. Now, the question is -- Miss -- Miss Miller-Anderson asked does it work for the City? And I think that's one of the questions you said, Can we afford this?

COUNCILPERSON MILLER-ANDERSON: I don't know if I said that.

JACK McLEAN: Now that we've looked at it, okay -- now that we've looked at what it's going to do, now we're shifting it, can we afford it. That was one of the questions I believe essentially that you asked. Now --

COUNCILPERSON MILLER-ANDERSON: I can't recall.

JACK McLEAN: -- that is not my area of expertise. Okay. Let's start off with that. I am the lawyer --

UNIDENTIFIED SPEAKER: Please speak into the mike.

JACK McLEAN: (Unintelligible).

CITY CLERK ANTHONY: Microphone.

JACK McLEAN: I'm -- I was waiting for them to (unintelligible). I'm sorry, ma'am.

UNIDENTIFIED SPEAKER: We can't hear what you're saying.

JACK McLEAN: Okay. Sorry. Let me (unintelligible). Okay. Can you hear me now?

UNIDENTIFIED SPEAKER: Yes, sir.

JACK McLEAN: Okay. I'm sorry, ma'am. What I was saying is the question that was asked that of this contract which has now compounding benefits to it, which has early, you know, payouts to employees, which has increases of averaging on the 11 percent and some people going up -- 77 people going up $5,000 above where we were before, is this a contract that we can afford. Okay? That's what the answer is. I don't think there's a question as I've stated in my analysis of whether or not this is a benefit to the employee. It is a change for the employee but it is an upside dollar benefit for the employee. Okay.

The way we look at longevity, you look -- you look at it on your check and you say, It's longevity, and you -- you got to see it all the time. But it wasn't growing. Okay? It stayed. Nothing happened to it but every four years. Now you get this -- get that money. You see it. You get the growth and the benefit of that every paycheck. And you can make decisions about it. You can make this decision to invest it in retirement. You can make a decision to invest it in your education. You can make it -- a decision to invest it in your child's education through tuition 'cause the money is now in your hands. But the question is, can we afford this. And that's why I put that chart up there earlier to say how we were going to fund this.

Now, in terms of answering Miss Miller's question, I'm going to turn both to the director -- I mean, to the finance director, you know, and to her to answer that question on it. Because I can't answer the question about can we afford it. I could answer the question of what it means to the employee, what the analysis is -- is to the employee.

CHAIR PRO TEM HUBBARD: Madam Chair?

CHAIRPERSON DAVIS JOHNSON: Chair Pro Tem.

CHAIR PRO TEM HUBBARD: Can you go over the second employee that you have there and show that and -- and explain that particular analysis that you show at the bottom?

JACK McLEAN: At the top. Yes, ma'am. I can. It still said -- this is an employee -- this is the one that's XX-31-2006. Is that correct, Miss Hubbard?

CHAIR PRO TEM HUBBARD: Yes.

JACK McLEAN: Okay. Again, you have an employee who starts out with $41,174 on it, and you look there and you begin to see the 2.4 percent increase again going across. And you get to the 2 point -- you see where you say FY '22? You have -- you have $45,771.29. There -- it -- there's -- there's no -- right there is where you -- and then you look down to the bottom where $41,174 longevity every four years. It's the same set up. When does it cross over to make -- that you're making more money under the new system? Under this example here it crosses over -- I guess it also crosses over at FY '26. It doesn't cross over till FY '26 so on that top line you have to go back over to FY '26 and that's when it crosses over, just looking at the longevity portion of it.

CHAIR PRO TEM HUBBARD: Crosses over to what?

JACK McLEAN: Meaning that you make more money under the new system than you did under the old system --

CHAIR PRO TEM HUBBARD: Well, if you look at the --

JACK McLEAN: -- on your -- is that correct?

CHAIR PRO TEM HUBBARD: -- each -- each 2 -- each 2.4 percent shows here that there is an incremental increase which -- which would lead one to think that they, you know, are getting that increase. So if we're going by what we see here in front of us, are you saying that they don't actually receive it or -- or when, uh -- or they wouldn't -- you're saying the substantial difference doesn't take place till the -- till FY '26. So I'm just trying to play the devil's advocate and ask for those who, you know, can't actually ask questions here today.

JACK McLEAN: Miss Hubbard, it varies from each individual. Okay? So that's what it was here. Each individual is -- that crossover point is going to come individualized. This individual right here, because of when they started to work, okay, whatever year they started to work and how long they're working, the crossover period happens at a different point in time. But for earlier -- for someone else it happens much earlier.

That chart that I was going to go to -- and you said -- someone told me -- oh, I know. Miss Miller told me. Go back to something that I can see 'cause you can't really show me something that doesn't connect out. What I was getting ready to show you that did connect out, it averaged everybody together. That's what that chart was going to do. Take all of the folks together and say, Where do you end up? That's what that chart was going -- was talking about.

CHAIRPERSON DAVIS JOHNSON: Mr. McLean, do we have copies of that chart that you want to discuss?

COUNCILPERSON MILLER-ANDERSON: No.

JACK McLEAN: No.

CHAIRPERSON DAVIS JOHNSON: And does everyone in the audience have a copy of what we're looking at?

JACK McLEAN: Oh, no, no, no. I know --

CHAIRPERSON DAVIS JOHNSON: Would you like a copy of this?

JACK McLEAN: -- oh, for -- oh, oh, no, that was published, though, Miss -- Miss Johnson, at the website.

CHAIRPERSON DAVIS JOHNSON: Right. But we have some folks here that are in the audience that need a copy so we're just going to distribute --

JACK McLEAN: Okay. Okay.

CHAIRPERSON DAVIS JOHNSON: Okay?

JACK McLEAN: What -- what I do know is that there were contracts that were distributed for them I made available for them. Okay? But I -- I didn't know about this. But that other chart was just going to be an aggregate chart to show you how it all happened with everyone, that this system that we're moving to is a better system overall and produces more cash benefits than the other.

COUNCILPERSON MILLER-ANDERSON: I need to get a copy of that chart he was talking about, the one he had up there. We -- can we get a copy of the chart that he had up on the screen?

JACK McLEAN: Yeah. I think they're passing that out now.

COUNCILPERSON MILLER-ANDERSON: The other one?

JACK McLEAN: I believe Miss --

CHAIRPERSON DAVIS JOHNSON: No, we're passing out what's currently on the screen.

JACK McLEAN: Yeah. See, I -- okay. Which one -- which one she want ?

CITY MANAGER HOSKINS: The -- the first one that you had up.

JACK McLEAN: Oh.

COUNCILPERSON MILLER-ANDERSON: Okay. In relationship to these two. (Unintelligible) to 36.

JACK McLEAN: Huh? Yeah. That -- some of that table 2 and -- and 1? Yes.

CHAIRPERSON DAVIS JOHNSON: Are you going to get that, Randy?

JACK McLEAN: He -- he said he's going to get it.

CHAIRPERSON DAVIS JOHNSON: Okay. Thank you. Continue. Just stay on this one until we get the other documents so that we can follow you, please.

JACK McLEAN: So with the point kind of being explained and then everybody will have a physical copy in their hands to look at in a moment to look at, the analysis concludes here by saying that the real thing for us is how -- now that we're more competitive, now that we have more flexibility in the number of days, that the challenge for the City and for --

UNIDENTIFIED SPEAKER: Do you have --

JACK McLEAN: -- the City --

COUNCILPERSON MILLER-ANDERSON: Madam Chair? Do we have a copy of that one, too? The analysis that you're referring to?

JACK McLEAN: Yes, ma'am.

CHAIRPERSON DAVIS JOHNSON: It was e-mailed to us.

CHAIRPERSON DAVIS JOHNSON: That one?

JACK McLEAN: Yes, ma'am. You have that.

COUNCILPERSON MILLER-ANDERSON: That one?

JACK McLEAN: Yeah. Yeah.

COUNCILPERSON MILLER-ANDERSON: Which one is that? We don't have it. I mean --

JACK McLEAN: I mean, I -- okay.

COUNCILPERSON MILLER-ANDERSON: Who sent this? Was that from Miss Hoskins?

CHAIRPERSON DAVIS JOHNSON: (Unintelligible) memorandum?

CITY MANAGER HOSKINS: No. (Unintelligible).

COUNCILPERSON MILLER-ANDERSON: That came from Miss Hoskins? She e-mailed it?

CHAIRPERSON DAVIS JOHNSON: She's checking now.

JACK McLEAN: I think it's at the website, too.

CHAIR PRO TEM HUBBARD: The analysis.

JACK McLEAN: The analysis is at the website.

COUNCILPERSON MILLER-ANDERSON: I don't think it's on the website.

CHAIR PRO TEM HUBBARD: No, sir. I don't think --

COUNCILPERSON MILLER-ANDERSON: No.

CHAIRPERSON DAVIS JOHNSON: We didn't get that? Okay. So let's --

CHAIR PRO TEM HUBBARD: -- we didn't get the analysis, sir.

CHAIRPERSON DAVIS JOHNSON: So let's do this. Let me call a five-minute recess so that we can get the documentation that we need in order to move forward with this presentation. So Walter, five-minute recess. Thank you.

DISCUSSION OF SEIU CONTRACT #2

CHAIRPERSON DAVIS JOHNSON: -- workshop on the SIU -- SEIU contract. Continue.

JACK McLEAN: Yes. Okay. Thank you, Madam Chair. What -- I think now everyone should kind of have a copy of it in their hands now that are being passed out to look at for the audience so we don't have it projected up here but I'll just talk for -- you want me to, uh -- from here?

CHAIRPERSON DAVIS JOHNSON: One moment, please. Let them get copies.

CHAIR PRO TEM HUBBARD: What happened to the projection?

CHAIRPERSON DAVIS JOHNSON: Walter, can we have the presentation, the slide back on this -- on the screen, please?

JACK McLEAN: (Unintelligible). But I'm -- I'm accustomed to -- I'm an old courtroom lawyer so I'm accustomed to --

COUNCILPERSON MILLER-ANDERSON: But you gotta stand --

CHAIRPERSON DAVIS JOHNSON: Microphone. You gotta stand -- either carry the mike with you or --

JACK McLEAN: (Unintelligible). I can -- I can carry this and not

do -- normally I can project. People can hear me pretty loudly.

CHAIRPERSON DAVIS JOHNSON: We need you for the record.

JACK McLEAN: But here we are right now. This is the document that everyone now has in their hands.

COUNCILPERSON DAVIS: Uh-huh.

JACK McLEAN: And inside of the -- in -- this is table 1 and table 2. The purpose of both this table 1 and table 2 is to demonstrate hopefully -- at least give you the data for you to evaluate whether or not the compounding effect of 2.4 percent interest is in the employee's best interest.

I ended the last time wanting to talk about the City's interest. But I want to go back because I didn't realize everyone did not have a copy of this. But in table 1 what you'll see is, in that first year you see -- you assume $100. That is your base pay. Under the City's old plan that it had, old contract -- and we've had this for years that's in the contract, is that you take your base pay and call longevity and every four years you would get 2 percent of that base pay, that longevity pay. That's how that would work.

So on my first $100 every four years, I get 2 percent, 4 percent, up to 24 years of that and that becomes my longevity pay. That's how the old plan worked. The money was essentially sitting in a bank. No interest being earned except every four years you got more added to it. There was no -- there was nothing being earned on the money. Now, the -- what happens after this under this new agreement is that that longevity pay, it rolled into your pay.

So that $100 that we're looking at in table 1, you see old longevity at 1.02. That's the 2 percent growth that I was telling you guys about and talking about a moment ago. And then you can see what your new base pay is under the new contract. That base pay goes up $111,000, because on average everybody got an 11 percent increase in pay. So it starts off with $111. And then you'd -- again to see the compounding effect of 2.4 percent going on in each one of the years as you get reslotted for your salary or what's going to happen to your pay.

Now, the way the City's new plan works is that I start off maybe with $100. Next year because we're trying to keep pace with the market, the plan actually adjusts itself to try to stay with the market. Once it adjusts itself, I get slotted into a new slot based on the adjustment over the three years. So when you read your wage section for those of you who are in the bargaining unit and for the council, you will see that in year 1 and in year 2, there is a reslotting every year because the plan is adjusting itself to try to stay current with the market.

So if you look down in table 1 and follow these things through, you will see that the grand total comes out to be -- looking at the two and comparing them -- $1,272.81, new formula, compared to $1,182.23, old formula. If you look at it that way from the old formula.

The column here, you'll see that you'll actually make money under the -- better money under the new plan. This one says 20 percent. So I said, Okay. Let's don't -- let's don't say 20 percent. Let's go ahead and make some different assumptions about it because it may not be all that rosy. Maybe things may not work out like we want here and we'll look at table 2. The same general set up again. Base pay of $100. Looking at your longevity and looking at the increase, and you go down and you look at how much money you earn. Not quite as much on the second plan but it still comes out to be more money. On average it's 7 -- if you look at their -- yes, ma'am, look at 1,000 -- how you doing, ma'am? We haven't seen each other in a while. $1,030, and if you -- you -- you -- hold one second. Ma'am? Ma'am, I just wanna show it to you.

CHAIRPERSON DAVIS JOHNSON: Mr. McLean?

JACK McLEAN: I'm going to show it to her. Miss -- this is Miss Sandra. I just know her. Look at this column right here. Okay. I -- I know her so I just wanted to walk over and give her some attention, make sure I wasn't ignoring her. But that's the column that she wants to go ahead and look at. And that column is -- okay. Just move it? Okay. Can you move to this column right here? This is the one I showed Miss Sandra right here.

UNIDENTIFIED SPEAKER: Make it big?

JACK McLEAN: Yeah. Just make that bigger. That was the chart that I wanted her to look at. She said, "What am I comparing it to?" And I wanted her to compare it to the chart that says $1,030 versus the chart that says $1,237. So both these charts, one -- one shows 20 percent. Another shows 7 percent. But both charts will show -- Demonstrate that you actually do make more money under the compounding effect of it. That was the main thing that I wanted to show.

CHAIRPERSON DAVIS JOHNSON: One second, please. We're back.

JACK McLEAN: And that was the main thing that I wanted to show from these charts in terms of the PTO. That's okay. Now that's on the articles -- Article 12, and then if you want to look at your wages and all of that, you want to look at your wage sections, too. And -- and these charts were done -- and I apologize. I didn't -- I wasn't controlling the process. But I am here and I was to present and I'm -- and I apologize that we didn't have the information for you to have here. It's no use talking about pointing, you know, fingers at anybody. I just want to point -- apologize to the audience 'cause as a collective group, it should have been better and it wasn't better. And all that.

CHAIRPERSON DAVIS JOHNSON: Thank you for that, Mr. McLean.

JACK McLEAN: Now, if there's some questions on the chart, I'll be glad to answer that. Otherwise I'll kind of move -- if the analysis is back, and walk everybody through the analysis.

CHAIRPERSON DAVIS JOHNSON: One moment. Are there any questions from the council for Mr. McLean at this point?

COUNCILPERSON DAVIS: I'll wait till he --

COUNCILPERSON MILLER-ANDERSON: I'll wait.

COUNCILPERSON DAVIS: -- I'll wait till the end.

CHAIRPERSON DAVIS JOHNSON: Okay. There are no questions. We'll continue.

JACK McLEAN: We can continue. Okay. The chart -- is Miss Karen back with the analysis yet? Okay. Let's put that analysis back up again for me if you can. You're not going to get there? Karen, did you pass -- do we have the analysis copy?

CITY MANAGER HOSKINS: Yes. Everyone has a copy.

COUNCILPERSON DAVIS: Madam Chair?

CHAIRPERSON DAVIS JOHNSON: Councilman Davis.

COUNCILPERSON DAVIS: I do have one question before we -- Mr. McLean, you mentioned -- you made a comment about some funds that were sitting under the old plan not --

JACK McLEAN: Yes.

COUNCILPERSON DAVIS: -- accruing interest.

JACK McLEAN: Yes.

COUNCILPERSON DAVIS: What happened to those funds that was in that account at that time once we switched?

JACK McLEAN: And I could have Finance come up but it's a -- it's a booking entry.

COUNCILPERSON DAVIS: Okay.

JACK McLEAN: Okay? Which meant that if I was entitled to have money, Jack McLean was entitled to have $100 --

COUNCILPERSON DAVIS: Uh-huh.

JACK McLEAN: -- it would be recorded as a liability on the City's books. So that the point in time when I have to make a claim, the City will look on his book and say that I'm owed the money and then have to cash it out and pay -- pay us. So it's a booking entry that recognizes money owed and due to Jack or money owed and due to the councilperson, Councilman Davis.

COUNCILPERSON DAVIS: So it's still into an account on -- on that?

JACK McLEAN: Yes, sir. There still will be an account on their books. So for instance -- yes, sir.

COUNCILPERSON DAVIS: So what happened to the fund? It's still in the same account or did we move into more of a market? Did we do an investment plan?

JACK McLEAN: As it relates to the sick and vacation time --

COUNCILPERSON DAVIS: Uh-huh.

JACK McLEAN: -- that has been earned, there's still a booking entry on the books now identifying the person that's owed that money or due that money. And it's set up individually on the books. Now, when you get the reports and you show it as a liability, it's a collapsed report. But it's broken down by individuals. And also when each person receives their biweekly check --

COUNCILPERSON DAVIS: Uh-huh.

JACK McLEAN: -- there's also an indication on the biweekly check as to what's owed and due them in regard to longevity pay, in regard to the sick leave, in regard to the -- in regard to vacation time.

COUNCILPERSON DAVIS: And -- and earlier you -- earlier you asked -- you made a statement about how -- how this is great for the employees, but you couldn't answer the question whether or not we had the funds for it. And my question would be, I guess, at this time, Mr. Sherman, do -- do we have the money?

DIRECTOR OF FINANCE SHERMAN: Yeah, good evening. Randy Sherman, Director of Finance. Actually I think you were the only one that was probably on the board when we were doing the pension obligation bonds.

COUNCILPERSON DAVIS: Okay.

DIRECTOR OF FINANCE SHERMAN: And then dealing with the pension and FRS. And if you recall at that time, you know, the -- the presentation said, Listen, if you allow us to go to FRS and allow us to issue the pension obligation bonds, we will save over a million dollars a year that we're currently spending. That has been an absolute truth that -- that -- that's happened.

Right now all of your three pension plans, your old pension plans are a hundred percent funded. Obviously the market has helped us tremendously in our -- in the pension plans. But we're saving, as far as our annual contributions, over a million dollars a year. Those are the dollars that we now have available and we've been working with this since 2013. Those are the dollars that we now have available to be able to put back in the contract. And if you recall, what we told the unions at that time was, If you help us get to FRS, we will get, you know -- come back. It took two contract periods because, again, the savings from FRS builds over time. But now we're into that second contract so the answer to the question -- the short answer is yes.

COUNCILPERSON DAVIS: Okay.

DIRECTOR OF FINANCE SHERMAN: Again, we knew this was coming.

COUNCILPERSON DAVIS: Uh-huh.

DIRECTOR OF FINANCE SHERMAN: We built it into the 2018 budget knowing that we had the compensation study. We built it into all of our projections. As you know, in our budget we, you know -- you know, gave you five-year projections. So it's built out into all of those projections. So, yes. And again, it was a -- a partnership that we had with the employees. If they helped us with the pensions, you know, again, the goal was to get it back into their paychecks. So, yes, we have the funding.

COUNCILPERSON DAVIS: Thank you.

COUNCILPERSON BOTEL: Madam Chair?

CHAIRPERSON DAVIS JOHNSON: I believe chair Pro Tem and then you, Councilwoman.

CHAIR PRO TEM HUBBARD: A couple of questions, Mr. -- either one of you. You'll know who it fits. A couple of things -- of questions that we've heard around is -- is -- is this. And based on your presentation, I want to -- I want to look at a couple of things. So a person that -- a person that has a -- has accrued X amount of sick, X amount of vacation time now, that person up until this certain point this new contract, they have those dollars accrued. The -- the difference is going to be that they can't -- in December they can't get the buy-back or the bonus that they give themselves in -- in December. That won't be -- they won't be able to do that under the new contract?

JACK McLEAN: Because we're using that to fund -- remember I -- the first slide I showed was that 900 and some -- well, yeah. The answer is no, they won't be able to use it 'cause we're funding the salary increases.

CHAIR PRO TEM HUBBARD: Well, you -- we -- we're not -- well, if I'm understanding you correctly and for -- by all means correct me if I'm wrong.

JACK McLEAN: Uh-huh.

CHAIR PRO TEM HUBBARD: We're not -- we're not funding the salary increases with the accrued time. Because as it was being stated that that has to stay on the book and that has to show on the book.

JACK McLEAN: Yeah.

CHAIR PRO TEM HUBBARD: So we have the money there, right? Not longevity but -- I'm not talking about the longevity.

JACK McLEAN: I know. I know you're not, yeah.

CHAIR PRO TEM HUBBARD: I'm talking about this accrued sick time and accrued vacation time that oftentimes in December --

CHAIRPERSON DAVIS JOHNSON: Mr. Sherman, come (unintelligible).

CHAIR PRO TEM HUBBARD: -- people are allowed to get a bonus check or take a little piece of it for themselves if they want to. They give their own selves a bonus.

CHAIRPERSON DAVIS JOHNSON: Let -- let's direct that to our Finance Director because he should be able to tell us that.

CHAIR PRO TEM HUBBARD: Oh, okay.

DIRECTOR OF FINANCE SHERMAN: Okay.

CHAIR PRO TEM HUBBARD: And the reason -- the reason I want to ask is -- let me just say this up front -- is because a lot of people wanted to know this and I know that the audience won't be asking questions.

DIRECTOR OF FINANCE SHERMAN: Right.

CHAIR PRO TEM HUBBARD: But I want people -- I want to try to play the devil's advocate and anticipate some of the things that they might want clarification on.

DIRECTOR OF FINANCE SHERMAN: Yeah. Okay. And let me -- let me try to maybe separate two issues of -- just a little bit. Go back a little bit to the accrued time. At the end of the year, okay, we look at what everyone's accruals are, sick accruals and vacation accruals. Okay? That's a liability to the City. Okay?

Whether I -- whether I'm paying it on October 1st or I may be paying it three years later, I've accrue -- the City has accrued a liability that we have to put on the books. Okay? There isn't a pot of cash equivalent to that liability sitting on the books, 'cause again, you may have some receivables and other things, but you've got your assets and you've got your liabilities. But what it means is, is that that's not in my equity. I have to take a portion of my equity and I have to put it up and show that that's a liability for the City. Okay? So --

CHAIR PRO TEM HUBBARD: Can we put a pin in that right there?

DIRECTOR OF FINANCE SHERMAN: Sure.

CHAIR PRO TEM HUBBARD: When you say a liability for the City, yet it's time that people have worked and --

DIRECTOR OF FINANCE SHERMAN: Yeah.

CHAIR PRO TEM HUBBARD: -- as a part of their --

DIRECTOR OF FINANCE SHERMAN: Yes. Absolutely. Absolutely. It's time they've earned.

CHAIR PRO TEM HUBBARD: Okay.

DIRECTOR OF FINANCE SHERMAN: Okay? And it's -- and it's on the books. And again, the City has to recognize that -- that -- that that employee is vested in -- in that benefit down the line.

CHAIR PRO TEM HUBBARD: In that particular slot.

DIRECTOR OF FINANCE SHERMAN: Okay?

CHAIR PRO TEM HUBBARD: Okay. Okay. Just -- okay. Thank you.

DIRECTOR OF FINANCE SHERMAN: Okay. Okay. Back to the contract at this point, that number at this point is that 4.2, that box up there on the right. $4.2 million. That was -- that's the -- at the end of the year, that's where we are with that liability. Okay?

During the year when people take time off, that liability's going to go down 'cause I paid somebody a vacation or a sick day. Okay? If they get a raise, that liability's going to go up. Okay? And -- and it's going to keep fluctuating until we get to the end of the year. And as you can see, just three years ago that liability was $3 million. Now it's 4.2. Okay? People have accrued more time that they haven't taken. Salaries have increased. Okay? We've hired some new employees. All that affects that number. Okay?

The -- part of the goal here was to get that $4.2 million to stop increasing, okay? So when we tell people, Okay. We -- we've frozen your sick and vacation time, it's still yours and it's still in the books. We recognize that it's a liability. Okay. But you can't accrue any more of that time 'cause now what you're doing is you're accruing the PTO. So then over time that $4.2 million will start to go back down and we won't be accruing any new time. Okay?

Now, what Mr. McLean was referring to is the big payouts that we have. Okay? So in -- again, the buy-backs, it's about $300,000 and change every year. Okay? That will stop because we've taken that money and we say, Okay. I save $300,000 over here. That's how I can help pay for, you know, a million-four contract coming through in the first year. It's -- it's a balance. It's -- it's always a give-and-take in the contracts. We try to find money like we did with the pension plan. Okay? That doesn't hurt anybody. And again, get those dollars over into the salaries where it really benefits them more. Again, every time we can increase those salaries it increases their pension.

CHAIR PRO TEM HUBBARD: Question.

DIRECTOR OF FINANCE SHERMAN: Yeah.

CHAIR PRO TEM HUBBARD: How can the $300,000 help you when -- okay. Say, for example, all of this time it's sitting over here and frame it as a liability or what have you. Whether you give it to them or not in December, knowing that you have to keep it on the books, how do it help you fund the increase in salary that we're talking about?

DIRECTOR OF FINANCE SHERMAN: Because when I pay it out as buy-back it's cash going out the door.

CHAIR PRO TEM HUBBARD: Okay.

DIRECTOR OF FINANCE SHERMAN: Okay? So I've taken that cash that's not going to go out this door. It's going to go out this door instead on the paychecks on a -- on a weekly basis.

CHAIR PRO TEM HUBBARD: I'm gonna try one more time. Regardless -- that $300,000, if they don't use -- if they aren't allowed to use it as a buy-back --

DIRECTOR OF FINANCE SHERMAN: Yeah.

CHAIR PRO TEM HUBBARD: -- it's -- from what you've explained, it still has to sit there. You have to fund it.

DIRECTOR OF FINANCE SHERMAN: Uh-huh.

CHAIR PRO TEM HUBBARD: Because it's a liability.

DIRECTOR OF FINANCE SHERMAN: It still is.

CHAIR PRO TEM HUBBARD: But you're not giving it to them. But you --

DIRECTOR OF FINANCE SHERMAN: Right.

CHAIR PRO TEM HUBBARD: -- have to fund it so it's sitting there. So talk to me about how -- if that same $300,000 is sitting here, you're not giving it to them. It's a liability. It's funded. It can't be the same $300,000 that you are paying them or giving -- that's going out the door.

UNIDENTIFIED SPEAKER: Hmm. Yeah.

DIRECTOR OF FINANCE SHERMAN: It --

JACK McLEAN: I think -- ma'am, I think the difference is this.

DIRECTOR OF FINANCE SHERMAN: In the microphone.

JACK McLEAN: Yeah. I think the difference is this. The $300,000 is a budgeted appropriation --

CHAIR PRO TEM HUBBARD: For --

JACK McLEAN: -- on -- on average --

UNIDENTIFIED SPEAKER: It's not for.

JACK McLEAN: -- in your budget for payout. It's a policy decision you made. That liability exists on your books whether you made that policy decision to pay out so much on an annual basis each year -- each year you anticipated that there's -- some people would cash in. And you made a policy decision to pay out.

The policy decision now on the $300,000, it does not affect the liability right now 'cause it's still there. It may cost you more. In fact, it could cost you more. But the point about it is is that they -- you've made a decision now through this contract -- well, excuse me. They gotta vote on it and you have to vote on it. But the pending decision is, is to take the $300,000 that you have appropriated before on an annual basis and to redirect that into everybody's salary. Okay? And that's what -- that's -- that's the decision that's been made.

CHAIR PRO TEM HUBBARD: Okay. Now, even if that -- okay. Even if that's the case, you're -- you -- you're still -- you're saying that you have to keep X amount of dollars on the books because there's a pot of money that somebody may come and ask to cash out?

JACK McLEAN: Yes.

CHAIR PRO TEM HUBBARD: They might not be allowed to cash it out every December but say five people say, I'm leaving. By law, you got to have that money sitting there to pay them five people that is separating from the City of Riviera Beach.

JACK McLEAN: Yeah. By -- by law, you must be in a position financially to pay those five people when they make that demand. The other thing that I wanted to say in terms of that money that's there and -- and -- and -- and the -- and -- and the -- and the stuff that's -- the money that's on the book, remember, everything does not come due at once. So all of this is based on your pattern of hiring employees, how much time they have. But one other thing -- you made another key policy choice that's being reflected in the budget, is that you will not increase that top line. That's what Randy was mentioning a moment ago, Mr. Sherman. You won't increase that $4 million line because you're going to PTO.

CHAIR PRO TEM HUBBARD: Right.

JACK McLEAN: So once you go to PTO, the strain on your ability to both pay the $300,000, you know, and to finance that, as well as have money to pay out for people who have leave on the books in the past is being reduced every year. So you're reducing your liability, freeing up cash to fund the agreement. And you're also seeing going forward, I won't be -- I -- going to PTO, I won't have the kind of liability that I had in the past.

CHAIR PRO TEM HUBBARD: Okay.

JACK McLEAN: So -- so that's what happens on it. It's -- but -- but it's your decision. Yes, ma'am.

CHAIR PRO TEM HUBBARD: One -- one more question. Okay. So we're going to PTO. Let's say where -- where are we at. Let's say we're going to PTO May 1st.

JACK McLEAN: Yes, ma'am.

CHAIR PRO TEM HUBBARD: So everything that's in that pot up until April 30th, we're saving that because we might have five people that get a new job. They want their money. And the money is going to be there. But at the same time we're not putting any more money -- we're not putting any more money in that pot.

CHAIRPERSON DAVIS JOHNSON: Uh-huh.

CHAIR PRO TEM HUBBARD: But what they're all due is there and waiting and ready for them, right?

JACK McLEAN: One of the --

CITY MANAGER HOSKINS: Uh-huh.

JACK McLEAN: -- yeah, one of the things you have to remember in the contract, the contract still provides for those who have accrued -- where -- where is my HR director?

CITY MANAGER HOSKINS: Sick and vacation.

JACK McLEAN: Okay. Move a seat a little closer here. But -- but -- but the -- the -- but for those that already have time on the book, that if the bank of -- that material, that's still there. When they terminate, can they cash out?

UNIDENTIFIED SPEAKER: (Unintelligible).

JACK McLEAN: That's right. The point about it I'm trying to say is is that it's a lot of parts on it. Some people, when they cash out on their sick and vacation time, they -- it's still written in the contract that they can do it up to 120 days or up to 80 days, which is what they used to do before. And they can still do some of those same things on the old money that they have. But they cannot do it on the -- any -- going forward. They can't do it anymore.

CHAIR PRO TEM HUBBARD: And that -- and -- and that is, I guess, where --

JACK McLEAN: That's the PTO.

CHAIR PRO TEM HUBBARD: That -- right. It -- once -- and I'm just using these dates for example's sake, now. Once May 1st hit -- and I'm just calling that for the sake of this conversation -- the PTO kicks in.

JACK McLEAN: Yes, ma'am.

CHAIR PRO TEM HUBBARD: So no more accrued time?

JACK McLEAN: Correct.

CHAIR PRO TEM HUBBARD: There won't be accrued time. It'll be use it --

JACK McLEAN: It's not --

CHAIR PRO TEM HUBBARD: -- use it or lose it?

JACK McLEAN: -- no, ma'am.

UNIDENTIFIED SPEAKER: No.

JACK McLEAN: It's not use it or lose it.

CHAIR PRO TEM HUBBARD: I'm not talking about the time that they've already accrued.

JACK McLEAN: No, no. I'm talking about PTO is not lose it or use it. You always keep your PTO throughout your whole career.

CHAIRPERSON DAVIS JOHNSON: You just cannot cash it out.

CHAIR PRO TEM HUBBARD: You just can't cash it -- cash it out. But --

JACK McLEAN: Yeah. You can't cash it out. No, ma'am.

CHAIR PRO TEM HUBBARD: No.

JACK McLEAN: You can't cash it out. The way you --

CHAIR PRO TEM HUBBARD: So can you accrue time on PTO?

JACK McLEAN: No. Because any time you use the term accrual, it's gotta be booked. No, ma'am. You can use it but you cannot accrue it.

CHAIR PRO TEM HUBBARD: Okay. So you use it or lose it at the end of the day if you --

UNIDENTIFIED SPEAKER: End of the day, yes.

CHAIR PRO TEM HUBBARD: -- so I'm --

JACK McLEAN: Ma'am, okay. If you -- if you --

CHAIR PRO TEM HUBBARD: -- okay. I don't want to mislead the people. So tell me where I'm wrong at.

JACK McLEAN: Then -- then I -- I would think -- lose it or use it is what they had before. Some of them will remember but you could only carry so much time on the books of vacation and leave time. If you didn't use it what happened to it?

CHAIRPERSON DAVIS JOHNSON: Mr. McLean? Mr. McLean?

JACK McLEAN: You lost that. Yes, ma'am. I'm just saying you lost that. We're not in a situation with the PTO where they lose it. Every PTO time that they have they get to keep. It is not lost. It's always available.

CHAIR PRO TEM HUBBARD: Oh, well, okay. It's not lost. So -- but when they separate from the City they'll be able to get it?

JACK McLEAN: No, ma'am. No, ma'am.

UNIDENTIFIED SPEAKER: No.

JACK McLEAN: When -- the PTO is not -- you cannot cash out the PTO.

CHAIR PRO TEM HUBBARD: Cash it out.

CHAIRPERSON DAVIS JOHNSON: Right.

UNIDENTIFIED SPEAKER: Uh-huh.

JACK McLEAN: Because the cash -- the -- that is part -- that's in part how we are funding the current wages increases that they're getting.

CHAIR PRO TEM HUBBARD: Okay. I -- and -- and -- and -- okay. So we're on the same page and I got all of that -- that piece.

JACK McLEAN: Uh-huh.

CHAIR PRO TEM HUBBARD: And I just want to understand one more thing. So the monies that we have till April 30th, and I'm -- again, I'm just using that date as a --

JACK McLEAN: Yes.

CHAIR PRO TEM HUBBARD: -- example date. Play -- play date. Like, that's when we're going to PTO. So me -- and okay. So I have my 112 days of sick and my 100 and something days of vacation time. So December's going to come. I'm not going to be able to cash out 50 of those days anymore. So next year, 2019 when I decide to leave the City --

JACK McLEAN: Yes.

CHAIR PRO TEM HUBBARD: -- everything that I earned up until April 30th -- speaking of vacation and sick, those -- that's when I'll be able to cash those funds out?

JACK McLEAN: For -- for the accrual time, yes, ma'am.

CHAIR PRO TEM HUBBARD: For every --

JACK McLEAN: When you terminate and leave then, yes, ma'am.

CHAIR PRO TEM HUBBARD: So -- okay. So any -- so I can't -- now, when I go over -- so now, from May 1st, when May 1st kicked in --

JACK McLEAN: That's correct. Yes.

CHAIR PRO TEM HUBBARD: And I started a -- I don't want to say accrue. When I started -- I will say accrue. Accruing sick and vacation time under the PTO --

JACK McLEAN: Yeah.

CHAIR PRO TEM HUBBARD: -- under the PTO policy.

JACK McLEAN: Yes, under the PTO policy.

CHAIR PRO TEM HUBBARD: Under the PTO policy. So I still -- so I got some -- I'm leaving now. I can cash that money out on the old plan.

JACK McLEAN: Yes.

CHAIR PRO TEM HUBBARD: The days and the times that I have on the PTO time that I didn't use up, I can't cash any of that out?

JACK McLEAN: No. And what practically should -- yes. To answer your question, you can't cash it out. What practically should -- what most people will do if I'm in that situation, if I'm the employee --

CHAIR PRO TEM HUBBARD: Uh-huh.

JACK McLEAN: -- is that when I get ready to terminate, I say, Guys, I got PTO. I'll see you to pick up my -- my final paycheck in 60 days or whatever number of days because you have PTO. It's still your time. You can use that time as much as you want.

CHAIR PRO TEM HUBBARD: So they could take off -- say you got 60 days' worth of PTO, you can take it off and don't come to work.

JACK McLEAN: I'm terminating, taking it off.

CHAIR PRO TEM HUBBARD: I won't -- you know, I won't be back --

JACK McLEAN: You would -- yes.

CHAIR PRO TEM HUBBARD: -- until I run this clock out and use up my PTO time.

JACK McLEAN: Yes, ma'am.

CHAIR PRO TEM HUBBARD: And then I'm out for good.

JACK McLEAN: So on the paperwork it says that I am retiring or I am deciding at the end of the period --

COUNCILPERSON MILLER-ANDERSON: I can't hear you.

JACK McLEAN: I'm sorry.

COUNCILPERSON MILLER-ANDERSON: I -- no, no.

CHAIRPERSON DAVIS JOHNSON: Can -- please --

CHAIR PRO TEM HUBBARD: Okay. And so none of that can be denied?

JACK McLEAN: Well, okay. If you have a -- if you have a national -- if you have --

CHAIR PRO TEM HUBBARD: If you have over a -- an abundance?

JACK McLEAN: No. No, ma'am. No, ma'am. If you have a national -- if you have an emergency, if something is going on --

CHAIR PRO TEM HUBBARD: Uh-huh.

JACK McLEAN: -- that's of -- you know, like an emergency 'cause you have an emergency policy where anybody, any leave can be stopped. But absent that hurricane -- of an Andrew force coming along here, people can use that time on their retirement, yes, ma'am. It may be that we have to tell some people that they planned on retiring because we have a national emergency. You -- you know, we -- we -- we can't -- can't do that. You have an option to do that but that's not likely to happen. Like -- what's likely to happen is the people, once they sign up and say, I'm going to retire or I'm going to resign, they're going to use that PTO. I would. I -- I know that's what I'd be doing. Because that's my time.

CHAIRPERSON DAVIS JOHNSON: You --

JACK McLEAN: Okay? And that's what -- and I would use it. And is -- and is that time money? Yes. Does it mean that the City has to manage itself differently because it has moved away from a situation of booking increasing liability to being basically on a cash basis in terms of its leave and its salary? Yes, it does have to manage itself differently.

CHAIR PRO TEM HUBBARD: The only thing that I don't see is that if you have the money there in that line item and it's a liability and you have to book it anyway, and you can't use it for this -- on this PTO side of the equation, you can't use any of that. There's no way you can use the -- that money on the PTO side. So I -- the -- the -- that's where later you can maybe come back around to that advantage of not being able to buy back in December for Christmastime and stuff like that.

JACK McLEAN: Okay. Well, one of the things that I said the last time, we've talked about how we fund this plan. And -- and I think I made a notation in the analysis and said that in each year we learned something about the contract and we make improvements on the contract and we modify the contract.

CHAIR PRO TEM HUBBARD: Uh-huh.

JACK McLEAN: Sometime in this contract we actually entered into an MOU because there was something that was not quite what everybody's understanding was so we could clarify that and that make it work for everybody. So these are living documents.

They're not dead stone. You look at each one of the situations that you have and if the parties come together, they can make changes on the -- on it. It's a living document. It's not that. It is certainly a legal document and a guide but it's a living document, also.

CHAIRPERSON DAVIS JOHNSON: Thank you. Councilwoman Botel?

COUNCILPERSON BOTEL: Thank you. I have one question, one clarification. The question is with regard to Article 26 on page 54.

JACK McLEAN: Yes.

COUNCILPERSON BOTEL: Where it states, "All existing benefits covering City employees is outlined in the Human Resources Rules and Regulations Booklet and any other written City policy that is not now incorporated," etc. This contract does not in any way turn back any -- any -- any benefits that the City employees have had in the past with regard to health benefits or any other benefits that they've had?

JACK McLEAN: Yeah. You're reading the Maintenance of Benefits clause; is that right?

COUNCILPERSON BOTEL: Yes.

JACK McLEAN: Okay. You -- the answer to your question is yes, but I want to add one little quick caveat on the health side of it. Under the miscellaneous category, there has -- there is a provision in it that says that this health care for family members, if the City got over 5 percent increase year over year, $20 of that could be passed along to the employee in the family group.

COUNCILPERSON BOTEL: Explain that in a little bit more detail, please. Twenty --

JACK McLEAN: Yes, ma'am. If the City's health care was -- provided was 5 percent more than the previous year. So it was $100 last -- now it's $105, the City has the right under the contract to charge the individual employee $20 a pay period to cover the increased cost, or at least a portion of the increased cost.

COUNCILPERSON BOTEL: Was that in the last contract, as well?

JACK McLEAN: Yes, ma'am.

COUNCILPERSON BOTEL: So that's been in the contract? That's nothing new?

JACK McLEAN: It's been in the contract. That's correct. The Maintenance of Benefit provision that you've read is all things that are not in the contract but are benefits to the employee --

COUNCILPERSON BOTEL: Okay.

JACK McLEAN: -- will not be changed during this contract.

COUNCILPERSON BOTEL: But there's nothing -- you're -- you're saying that there's nothing new about this charge if the benefits -- if the cost goes over 5 percent?

JACK McLEAN: That's nothing new.

COUNCILPERSON BOTEL: No. Okay. I have a question about page 42, Section 1 -- Article 20, Section 1, wages. The classification study, it says, "Approved by the Riviera Beach City Council on February 21st, 2017." I think it was approved on February 21st, 2018.

JACK McLEAN: Okay. We'll make the correction.

COUNCILPERSON BOTEL: Thank you. And I was not on council at that point in time and I just received a copy of that compensation study, classification study today, so I'm going to take a good long look at that and see if there are issues there that I might take up with you in the future. Thanks.

JACK McLEAN: Yes. Thank you. Thank you.

CHAIRPERSON DAVIS JOHNSON: Are there any other questions from the council? Proceed, Mr. McLean.

JACK McLEAN: I think with that I've answered all the questions on it. I do think it would be the recommendation of the City management based on the discussion we've had today that we move forward with the ratification process that's in place and provided for by Florida law, that the employees will vote one way or the other on their date set, I believe on the 30th, and that you take the issue up on May 2nd and decide, you know, what you want to do. At this point it's a vote up, a vote down the way the law is. There's no modifications that can be made at this point because we're in the ratification process. So it's a vote up or vote down. And of course if either party votes it down, then we'll -- we'll go back to the table and begin negotiations anew.

CHAIR PRO TEM HUBBARD: One last question about the -- may I?

CHAIRPERSON DAVIS JOHNSON: Chair Pro Tem.

CHAIR PRO TEM HUBBARD: The -- the -- the 3 percent -- and I'm just asking this for general public purposes -- the 3 percent which is considered the COLA, this was not given to any employees at this time. So this is a case that SEIU wanted to wait on COLA till after this session, these negotiations were done?

JACK McLEAN: That's correct, ma'am. That is -- that's correct.

CHAIR PRO TEM HUBBARD: Okay.

JACK McLEAN: It -- it -- it -- it was correct is that at the table -- and I think that was part of the manager's questionnaire and attachments -- there was an offer made of 3 percent on October 1. And then we wait for the study and have it -- reopen it and talk about salary increases. The representative of the employees wanted to wait for the study and -- and they did. And let me just say this so that no -- no -- I think their representative made a smart move because the employees are actually making more money. They really -- they made -- they made a smart move. If they have gone and taken up the City's initial offer at 3 percent, that would have been the floor for us. We would have negotiated with that, and we would have looked at the salary study and it may or may not have increased for them. But they made a good move 'cause they

got -- they have on average 11 percent increase in pay. So they made a good move.

CHAIR PRO TEM HUBBARD: Right.

JACK McLEAN: And -- and some didn't and I can talk about -- I -- I -- I don't want to name the union but there is one union who did -- who did not make that move and they actually left money on the table. This union is collecting money on the table that was there.

M**COUNCILPERSON BOTEL:** Madam Chair?

CITY MANAGER HOSKINS: Madam Chair? Oh.

CHAIRPERSON DAVIS JOHNSON: One moment. Madam City Manager?

CITY MANAGER HOSKINS: Just one point in clarification: The -- Councilwoman Hubbard did mention that no one received 3 percent at 10/1. However, the administrative --

JACK McLEAN: Oh, I was talking to --

CITY MANAGER HOSKINS: -- part-time --

JACK McLEAN: Oh, yeah.

CITY MANAGER HOSKINS: -- and nonbargaining unit members' unit did receive 3 percent at 10/1. And that was approved by the City Council.

CHAIR PRO TEM HUBBARD: But the S -- but S -- the SEIU --

CITY MANAGER HOSKINS: Did not.

JACK McLEAN: Did not.

CHAIR PRO TEM HUBBARD: -- negotiating team decided to wait until after the study came back and include that into their negotiations so --

JACK McLEAN: And -- and let me just add one other thing that the union also got for their members that didn't happen for the administrative people. Those who are the administrative people who got their 3 percent on October 1 and under the study, if they were not supposed to get any, you know -- you know, like they waited on the study and said, Do I get money? And they didn't get an increase in pay, they got no extra money. In the union, SEIU people, there were at least 18 of them who were not entitled to receive anything based on the study, but their union negotiated a 3 percent increase for them. But that did not happen for, you know, the administrative people.

CHAIRPERSON DAVIS JOHNSON: Councilwoman Botel.

COUNCILPERSON BOTEL: It was answered. Thank you.

CHAIRPERSON DAVIS JOHNSON: Okay. Did that complete your presentation?

JACK McLEAN: Yes, it does. Thank you very much, Miss Johnson.

CHAIRPERSON DAVIS JOHNSON: Do you have any comments?

CITY MANAGER HOSKINS: No, ma'am.

CHAIRPERSON DAVIS JOHNSON: Any comments from the board?

COUNCILPERSON DAVIS: Yes.

CHAIRPERSON DAVIS JOHNSON: Mr. Davis.

COUNCILPERSON DAVIS: As we close out one previous question. One of the questions that came up quite a bit as -- and this might be for Mr. -- for the Finance Department. When we converted -- transferred over to FRS back in 2014 -- is that correct? Is that the year? '13?

DIRECTOR OF FINANCE SHERMAN: Yeah, correct.

COUNCILPERSON DAVIS: What happened to the funds once we converted over? Did -- was it a hybrid system where some -- the funds that remained funded into the old retirement system? And how did we fund the ones into the new FRS? How did we -- how did that decision be made?

DIRECTOR OF FINANCE SHERMAN: The money -- the money in the old retirement systems remains in the old retirement systems.

COUNCILPERSON DAVIS: Uh-huh.

DIRECTOR OF FINANCE SHERMAN: And if you recall at that point, I want to say the general employee plan was funded somewhere in the 60 percent level.

COUNCILPERSON DAVIS: Uh-huh.

DIRECTOR OF FINANCE SHERMAN: Police and fire were in the 80 percent level. And again, now they're all at 100 percent funded. FRS, actually we pay that out 100 percent every payroll period.

COUNCILPERSON DAVIS: Uh-huh.

DIRECTOR OF FINANCE SHERMAN: So again, this -- it -- it's a little -- the State worries about what's in the trust funds.

COUNCILPERSON DAVIS: Correct.

DIRECTOR OF FINANCE SHERMAN: We just pay a percentage of payroll on a weekly -- or biweekly basis.

COUNCILPERSON DAVIS: So what happens -- so all those employees who stayed in the old system --

DIRECTOR OF FINANCE SHERMAN: Yeah.

COUNCILPERSON DAVIS: -- with all their benefits -- I'm just thinking. If I was an employee, I got 55 days. At no point that I can still -- that I cannot still get the buy out -- the buy-back and all those things that was presented before it. Does that still stay consistent?

DIRECTOR OF FINANCE SHERMAN: Well, again, the buy-back -- the interesting thing about the buy-back as Mr. McLean said, it's not pensionable anymore. At one point we got the 40 hours or 80 hours, whatever you chose, it was pensionable. It's not pensionable anymore.

COUNCILPERSON DAVIS: What year did the legislation change -- make the change?

DIRECTOR OF FINANCE SHERMAN: It was 2011 that the statutes changed.

COUNCILPERSON DAVIS: Okay.

DIRECTOR OF FINANCE SHERMAN: But it didn't go into effect at the local level until the next contract was adopted.

COUNCILPERSON DAVIS: Uh-huh.

DIRECTOR OF FINANCE SHERMAN: So those contracts are all adopted in 2014. So that's where our line in the sand is.

COUNCILPERSON DAVIS: So all of our previous -- all of our pension benefits stayed in that plan, but all our accrued time and everything else came into the FRS plan? Is that how we're funding it? Was all that stuff funded prior to 2014?

DIRECTOR OF FINANCE SHERMAN: All of what stuff?

COUNCILPERSON DAVIS: All my vacation, all my sick, everything.

DIRECTOR OF FINANCE SHERMAN: Again, it was the same thing where we were carrying the liabilities on the book.

COUNCILPERSON DAVIS: Uh-huh.

DIRECTOR OF FINANCE SHERMAN: And again, as buy-backs came, it got budgeted and it -- it got paid out.

COUNCILPERSON DAVIS: Okay.

DIRECTOR OF FINANCE SHERMAN: But again, that's been the same way. It's just gone from being a pensionable payout to a nonpensionable payout.

COUNCILPERSON DAVIS: Which means --

DIRECTOR OF FINANCE SHERMAN: So again, by taking those -- that $300,000 every year and putting it in your paycheck --

COUNCILPERSON DAVIS: Uh-huh.

DIRECTOR OF FINANCE SHERMAN: -- now it's all pensionable.

COUNCILPERSON DAVIS: So we're funding that year to year, then?

DIRECTOR OF FINANCE SHERMAN: So now we fund it on a year-to-year, right.

COUNCILPERSON DAVIS: And then that $300,000, could that -- that will possibly change once all these studies come back 'cause it'll be based upon the amount of folks that are asking for it and what their pay is based upon what it was last year?

DIRECTOR OF FINANCE SHERMAN: And what -- absolutely. That -- that number typically is going up every year.

COUNCILPERSON DAVIS: And we're budgeted for all those -- with all those considerations a part of it, correct?

DIRECTOR OF FINANCE SHERMAN: Right. And again, the part of the problem is, is you don't necessarily know what that number is until everyone makes the election and the election is made after October.

COUNCILPERSON DAVIS: Uh-huh.

DIRECTOR OF FINANCE SHERMAN: So again, it's -- we're trying to always project what those buy-outs are. But it -- you know, and Miss Hoskins certainly can chime in, too. It -- it's fairly consistent every year.

COUNCILPERSON DAVIS: Right.

DIRECTOR OF FINANCE SHERMAN: It may be different people. May be a different amount of hours for people. And -- but again, it's -- it tends to be a fairly consistent number.

COUNCILPERSON DAVIS: And at no point there's no employee -- have there been any employees forced to convert or it's always been optional, their choice? That's my question.

DIRECTOR OF FINANCE SHERMAN: Convert to --

COUNCILPERSON DAVIS: FRS.

DIRECTOR OF FINANCE SHERMAN: -- no, no.

COUNCILPERSON DAVIS: That was (unintelligible).

DIRECTOR OF FINANCE SHERMAN: That was their option back in 2014. That was the current employee's option to stay in the old plan or go to FRS. All new employees go into FRS.

COUNCILPERSON DAVIS: Are those the only employees? Effective 2015, correct?

CHAIRPERSON DAVIS JOHNSON: In '14. It seems to me everything in 2014 and back.

COUNCILPERSON DAVIS: I just want to make --

CHAIRPERSON DAVIS JOHNSON: Anything --

COUNCILPERSON DAVIS: -- I just want -- I'm just trying to make sure that --

DIRECTOR OF FINANCE SHERMAN: Right.

COUNCILPERSON DAVIS: -- those that can, you know --

CHAIRPERSON DAVIS JOHNSON: Okay.

CITY MANAGER HOSKINS: For those employees that had five years or less, right? Had the option to go to FRS?

DIRECTOR OF FINANCE SHERMAN: No, they all had the option. We would only buy up to five years.

CITY MANAGER HOSKINS: Buy up to five years.

DIRECTOR OF FINANCE SHERMAN: Right. So if you had six years --

CITY MANAGER HOSKINS: Okay.

DIRECTOR OF FINANCE SHERMAN: -- you chose to go FRS, we would have bought into FRS for that five-year period.

COUNCILPERSON DAVIS: So in the worst-case scenario, what is -- what would the employees now be losing, on the discussion, if anything?

DIRECTOR OF FINANCE SHERMAN: In -- in what?

COUNCILPERSON DAVIS: In benefits specifically.

DIRECTOR OF FINANCE SHERMAN: Well, again, what -- what they're doing is -- is they're --

COUNCILPERSON DAVIS: What would they be giving up? Let me change that question.

DIRECTOR OF FINANCE SHERMAN: Yeah.

COUNCILPERSON DAVIS: What would they be giving up?

DIRECTOR OF FINANCE SHERMAN: Really -- really what -- what they're giving up is the -- is the buy-back. The opportunity to buy back.

COUNCILPERSON DAVIS: Uh-huh.

DIRECTOR OF FINANCE SHERMAN: Okay? 'Cause again, not every employee does it. But you know, the opportunity to buy back. And again, they're getting an unlimited accrual 'cause, again, we're not capping the PTO accruals. But then they're giving up the ability to cash that out 20 years, 25 years down the road.

CHAIRPERSON DAVIS JOHNSON: Any further question, Mr. Davis?

COUNCILPERSON DAVIS: No.

CHAIRPERSON DAVIS JOHNSON: You done?

COUNCILPERSON DAVIS: I would --

CHAIRPERSON DAVIS JOHNSON: Did you have it answered?

COUNCILPERSON DAVIS: I'll let somebody else -- I'll let somebody else go.

CHAIRPERSON DAVIS JOHNSON: Oh, if you're not done, go ahead. I don't know that anyone else --

COUNCILPERSON DAVIS: No. I'm still writing down my notes based upon what I received.

COUNCILPERSON MILLER-ANDERSON: We're finished now.

CHAIRPERSON DAVIS JOHNSON: But we're -- yeah, we've completed unless you are done -- unless you have more now.

COUNCILPERSON DAVIS: I -- I can ask those questions --

CHAIRPERSON DAVIS JOHNSON: (Phone ringing). I'm sorry about that.

COUNCILPERSON DAVIS: -- later.

CHAIRPERSON DAVIS JOHNSON: Okay.

COUNCILPERSON DAVIS: Yeah.

CHAIRPERSON DAVIS JOHNSON: All righty. Thank you, Mr. McLean.

JACK McLEAN: Thank you, Miss Johnson.

ADJOURNMENT

CHAIRPERSON DAVIS JOHNSON: Thank you, Board, for joining us here on this workshop. There being no further business, we stand adjourned.

(CONCLUSION OF WORKSHOP)

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