



City Council Chamber
735 Eighth Street South
Naples, Florida 34102

City Council Regular Meeting – February 16, 2011 – 8:30 a.m.

Mayor Barnett called the meeting to order and presided.

ROLL CALL..... ITEM 1

Present:

Bill Barnett, Mayor
John Sorey, III, Vice Mayor

Council Members:

Douglas Finlay
Teresa Heitmann
Gary Price, II
Samuel Saad, III
Margaret Sulick

Also Present:

William Moss, City Manager
Robert Pritt, City Attorney
Tara Norman, City Clerk
Roger Reinke, Assistant City Manager
Vicki Smith, Technical Writing Specialist
Jessica Rosenberg, Deputy City Clerk
David Lykins, Community Services Director
Roger Jacobsen, Code & Harbor Manager
Paul Bollenback, Building Services Director
Stephen McInerney, Fire Chief
Tom Weschler, Police Chief
Robin Singer, Planning Director
Adam Benigni, Planner
Michael Bauer, Natural Resources Manager
Denise Perez, Human Resources Director
Larry Bacci, Fire Marshal

John Reid
Edward Thompson
Hans Gruenberg
Ewing Sutherland
Larry Schultz
Marvin Easton
Rebecca Speer
Robin Wheeler
James Linn
John Grady
Stephen Palmquist
Ned Riley

Media:

Jenna Buzzacco-Foerster, Naples Daily News

Other interested citizens and visitors

INVOCATION AND PLEDGE OF ALLEGIANCE..... ITEM 2

Dr. Edward Thompson, First Presbyterian Church.

ANNOUNCEMENTS..... ITEM 3

Mayor Barnett read a proclamation designating February 22 as "Spay Day" in the City. Code & Harbor Manager Roger Jacobsen introduced members of the Special Olympics basketball team which he coaches, his team having won a gold medal the prior weekend.

SET AGENDA (add or remove items)..... ITEM 4

MOTION by Sorey to SET THE AGENDA as submitted, seconded by Sulick and unanimously carried, all members present and voting (Finlay-yes, Heitmann-yes, Price-yes, Saad-yes, Sorey-yes, Sulick-yes, Barnett-yes).

PUBLIC COMMENT ITEM 5
(8:38 a.m.) **Larry Schultz, 408 16th Avenue South**, requested that Council direct staff to obtain and post to the City's website the audio recording of the December 16, 2009 and March 9, 2010 NAA (Naples Airport Authority) workshops, wherein the proposed extension of runway 5/23 had been discussed. Due to the upcoming quasi-judicial hearing regarding this matter by Council, Mr. Schultz maintained that the public should have access to these two discussions; Council concurred and made the requested direction. Vice Mayor Sorey recommended the topic be further pursued during correspondence and communications (see below). **Rebecca Speer, 1134 Seventh Avenue North**, expressed appreciation to City staff for its support of activities involving the Naples Preserve. **Robin Wheeler, Port Royal Association**, read into the record a statement regarding architectural review procedures (Attachment 1). She noted an opinion by the City Attorney regarding this matter and Mayor Barnett suggested that further discussion occur during correspondence and communications (see below). **Hans Gruenberg, 1717 Gulf Shore Boulevard North, #304** and **Ewing Sutherland, 4005 Gulf Shore Boulevard North**, requested that Council intervene in disputes between owners of older condominiums and fire code enforcement. Referencing correspondence to the State Fire Marshal (a copy of which is contained in the file for this meeting in the City Clerk's Office), they explained that confusion remains with regard to retrofits of the older structures and that a determination of what is reasonable and beneficial must be made. They requested a workshop discussion of this matter.

CONSENT AGENDA

APPROVAL OF MINUTES ITEM 7-a
January 18, 2011 Workshop, January 19, 2011 and February 2, 2011 Regular Meeting minutes; as submitted.

SPECIAL EVENTS ITEM 7-b
1) McCabe's St. Patrick's Day and St. Patrick's Day Celebration 2011 – McCabe's Irish Pub and Grill – Sugden Plaza – 03/12/11 and 03/17/11.
2) Sea Turtle Homecoming Festival – City of Naples – 12th Avenue South and Fishing Pier roundabout – 04/16/11.

RESOLUTION 10-12841 ITEM 7-c
A RESOLUTION ACCEPTING A GRANT FROM THE SOUTH FLORIDA WATER MANAGEMENT DISTRICT FOR THE CITY'S MANGROVE RESTORATION PROJECT; AND PROVIDING AN EFFECTIVE DATE. Title not read.

CLERK'S TRACKING #11-00003 ITEM 7-d
APPROVING A FIRST AMENDMENT TO AN AGREEMENT TO COMPLETE THE INSTALLATION AND REPLACEMENT OF THE EXISTING REUSE WATER LINES IN THE COMMUNITY DEVELOPMENT BUILDING \ VENDOR: BEAR PLUMBING OF SOUTH FLORIDA, NAPLES, FLORIDA \ COST: \$16,000 \ FUNDING: CIP 11B03 – WATERLINE REPLACEMENT. Title not read.

MOTION by Sulick to APPROVE CONSENT AGENDA as submitted; seconded by Heitmann and unanimously carried, all members present and voting (Finlay-yes, Heitmann-yes, Price-yes, Saad-yes, Sorey-yes, Sulick-yes, Barnett-yes).

END CONSENT AGENDA

RESOLUTION 12842 ITEM 8
A RESOLUTION DETERMINING PUBLIC ART PETITION 10-PAAC01 FOR PUBLIC ART INSTALLATION AND REIMBURSEMENT OF THE PUBLIC ART FEE FOR THE FIRE CODE OFFICIAL'S BUILDING OF THE EAST NAPLES FIRE CONTROL AND RESCUE DISTRICT TO BE LOCATED AT 2700 HORSESHOE DRIVE, MORE FULLY DESCRIBED HEREIN; AND PROVIDING AN EFFECTIVE DATE. Title read by City Attorney Robert Pritt (8:56 a.m.). This being a quasi-judicial proceeding, Notary Public Vicki Smith administered an oath to those

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intending to offer testimony; all responded in the affirmative. City Council Members then made the following ex parte disclosures: Saad/attend groundbreaking ceremony for structure but no further contact; Price, Barnett, Sulick and Heitmann/familiar with the site but no contact; Finlay/familiar with the site and as a member of Public Art Advisory Committee (PAAC), familiar with upcoming staff testimony; and Sorey/visited the site and reviewed January 25th PAAC minutes of this item. Planning Director Robin Singer then explained that PAAC had approved the proposed sculpture, as presented.

East Naples Fire Code Official Ned Riley, petitioner, indicated his presence should Council have questions regarding the design; none were forthcoming.

Public Comment: (8:56 a.m.) None.

MOTION by Sorey to APPROVE RESOLUTION 11-12842 as submitted; seconded by Saad and unanimously carried, all members present and voting (Finlay-yes, Heitmann-yes, Price-yes, Saad-yes, Sorey-yes, Sulick-no, Barnett-yes)..

RESOLUTION 11-12843 ITEM 11
A RESOLUTION APPOINTING 5 MEMBERS TO AN AUDIT COMMITTEE REGARDING SELECTION OF AN AUDIT FIRM; AND PROVIDING AN EFFECTIVE DATE. Title read by City Attorney Robert Pritt (8:57 a.m.). Following a brief overview by City Manager William Moss, Vice Mayor Sorey offered to sit as the Council Member on the committee and supported the recommendation of resident Murray Hendel. Additionally, Finance Director Ann Marie Ricardi, Comptroller Ralph LaCivita, and Anne Middleton, a member of the local banking community, were also supported as members to the committee by Council. Mr. Pritt then cautioned all committee members to heed the Sunshine Law (Chapter 286, Florida Statutes), pointing out that no discussion of the audit firm's selection with one another could take place outside of its meetings.

Public Comment: (9:03 a.m.) None.

MOTION by Sulick to APPROVE RESOLUTION 11-12843 as submitted; seconded by Price and unanimously carried, all members present and voting (Finlay-yes, Heitmann-yes, Price-yes, Saad-yes, Sorey-yes, Sulick-yes, Barnett-yes).

Consensus to appoint Vice Mayor Sorey and resident Murray Hendel to this committee.

..... ITEM 6-a
OVERVIEW OF CURRENT PENSION PLANS, LEGISLATIVE UPDATE, UPDATE ON STATUS OF ACTUARIAL PROJECTIONS REPORT, AND OTHER RELATED PENSION ISSUES PRESENTED BY ATTORNEY JIM LINN, OF LEWIS, LONGMAN & WALKER (City's Pension Attorney) AND STEPHEN PALMQUIST OF GABRIEL, ROEDER AND SMITH (City's Actuary). (9:04 a.m.) City Manager William Moss provided a brief history of the City's past efforts in providing input at the state level with regard to pension reform and greater flexibility planning and funding local pension liabilities. Assistant City Manager Roger Reinke then introduced the City's pension attorney, Jim Linn, and its actuary, Stephen Palmquist, who utilized an electronic presentation in their review of the above listed issues. (It is noted for the record that excerpted text of the presentation is appended hereto as Attachment 2.) The cost of implementing various alternatives is to be forthcoming, Mr. Reinke pointed out.

Attorney Linn said that his presentation contained an overview of pension costs and other factors which had originated in the October 1, 2010 Actuarial Valuation Reports for the City's three

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pension plans. (It is noted for the record that these reports are contained in the file for this meeting in the City Clerk's Office.) He reviewed the following (see Attachment 2 for details):

- Pension costs for FY 2010-2011;
- Average pension cost per employee;
- Pension cost components;
- Pension costs 2005-2011;
- Unfunded actuarial accrued liability (UAAL) 2005-2011;
- Funded ratio of pension funds 2005-2011;
- Impact of recent market downturn;
- Five-year smoothing example;
- Key provisions for each pension plan and examples thereof;
- Review of Chapters 175 and 185, Florida Statutes (premium taxes);
- Premium tax issues;
- Options to contain pension costs;
- Legal guidelines;
- Pension reform options; and
- Examples of actions by various municipalities.

Recess: 10:25 a.m. to 10:41 a.m. It is noted for the record that the same Council Members were present with the meeting reconvened and discussion of Item 6-a continued.

Discussion followed regarding the declaration of a financial urgency which had been made by the City of Miami (see Attachment 2, Page 9). Attorney Linn explained that the provision allowing for such a declaration is contained in the Collective Bargaining Statute although not well defined; litigation resulted in each instance when it has been used. It allows a two-week negotiation period prior to a municipality imposing reductions in current contracts (wages and benefits). Furthermore, he noted that under federal law, cities are allowed to declare bankruptcy if approved by the state. Under the state's financial emergency law, should a city be unable to meet its financial obligations and declare a financial emergency, the Governor appoints an oversight board which basically then controls the finances of the subject city; this statute remains silent with regard to contract and/or pension obligations, he added.

Mr. Palmquist then proceeded with his review of the 30-year projection of required City pension contributions based on current plan provisions (Attachment 3) and the assumption that salaries would increase 5% per year. Assistant City Manager Reinke interjected that it is unlikely that salaries would in fact increase at such a rate, and Mr. Palmquist confirmed that this would result in lowered projections. He continued review of the projections by explaining a graph of the percentage of pensionable pay (Attachment 4), noting the following ranges:

- Firefighters – 2012 at 42.41%, up to 58.22% in 2028, declining to 37.31% by 2041;
- Police – 2012 at 35%, up to 43.24% in 2028, declining to 24.86% in 2041; and
- General – 2012 at 17.9%, up to 18.73% in 2014, maintaining that level until 2023, and declining to 11.60% by 2041.

The next graph reviewed reflected the percentages cited above in dollar amounts (Attachment 5), Mr. Palmquist reiterating that these amounts reflected the assumption of 5% annual salary increases. In response to Vice Mayor Sorey, he confirmed that the next step in the City's pension reform process would be to derive a calculation using alternatives with varying assumptions, projecting out over the same 30 year period. Mr. Reinke clarified that three alternatives for each City pension plan would be detailed in the upcoming report, including defined benefits in low, medium and high ranges; low to be Chapters 175 and 185 for fire and police respectively, and high to be comparable with FRS (Florida Retirement System) benefits, he added. (See Attachment 6

for details of the three alternative benefit packages for each pension plan.) Mr. Palmquist further indicated that defined contribution plans would also be calculated and that the report would be completed within three to four weeks. Mr. Reinke then observed that the report would be based upon current law although any state legislative action as to utilization of premium tax by cities could be adjusted in the assumptions and proposals.

Attorney Linn advocated moving forward with calculation of the alternatives, and should pension reform in some form be pursued by the City, the process involves at a minimum eleven months to implement from the time a proposal is submitted to the employees, he said. Due to the fact that the City must fund the pensions based upon actuarial reports, Council should request projections reflecting any new assumptions. Council Member Price pointed out that Mr. Palmquist had been authorized access to the most recent actuarial report and current assumptions by the pension boards.

As a member of two of the City's three pension boards, Council Member Price then recommended; 1) obtaining the above referenced report within three to four weeks; 2) that he travel to Tallahassee to personally seek support for pension reform; and 3) that a compensation committee be formed comprising of qualified residents who would review and then provide observations and recommendations to Council. Vice Mayor Sorey expressed support of Mr. Price representing Council in Tallahassee; Council concurred.

Referencing Senate Bill (SB) 1128, which had been filed the previous day, Mr. Linn reported the following provisions:

- Action on pensionable earnings and average final compensation;
- Increased flexibility in premium tax usage by requiring that the funds be utilized to pay down existing unfunded liabilities, followed by use for additional benefits;
- Prohibition of offering a defined benefit plan after July 1, 2011;
- Closure of the FRS defined benefit option, requiring that new hires be provided the defined contribution plan;
- Prohibition of police and fire pensions joining the FRS should any unfunded liabilities exist with regard to their current plans; and
- Formulation of a task force to address disability benefits and the presumptions in current law.

In response to Council Member Sulick, Mr. Palmquist assured her that the FRS is a large, successfully operated entity that in fact is financially strong, with a funded ratio of approximately 93%; the City's ratio is approximately 60%, he said. Should the City decide to move its pensions into the FRS, Mr. Linn noted two options. The first would be to totally terminate the current pensions, which would require that the unfunded liabilities be met prior to being allowed to join FRS. The second would be to merely close the existing pensions to new members, cover new employees under the FRS, and satisfy unfunded liabilities over time. All premium tax revenue would however be lost, he cautioned.

Public Comment: (11:46 a.m.) None.

Consensus for Council Member Price to represent the City to the Florida Legislature with regard to pension issues.

RESOLUTION 11-12844ITEM 6-b
A RESOLUTION DECLARING SUPPORT FOR THE ADOPTION OF COMPREHENSIVE PENSION REFORM LEGISLATION IN FLORIDA; SUPPORTING THE PENSION REFORM PROPOSALS LISTED HEREIN; URGING THE FLORIDA LEGISLATURE TO ADOPT AND THE GOVERNOR TO APPROVE COMPREHENSIVE PENSION REFORM LEGISLATION DURING THE 2011 LEGISLATIVE SESSION; DIRECTING THE CITY CLERK TO TRANSMIT A COPY OF THIS RESOLUTION TO THE GOVERNOR, AND THE FLORIDA LEGISLATURE; AND PROVIDING AN EFFECTIVE DATE. Title read by City Attorney Robert Pritt (11:46 a.m.). Although expressing his support of the resolution, Council Member Price took issue with language requiring an annual actuarial report and detailed impact statements for plan amendments, as well as actuarial assumption comparisons (Section 2, third bullet point under “For All Public Pension Plans”); these would prove to be costly, he said. Mr. Price stated that the aforementioned documentation could in fact be requested when needed by the individual pension boards. Mr. Pritt agreed, characterizing the requirements as unfunded mandates and recommending that this passage be deleted; Council agreed.

Council Member Price further stated that Section 2, third bullet point under “For Police and Firefighter Plans”, should also be deleted as he said he believed that the pension boards should be somewhat of an advocate for the pension membership. This provision provides for a change in pension board composition such that a majority of board members are appointed by the city or district and prohibits a majority from being plan participants. The City’s pension boards are well balanced and their members fully understand the ongoing issues with funding, he said, and Council Member Heitmann observed that while this is the case in Naples, statewide the membership of these boards is another matter. Attorney Jim Linn, the City’s pension attorney, stated that the recommendation for this, and the above cited requirements, had originated from the Florida League of Cities. Council however did not concur with Mr. Price’s recommendation. Council Member Saad then pointed out the final sentence under the same heading should be deleted; Vice Mayor Sorey agreed and the motion below was forthcoming.

Public Comment: (12:00 p.m.) None.

MOTION by Sorey to APPROVE RESOLUTION 11-12844 amended as follows: Deleting (1) third bullet point under section entitled “For All Pension Plans”; and (2) in sixth bullet point under the section entitled “For Police and Firefighter Plans” deleting “If it is not in the statute or rule it is not the law!”. This motion was seconded by Heitmann and unanimously carried, all members present and voting (Finlay-yes, Heitmann-yes, Price-yes, Saad-yes, Sorey-yes, Sulick-yes, Barnett-yes).

ORDINANCE 11-12845 ITEM 9
AN ORDINANCE RELATING TO SIGNS; AMENDING SECTIONS 4-34; 4-35; SUBSECTION (d)(3) OF SECTION 16-285; SUBSECTIONS (b) AND (c)(3) AND (4) OF SECTION 46-32; SUBSECTION (b) OF SECTION 46-39; SECTIONS 50-31; 50-32; 50-33; 50-34; 50-35; 50-37; 50-38; 50-39; AND 50-40; PROVIDING FOR REPEAL OF SECTION 50-41; TO AMEND THE PROVISIONS FOR PROHIBITED VEHICLES WITH SIGNS AND TO ADD A PROHIBITION AGAINST CERTAIN VESSELS WITH SIGNS; AMENDING DEFINITIONS OF THE CODE OF ORDINANCES, CITY OF NAPLES; PROVIDING A SEVERABILITY CLAUSE, A REPEALER PROVISION AND AN EFFECTIVE DATE. Title read by City Attorney Robert Pritt (12:03 p.m.). Planner Adam Benigni briefly reviewed his memorandum dated February 8 (a copy of which is contained in the file for this meeting in the City Clerk’s Office), noting that the ordinance reflected Council direction from the first reading, including the removal of the limitation on the number of political signs on a property and other minor amendments such as adding references

to the “BP” Business Park District into commercial signage standards and inflatable devices to the list of prohibited signs.

A brief discussion followed regarding “D” Downtown District signage, which is regulated by a separate ordinance. Planner Benigni explained that this had been shaped by a vision of what that district was to become. He however pointed out that inflatable signs are nevertheless not allowed; if an item is not listed as allowed, then it is prohibited. Staff had been awaiting review and input by the newly implemented FASBID (Fifth Avenue South Business Improvement District) of regulations regarding lighting, outdoor dining tables, and signage, he added. Signage could be considered separately, City Manager William Moss stated, and Mr. Pritt indicated that he would review the “D” Downtown ordinance.

Public Comment: (12:10 p.m.) None.

MOTION by Price to ADOPT ORDINANCE 11-12845 as submitted; seconded by Finlay and unanimously carried, all members present and voting (Finlay-yes, Heitmann-yes, Price-yes, Saad-yes, Sorey-yes, Sulick-yes, Barnett-yes).

Recess: 12:10 p.m. to 12:33 p.m. It is noted for the record that the same Council Members were present when the meeting reconvened.

RESOLUTION (no action taken) ITEM 10
A RESOLUTION APPROVING AN INTERLOCAL AGREEMENT FOR THE CITY TO PARTICIPATE AND POOL ITS SURPLUS PUBLIC FUNDS IN THE INTERGOVERNMENTAL INVESTMENT POOL (FLORIDA LOCAL GOVERNMENT LIQUID ASSET TRUST); AUTHORIZING THE MAYOR TO EXECUTE THE INTERLOCAL AGREEMENT; AND PROVIDING AN EFFECTIVE DATE. Title read by City Attorney Robert Pritt (12:33 p.m.). Finance Director Ann Marie Ricardi introduced the item by reviewing her memorandum dated January 31 (Attachment 7), following which Consultant John Grady, Cutwater Asset Management, utilized a detailed electronic presentation (excerpted text of which is appended hereto as Attachment 8) offering supplemental information regarding the proposed intergovernmental investment pool.

In response to Vice Mayor Sorey, Ms. Ricardi explained that the State Board of Administration (SBA), which is a member of a LGIP (Local Government Investment Pool) and severely impacted by the most recent economic crisis, still held approximately \$400,000 of City funds; \$122,000 is currently available and the balance remains frozen and cannot be withdrawn, she added. With regard to fees, Mr. Grady indicated that it would range from 5 to 20 basis points (1 basis point equals 1/100 or 0.01 of the investment) and that should Cutwater not remain competitive, another firm could in fact become the asset manager should the future board of the pool make such a decision. With regard to liability, Mr. Grady explained that Cutwater maintains insurance as the asset manager and City Attorney Pritt stated that Ms. Ricardi, as a trustee, should in fact be insured as well.

Mr. Grady assured Council Member Price that custodial and administrative fees were included in the above cited cost although he would provide the breakdown at a later date. Mr. Price continued that a three-month treasury bill (T-bill) would be necessary to meet the cost of the management fee and that this fact, along with the City not having a current financial liquidity issue, renders it impossible for him to support this item. Furthermore, he said, the City’s risk is currently controlled by duration and the argument of a longer duration with less risk is lacking foundation; there is no perceived benefit, and this would be a redundant service, he concluded. Council agreed and no action was forthcoming.

Public Comment: (1:08 p.m.) None.

No support; no action taken regarding resolution.

CLERK'S TRACKING #11-00004 ITEM 12
AWARDING A CONTRACT FOR THE COLLECTION AND TRANSPORTATION OF ROLL-OFF CONTAINERS AND SELF-CONTAINED COMPACTOR UNITS FROM VARIOUS BUSINESSES TO THE LANDFILL: \ VENDOR: SUNSHINE RECYCLING SERVICES OF SW FLORIDA LLC, ESTERO, FLORIDA \ COST: \$208,750 \ FUNDING: SOLID WASTE FUND – OTHER CONTRACTUAL SERVICES. (1:08 p.m.) City Manager William Moss indicated that following staff's research and evaluation, the recommendation that this service be outsourced had been forthcoming as detailed in the memorandum dated January 25 provided by Utilities Director Robert Middleton (Attachment 9). Council Member Saad then pointed out a typographical error in the vendor's name on the first line of the agreement.

Public Comment: (1:10 p.m.) None.

MOTION by Sorey to APPROVE THIS ITEM amending agreement to reflect vendor's correct name; seconded by Finlay and unanimously carried, all members present and voting (Finlay-yes, Heitmann-yes, Price-yes, Saad-yes, Sorey-yes, Sulick-yes, Barnett-yes).

It is noted for the record that Items 13-a and 13-b were read and considered concurrently.

RESOLUTION 11-12846 ITEM 13-a
A RESOLUTION AMENDING THE FY 2010-11 BUDGET ADOPTED BY ORDINANCE 10-12761 TO APPROPRIATE ADDITIONAL FUNDS FOR THE PURCHASE OF THREE POLICE MOTORCYCLES; AND PROVIDING AN EFFECTIVE DATE.

CLERK'S TRACKING #11-00005 ITEM 13-b
AWARDING A CONTRACT FOR THE PURCHASE OF THREE HARLEY-DAVIDSON MOTORCYCLES: \ VENDOR: HARLEY-DAVIDSON OF NAPLES, NAPLES, FLORIDA \ COST: \$52,110 \ FUNDING: CIP 11H05 – MOTORCYCLE REPLACEMENT. Title read by City Attorney Robert Pritt (1:10 p.m.). City Manager William Moss provided a brief overview of the memorandum provided by Finance Director Ann Marie Ricardi dated February 9 (Attachment 10), stating that staff had discovered that terms of the lease utilized in calculations of the FY 2010-11 budget for this item were no longer available and therefore recommended purchase, rather than lease, of the three vehicles. The above contract price is slightly under that of the State contract and will be implemented locally. In response to Council, Police Chief Thomas Weschler explained that the resale value of the current motorcycles was surprisingly high and collectively would fund the purchase of one of the motorcycles under discussion. Ms. Ricardi added that a three year warranty would be in place for the ones to be purchased.

Public Comment: (1:14 p.m.) None.

MOTION by Sorey to APPROVE RESOLUTION 11-12846 AND ITEM 13-b as submitted; seconded by Sulick and unanimously carried, all members present and voting (Finlay-yes, Heitmann-yes, Price-yes, Saad-yes, Sorey-yes, Sulick-yes, Barnett-yes).

PUBLIC COMMENT (1:15 p.m.) None.

CORRESPONDENCE AND COMMUNICATIONS..... (1:15 p.m.) Consensus was reached to direct staff to obtain and place the audio recordings of the December 16, 2009 and March 9, 2010 NAA (Naples Airport Authority) workshops on the City's website for ease of access to the public. Consensus was also forthcoming to schedule a workshop discussion of fire code enforcement issues (03/14/11). (See also Item 5 above.) Vice Mayor Sorey then requested a workshop discussion of the prohibition of hotels and motels as a conditional use in the "D" Downtown District and an update on the status of a pending FDOT (Florida Department of Transportation) approval of improvements proposed for the Gordon River pedestrian underpass (US 41 and Goodlette-Frank Road). In addition, he recommended

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that the Council address whether the Port Royal (R1-15A Residence District) association's architectural review committee could affect the City's permitting process. He also questioned the prospect of the City retrieving its remaining balance in the State Investment Pool (SBA) as discussed above (see Item 10). Council Member Heitmann apologized for her absence during the joint City/County meeting of February 9th, noting that she had been involved in a Florida League of Cities lobbying effort at the federal level that day. Council Member Sulick pointed out the need for signage asking cyclists to walk their bicycles across the Gordon River Bridge for pedestrian safety; she also suggested franchising a limited number of taxi companies to operate within the City in an effort to achieve compliance with City codes for the operation of this service. Council Member Price expressed appreciation to City staff for maintaining its level of service as well as to Council for supporting the resolution regarding pension reform (see Item 6-b above). He also received consensus from Council to pursue a compensation/benefits committee, to consist of five to seven persons for a finite period of time. Council Member Saad offered to sit as Council representative on this committee.

ADJOURN
2:11 p.m.

Bill Barnett, Mayor

Tara A. Norman, City Clerk

Minutes prepared by:

Vicki L. Smith, Technical Writing Specialist

Minutes Approved: _____

#5

FOR MANY YEARS, THERE HAS BEEN A SUCCESSFUL "GENTLEMAN'S AGREEMENT" BETWEEN THE CITY AND THE PORT ROYAL PROPERTY OWNERS ASSOCIATION STATING THAT ALL PLANS FOR CONSTRUCTION IN THE R1-15A DISTRICT MUST BE STAMPED BY THE PRPOA BEFORE BEING SUBMITTED TO THE CITY. THIS HAS WORKED WELL FOR BOTH ENTITIES ENSURING THAT THE MORE STRINGENT REGULATIONS IN THE R1-15A DISTRICT ARE ADHERED TO AND THAT ALL BUILDING PLANS ARE IN COMPLIANCE WITH CITY CODE. CITY STAFF'S BURDEN IS REDUCED AND THE R1-15A REQUIREMENTS ARE CLOSELY MONITORED.

WE HAVE BEEN ADVISED THAT THE CITY ATTORNEY, MR. PRITT, ASSERTS THIS IS NOT A LEGAL REQUIREMENT AS IT IS NOT FORMALLY IN THE CITY CODE. MR. PRITT INFORMED PAUL BOLLENBACK THAT THE CITY BUILDING DEPARTMENT CANNOT REQUEST PORT ROYAL APPROVAL PRIOR TO ACCEPTING CONSTRUCTION PLANS UNDER THE CURRENT CODE.

WE RESPECTFULLY PETITION THAT THE CITY CODE BE AMMENDED TO INCLUDE SUCH LANGUAGE IN IT'S CODE THUS REQUIRING THE PORT ROYAL PROPERTY OWNERS ASSOCIATION STAMP BE APPPLIED TO CONSTRUCTION PLANS BEFORE SUBMITTAL TO THE CITY FOR REVIEW AND PERMITTING. WE BELIEVE BOTH ENTITIES WOULD BENEFIT FROM SUCH COLLABORATION AND CODE CLARIFICATION.

SUPPLEMENT
WHEELER

Excerpted text of Item 6-a (02/16/11 regular meeting):

Retirement Plans Overview & Options

City Pension Costs (FY2010 - 2011):

- General Plan: \$2.43 million (15.34% of payroll)
- Police Plan: \$1.66 million (30.28% of payroll)
- Fire Plan: \$1.55 million (39.85% of payroll)
- Total Annual Cost: \$5.64 million (22% of payroll)**

City Pension Costs (FY2010 - 2011):

City Pension Costs (FY2011-12):

- General Plan: \$2.86 million (17.19% of payroll)
- Police Plan: \$2.02 million (35.10% of payroll)
- Fire Plan: \$1.73 million (42.41% of payroll)
- Total Annual Cost: \$6.61 million (25% of payroll)**

Year over year increase: \$972K

Average City Pension Cost Per Employee:

- General: \$ 9,819
- Police: \$ 30,657
- Fire: \$ 32,687

Pension Cost Components:

1. Normal Cost – annual cost of current benefits, without unfunded actuarial accrued liability (UAAL) payment
2. UAAL Amortization Payment
[UAAL = assets minus liabilities = debt]
 - Actuarial losses
 - Plan improvements

Cost Components – Current Year:

	<u>Normal Cost</u>	<u>UAAL Amort.</u>
General	\$1.6 million	\$1.2 million
Police	\$1.3 million	\$1.3 million
Fire	\$1.5 million	\$1.1 million

City Pension Costs 2005-2011:

<u>FYE 9/30</u>	<u>Police</u>	<u>Fire</u>	<u>General</u>	<u>Total</u>
2011	\$1.8M	\$1.6M	\$2.7M	\$6.1M
2010	\$1.7M	\$1.4M	\$2.5M	\$5.6M
2009	\$1.3M	\$1.3M	\$2.1M	\$4.7M
2008	\$886K	\$888K	\$1.4M	\$3.2M
2007	\$704K	\$572K	\$1.1M	\$2.4M
2006	\$379K	\$288K	\$1.0M	\$1.7M
2005	\$286K	\$126K	\$1.0M	\$1.4M

+ 436%

Unfunded Actuarial Accrued Liability 2005 -2010:

<u>Date</u>	<u>Police</u>	<u>Fire</u>	<u>General</u>	<u>Total</u>
10/1/10	\$22.7m	\$19.0m	\$22.5m	\$64.2m
10/1/09	\$19.6m	\$17.1m	\$21.0m	\$57.7m
10/1/08	\$15.3 m	\$17.9m	\$13.7m	\$46.9m
10/1/07	\$12.1 m	\$15.1m	\$ 7.9m	\$35.1m
10/1/06	\$ 9.9 m	\$11.7 m	\$ 3.3m	\$24.9m
10/1/05	\$ 8.9 m	\$ 8.1 m	\$ 3.3m	\$20.3m

+316%

Pension Legacy Cost - The UAAL Issue:

Why have unfunded liabilities grown even in years of good investment performance?

- Because actuarial losses have exceeded investment gains.
- Naples' General and Police pension plans had actuarial losses in 5 of the past 7 years (Fire plan had losses in 4 of the past 7 years).
- Actuarial losses occur when actual experience does not meet assumptions:
 - investment earnings
 - salary increases / payroll growth
 - mortality
 - turnover
 - retirement rates

Funded Ratio of City Pension Funds 2005-2010:

<u>Date</u>	<u>Police</u>	<u>Fire</u>	<u>General</u>
10/1/10	57.7%	60.2%	64.3%
10/1/09	60.2%	60.9%	64.9%
10/1/08	65.2%	56.7%	73.3%
10/1/07	69.2%	59.2%	82.9%
10/1/06	69.5%	61.4%	91.7%
10/1/05	69.8%	66.3%	91.0%

City Pension Costs Likely to Continue to Increase in the Future:

- City pension contributions are expected to increase each year for the next 3-4 years – unless investment return is significantly greater than 8% for several years.
- Why? The City's pension plans, like most public pension plans, apply a 5 year "smoothing period" for recognition of losses.
- As of 10/1/10 the City's pension plans had unrecognized losses of \$10 million.
- What does this mean for the City?

Impact of the Recent Market Downturn:

- Most public pension plans had investment losses of between 10% and 15% for the year ending 9/30/08, modest gains for the year ending 9/30/09, and stronger gains for the year ending 9/30/10.
- The City's pension funds had investment losses of -13.58% (police), -13.6% (fire) and -14.6% (general) for the year ending 9/30/08.
- The City's pension funds had investment gains of 2.35% (police), 2.67% (fire) and 2.0% (general) for the year ending 9/30/09.
- The City's pension funds had investment gains of 8.75% (police), 8.29% (fire) and 8.78% (general) for the year ending 9/30/10.

- The assumed rate of return for all 3 plans is 7.5%.
- What does this mean for the Naples pension funds?
- City contributions will likely increase in the next few years.

5 Year Smoothing – Example:

- Assumed rate of return = 7.5%
- Actual return = minus 13.6%
- Actuarial loss = minus 21.1%
 $21.1/5 = 4.22$
- Minus 4.22% will be recognized each year for the next 5 years
- Result: City contributions will likely increase
 unless actual return exceeds 11.72% (7.5% + 4.22%)

Key Plan Provisions – Police/Fire:

<u>Item</u>	<u>Police</u>	<u>Fire</u>
Multiplier	3.63%	4.0%
Salary	Total Pay plus	Base pay
Final Avg. Comp.	Best 3 years	Best 3 consecutive years
Normal Ret.	Age 50 or 25 years	Age 55 or age 50 w/20 and years or 25 years and out
Early Ret.	Age 45 or 20 and out	Age 50
Vesting	5 years	5 years
COLA	3% from age 55	3% beginning at age 50 to age 62
Employee Contribution	5%	5%

Current Police Plan - Benefit Example:

Police Sergeant – age 51 with 22.33 years service
 Avg. Final Compensation = \$105,972/yr. (\$8,831/mo.)
 Pension Benefit = \$85,898/yr. (\$7,158/mo.)
 (22.33 yrs x 3.63% x \$105,972)
 Plus 3% Cost of Living Adjustment
 (between age 55 and 62)
 Present Lump Sum Value at Retirement: **\$1,138,000**

Current Fire Plan - Benefit Example:

Fire Driver Engineer – age 50 with 20 years service
 Avg. Final Compensation = \$70,000/yr. (\$5,833/mo.)
 Normal Pension Benefit = \$56,000/yr. (\$4,666/mo.)
 (20 yrs x 4.0% x \$70,000)
 Plus 3% Cost of Living Adjustment
 Present Lump Sum Value at Retirement: **\$957,000**

Police/Fire Benefit Comparison:

<u>Benefit</u>	<u>Naples PF</u>	<u>FRS</u>	<u>Ch. 175/185 Min.</u>
• Multiplier	P – 3.63% F – 4.0%	3.0%	2.0%
• Norm. Ret.	P – age 50 or 25 years and out F – age 55 or 50/20 years or 25 years and out	age 55 or 25 years and out	age 52 w/25 years or age 55 w/10 years
• Avg. Comp.	High 3 yrs	High 5 yrs	High 5 yrs
• COLA	P -3% age 55-62 F- 3% at age 50	3%	None
• DROP	None	5 yrs/6.5%	None
• Employee	5%	None	5%
• Employer	P – 30.28% / F – 39.85%	23.5%*	?
• Total Cost	P – 50% / F – 70%	23.5%*	?

*FRS contribution likely to increase this year

Ch. 175/185 Premium Taxes:

- Chapters 175 and 185, F.S. provide for a rebate of the state excise tax on property and casualty insurance premiums to cities that have police and fire pension plans.
- The premium tax monies must be used exclusively for firefighter and police pensions, and the local pension plan must comply with the requirements of Chapters 175 and 185.

Ch. 175 Premium Taxes (Fire):

- In 2010 the City received \$893K in premium tax (PT) revenues – about 23% of payroll (more than one-half of City cost).
- As the result of a “Stop & Restart” implemented in 2009, the City is able to use up to \$1.67 million in PT money received each year to offset the City’s contributions to the pension plan. This is the “frozen amount.”
- But when the amount of PT money goes down, the City must make up the shortfall.

Ch. 185 Premium Taxes (Police):

- In 2010 the City received \$546K in premium tax (PT) revenues – about 10% of payroll (29% of City cost).
- The City is able to use up to \$738K in PT money received each year to offset the City’s contributions to the pension plan. This is the “frozen amount.”
- When the amount of PT money goes down, the City must make up the shortfall.

Premium Tax Issues:

- The City must comply with Chapters 175 and 185 to receive PT monies.
- PT monies received in excess of the “frozen amount” must be used for extra benefits.
- If excess PT monies are used to provide formula benefits, the cost shifts to the City over time.
- Under current law, the City will lose PT monies if:
 - The current plan is closed, frozen or terminated; or
 - The City joins FRS; or
 - Current plan benefits are reduced below 1999 levels

Key Plan Provisions – General:

- $2.5\% \times \text{AFC} \times \text{years of service}$ [FRS = 1.6%]
- Normal retirement date:
 - Age 60 or
 - “Rule of 85” (age + service = 85)
[FRS = Age 62 or 30 years of service]
- Average Final Comp = Best 3 years [FRS = best 5 years]
- Compensation = Base pay [FRS = W-2 earnings]
- No COLA [FRS has 3% annual COLA]
- Employee Contribution: 5% / 10.5% [FRS = zero]
- City Contribution: 15.34% [FRS = 10.79% currently]

Current General Plan - Benefit Example:

General Employee - age 66 with 19.6 years service

Avg. Final Compensation = \$58,380/yr. (\$4,865/mo.)

Pension Benefit = \$28,606/yr. (\$2,384/mo.)

(19.6 yrs x 2.5% x \$58,380)

Present Lump Sum Value at Retirement: **\$280,000**

What Are the Options to Contain Pension Costs?

- No “silver bullet”
- Keep current City pension plan, but:
 - Reduce benefits, and/or
 - Increase employee contributions
- Terminate, freeze or close current pension plan, and set up a lower cost plan

Key Concepts:

- “**Close**” – existing plan closed to new members; current members stay in existing plan until they retire or leave the city; future employees join new plan.
- “**Freeze**” – accrued benefits of current employees in existing plan “frozen” and paid out at retirement; all current and future employees join new plan.
- “**Terminate**” – existing plan liquidated; accrued benefits paid out to plan members; City responsible for any deficit; all current and future employees join new plan.

Legal Guidelines:

- Changes in retirement benefits and employee contributions are mandatory subjects of collective bargaining.
- Accrued pension benefits (benefits earned in the past) cannot be reduced or taken away.
- Future benefits can be reduced for current employees who have not reached retirement status.
- City is ultimately responsible for unfunded pension liabilities, even if current plans are terminated.
- Pension Reform Options:
 - Join FRS
 - Set up DC plan
 - Reduce Benefits for New Hires (2 Tier Plan)
 - Reduce Benefits for All Employees
 - Increase Employee Contributions

Join FRS for New Hires:

Advantages:

- Reduced cost over time (FRS rates likely going up)
- Standardized FRS benefits
- No employee contribution for FRS (yet)
- Portability – easier for City to attract employees from other FRS agencies
- Gets City out of pension business (eventually)

Disadvantages:

- No immediate savings -- may take many years to achieve cost savings; City still must pay off current plan liabilities
- Lose premium tax revenues immediately
- Portability – City employees can move to another FRS employer and take their pension with them
- State legislature sets benefits and contributions

Join FRS for All Employees:

Advantages:

- Reduced cost over time (FRS rates likely going up)
- Standardized FRS benefits
- No employee contribution (yet)
- Portability – easier for City to attract employees from other FRS agencies
- Gets City out of pension business (eventually)

Disadvantages:

- Current City pension plans must be terminated or frozen
- City still must pay off current plan liabilities
- Lose premium tax revenues immediately
- Portability – City employees can move to another FRS employer and take their pension with them
- State legislature sets benefits and contributions

Reduce Benefits for New Hires (2 Tier Plan):

Advantages:

- Reduced cost over time
- Current employees keep current benefits
- Can be designed to keep premium tax revenues – but requires agreement of unions

Disadvantages:

- No immediate savings -- may take many years to achieve cost savings
- Creates lower level of benefits for new hires
- New hires can be expected to press for greater benefits
- City stays in pension business

Reduce Benefits for All Employees:

Advantages:

- Immediate and long-term cost savings to City
- Reduces UAAL
- Same benefits for all employees going forward
- Fewer legal issues -- can be imposed through collective bargaining
- City may be able to continue receiving future premium tax revenues

Disadvantages:

- Reduces future benefits for current employees (employees keep what they have already earned)
- May reduce frozen amount of premium tax revenues
- City stays in pension business

Adjust Benefits for Current Employees:

- Benefits may be reduced prospectively; “accrued benefits” cannot be reduced.
- Example: reduce 3.63% multiplier to 3.0%
 - Employee with 10 years service has accrued benefit of 36.3% of AFC
 - Future benefit = 3% for each year of service
 - If employee retires at 25 years, benefit =
 $36.3\% + 45\% = 81.3\%$
(under current formula benefit = 90.75%)

DC Plan:

Advantages:

- Predictable employer costs
- No investment risk for City
- Appeals to younger, mobile employees
- Portability – DC account balance may be “rolled over” to an IRA or other retirement plan
- Lower admin. Costs
- No actuarial liabilities

Disadvantages:

- Employees bear investment risk
- Possible that DC benefits will run out while employee is still alive
- No inflation protection (COLA)
- Loss of premium tax revenues
- Portability – employees can easily move to another employer and take their DC balance with them
- May be competitive disadvantage for police/fire

Increase Employee Contributions:

- Current contribution: 5% Police ; 5% Fire; 5% General non- bargaining unit; 10.5% GSAF / OPEIU units until 9/30/11 – then 5%
- One percent increase in employee contribution = one percent reduction in City contribution
- Legal issue: Ch. 175/185 says employee contribution can be increased only:
 - if union agrees; and
 - for benefit increase(But minimal increase possible)

Possible Benefit Adjustments:

- Reduce benefit multiplier
- Increase final averaging period
- Delay normal retirement date
- Delay early retirement date
- Reduce or eliminate cost of living adjustment
- Decrease definition of earnings
- Increase vesting period

- Reduce early retirement benefit

Pension Reform:

What Other Florida Cities Are Doing:

Stuart (2007)- All Employees

- All City pension plans terminated
- City joined FRS for all employees
- City purchased past service credit under FRS for all employees

Ft. Lauderdale (2007) – General

- Closed general employee pension plan
- Set up defined contribution plan for new hires

Coral Gables (2009) – Police

- Increased employee contributions by police officers by 5%
- Reduced pensionable earnings (exclude OT in excess of 300 hrs. and lump sum payments for comp. time)

Naples (2009) – Fire

- “Stop & Restart” implemented; premium taxes City can use to offset City pension contributions increased from \$776K to \$1. 67 million per year
- “Share Plan” set up with excess premium tax revenues

Hollywood (2009) – Fire

- Reduced 13th check benefit for current employees
- Reduced pensionable earnings for current employees (exclude comp. time and blood time payouts; 70% cap on vacation leave payouts; no OT in excess of 300 hrs. over 3 year average)
- Reduced benefits and employee contributions for new hires (2 tier plan)
- “Share Plan” for all employees funded with increases in premium tax revenues

Port Orange (2010) – Fire [Not Yet Implemented]

- Reduced wages by 6% (imposed in lieu of increase in employee pension contribution)
- Reduced pension benefits for current and future employees
 - Push back normal retirement date
 - Reduce pensionable earnings (exclude OT)
 - Extend final averaging period from 3 to 5 years
 - Reduce maximum benefit from 90% to 80%
 - Reduce COLA
 - Reduce DROP earnings

Palm Bay (2010) – Fire [City Council Action 9/15/10; Not Yet Implemented]

- Wage freeze
- Reduce future pension benefits to Ch. 175 minimums
 - 2% benefit multiplier
 - Normal retirement – age 55 w/10 yrs service or age 52 w/25 yrs. service
 - Pensionable earnings = fixed monthly comp (excluding OT)
 - 5 year final averaging period
 - No COLA / no supplement
- All future premium tax revenue goes to share plan

Miami Beach (2010) – General

- Wage freeze
- Pension changes for current employees:
 - Increase employee pension contribution by 2%
 - 5 year final averaging period (phased in)

- Reduced pension benefits for new hires (2 Tier)

Coral Gables (2010) – General [City Commission Action 8/30/10 – Pension Changes Implemented]

- Pension benefits frozen
- Pension changes for current and future employees:
 - Reduced multiplier for future service
 - Increase employee pension contribution by 5%
 - 5 year final averaging period (phased in)
 - Delay retirement age
 - Reduced disability benefits

Miami (2010) – Pension Changes (All Employees) [Financial urgency declared – City Commission adopted wage and benefit reductions 8/31/10]:

- Later normal retirement age
- 5 year average final compensation
- Reduce benefit formula for future service (3%)
- Normal form of benefit: life and 10 years certain (PF); life annuity (General)
- \$100,000 cap on benefits

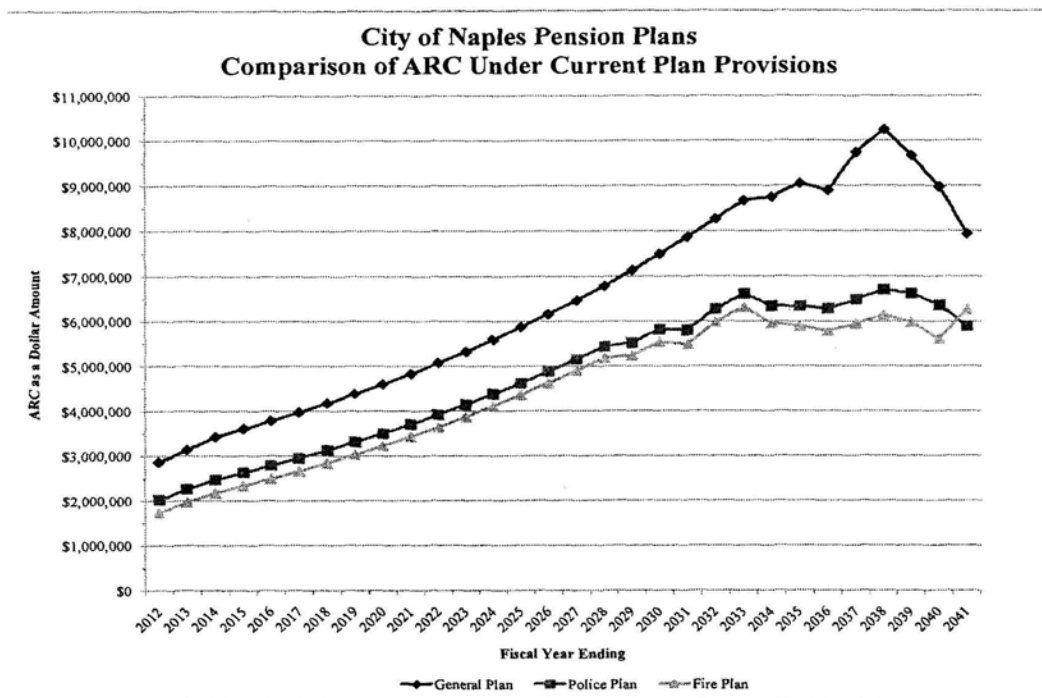
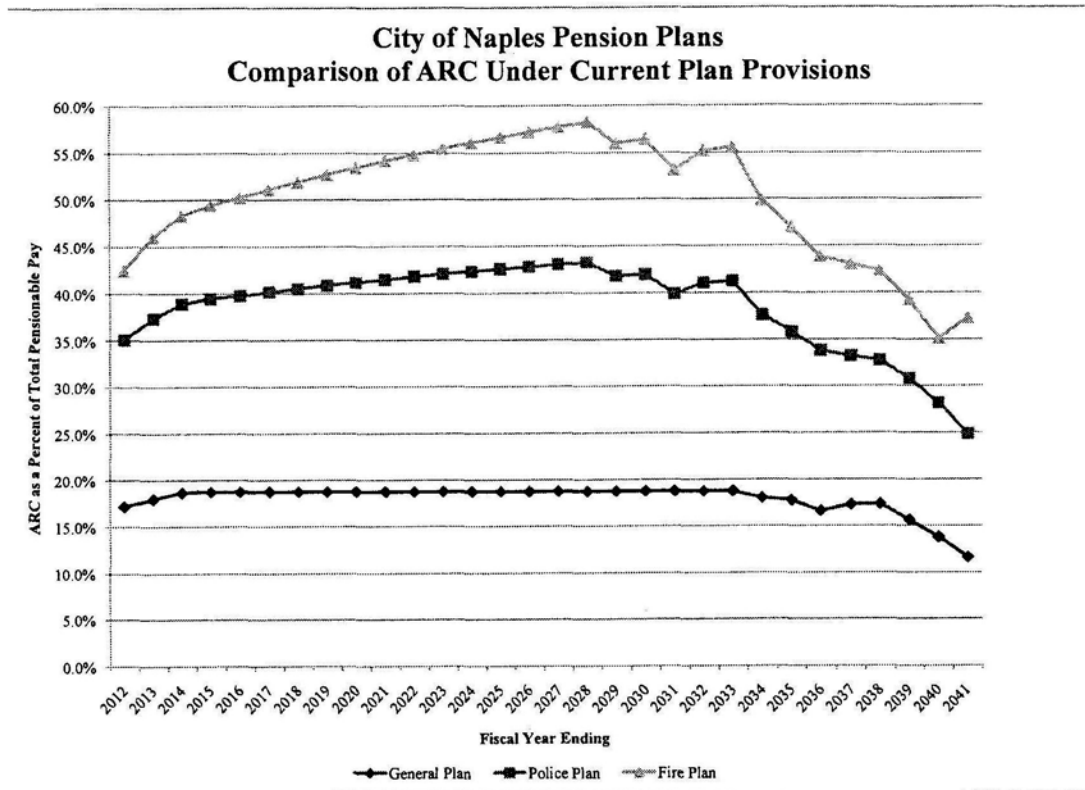
City of Naples Pension Plans 30-Year Projection of Required City Contributions Based on Current Plan Provisions

Fiscal Year Ending	General Plan				Police Plan				Fire Plan			
	Total		ARC		Total		ARC		Total		ARC	
	Pensionable Pay	\$ Amount	% of Pensionable Pay		Pensionable Pay	\$ Amount	% of Pensionable Pay		Pensionable Pay	\$ Amount	% of Pensionable Pay	
2012	16,622,752	2,857,451	17.19%		5,764,616	2,023,346	35.10%		4,084,919	1,732,467	42.41%	
2013	17,453,890	3,136,464	17.97%		6,052,847	2,258,647	37.32%		4,289,165	1,973,693	46.02%	
2014	18,326,585	3,421,573	18.67%		6,355,489	2,472,645	38.91%		4,503,623	2,176,034	48.32%	
2015	19,242,914	3,608,046	18.75%		6,673,263	2,632,294	39.45%		4,728,804	2,335,642	49.39%	
2016	20,205,060	3,784,408	18.73%		7,006,926	2,787,748	39.79%		4,965,244	2,495,098	50.25%	
2017	21,215,313	3,973,628	18.73%		7,357,272	2,954,478	40.16%		5,213,506	2,664,511	51.11%	
2018	22,276,079	4,172,310	18.73%		7,725,136	3,129,544	40.51%		5,474,181	2,842,396	51.92%	
2019	23,389,883	4,380,925	18.73%		8,111,393	3,313,364	40.85%		5,747,890	3,029,175	52.70%	
2020	24,559,377	4,599,971	18.73%		8,516,963	3,506,375	41.17%		6,035,285	3,225,293	53.44%	
2021	25,787,346	4,829,970	18.73%		8,942,811	3,709,036	41.48%		6,337,049	3,431,217	54.15%	
2022	27,076,713	5,071,468	18.73%		9,389,952	3,921,830	41.77%		6,653,901	3,647,437	54.82%	
2023	28,430,549	5,325,042	18.73%		9,859,450	4,145,264	42.04%		6,986,596	3,874,468	55.46%	
2024	29,852,076	5,591,294	18.73%		10,352,423	4,379,870	42.31%		7,335,926	4,112,851	56.06%	
2025	31,344,680	5,870,859	18.73%		10,870,044	4,626,206	42.56%		7,702,722	4,363,152	56.64%	
2026	32,911,914	6,164,401	18.73%		11,413,546	4,884,859	42.80%		8,087,858	4,625,969	57.20%	
2027	34,557,510	6,472,622	18.73%		11,984,223	5,156,444	43.03%		8,492,251	4,901,927	57.72%	
2028	36,285,386	6,796,253	18.73%		12,583,434	5,441,608	43.24%		8,916,864	5,191,683	58.22%	
2029	38,099,655	7,136,065	18.73%		13,212,606	5,519,059	41.77%		9,362,707	5,241,261	55.98%	
2030	40,004,638	7,492,869	18.73%		13,873,236	5,822,355	41.97%		9,830,842	5,547,983	56.43%	
2031	42,004,870	7,867,512	18.73%		14,566,898	5,807,233	39.87%		10,322,384	5,485,016	53.14%	
2032	44,105,114	8,260,888	18.73%		15,295,243	6,277,889	41.04%		10,838,503	5,980,594	55.18%	
2033	46,310,370	8,673,932	18.73%		16,060,005	6,619,126	41.21%		11,380,428	6,324,282	55.57%	
2034	48,625,889	8,747,797	17.99%		16,863,005	6,346,748	37.64%		11,949,449	5,958,629	49.87%	
2035	51,057,183	9,052,439	17.73%		17,706,155	6,340,846	35.81%		12,546,921	5,898,463	47.01%	
2036	53,610,042	8,893,906	16.59%		18,591,463	6,285,515	33.81%		13,174,267	5,778,264	43.86%	
2037	56,290,544	9,738,264	17.30%		19,521,036	6,486,581	33.23%		13,832,980	5,949,990	43.01%	
2038	59,105,071	10,248,819	17.34%		20,497,088	6,711,171	32.74%		14,524,629	6,146,903	42.32%	
2039	62,060,325	9,668,999	15.58%		21,521,942	6,628,567	30.80%		15,250,860	5,984,953	39.24%	
2040	65,163,341	8,972,992	13.77%		22,598,039	6,370,412	28.19%		16,013,403	5,617,865	35.08%	
2041	68,421,508	7,936,895	11.60%		23,727,941	5,897,661	24.86%		16,814,073	6,272,973	37.31%	
Total		192,748,062				142,456,721				132,810,190		
Total Present Value		\$6,653,137				\$4,308,039				\$3,016,157		

Assumptions

No future non-investment gains or losses
 7.50% Return for FYE September 30, 2011 and After
 5.00% Covered Payroll Growth Assumption
 No offset of City Incentive Contributions or prepaid contributions
 Chapter 175 Revenue remains at \$893,185 and Chapter 185 Revenue remains at \$546,848

Prepared by Gabriel, Roeder, Smith and Company
 February 16, 2011



City Council Regular Meeting – February 16, 2011 – 8:30 a.m.

Attachment 6 / Page 1 of 3

City of Naples Firefighters

<u>Pension Parameters</u>	<u>Current Plan</u>	<u>FRS</u>	<u>Alternatives for Consideration</u>		
			<u>Low (Ch. 175)</u>	<u>Medium</u>	<u>High</u>
Pensionable Compensation	Base Pay	Gross pay with certain limits on unused leave payouts	Base Pay	Base Pay	Base Pay
Number of Years in Average Final Compensation (AFC)	3	5	5	5	5
Multiplier	4.00%	3.00%	2.00%	2.50%	3.00%
Normal Retirement Date	Age 55, 50 & 20, or 25 years	Age 55 & 6, or 25 years	Age 55 & 10, or 52 & 25	Age 55 & 10, or 52 & 25	Age 55 & 10, or 52 & 25
Normal Form of Benefit	10 C & L	LA	10 C & L	10 C & L	10 C & L
Early Retirement Date & Penalty Per Year	Age 50 3%	6 years 5%	50 & 10 3%	50 & 10 3%	50 & 10 3%
COLA	3% starting at age 50	3%	0%	1.5 % delayed 5 years	2% delayed 5 years
Number of Years Needed for Vesting	5	6	10	10	5
Employee Contribution	5%	0%	5%	5%	5%

January 11, 2011

Attachment 6 / Page 2 of 3

City of Naples Police Officers

<u>Pension Parameters</u>	<u>Current Plan</u>	<u>FRS</u>	<u>Alternatives for Consideration</u>		
			<u>Low (Ch. 185)</u>	<u>Medium</u>	<u>High</u>
Pensionable Compensation	Gross pay including unused leave payout of \$6,700	Gross pay with certain limits on unused leave payouts	Gross pay with 300 hour limit on overtime; no unused leave payments	Gross pay with 300 hour limit on overtime; no unused leave payments	Gross pay with 300 hour limit on overtime; no unused leave payments
Number of Years in Average Final Compensation (AFC)	3	5	5	5	5
Multiplier	3.63%	3.00%	2.00%	2.50%	3.00%
Normal Retirement Date	Age 50, or 25 years	Age 55 & 6, or 25 years	Age 55 & 10, or 52 & 25	Age 55 & 10, or 52 & 25	Age 55 & 10, or 52 & 25
Normal Form of Benefit	10 C & L	LA	10 C & L	10 C & L	10 C & L
Early Retirement Date & Penalty Per Year	45 & 20 3%	6 years 5%	50 & 10 3%	50 & 10 3%	50 & 10 3%
COLA	3% from age 55 to 62	3%	0%	1.5 % delayed 5 years	2% delayed 5 years
Number of Years Needed for Vesting	5	6	10	10	5
Employee Contribution	5%	0%	5%	5%	5%

January 11, 2011

City Council Regular Meeting – February 16, 2011 – 8:30 a.m.

Attachment 6 / Page 3 of 3

City of Naples General Employees

<u>Pension Parameters</u>	<u>Current Plan</u>	<u>FBS</u>	<u>Alternatives for Consideration</u>		
			<u>Low</u>	<u>Medium</u>	<u>High</u>
Pensionable Compensation	Base pay	Gross pay with certain limits on unused leave payouts	Base pay	Base pay	Base pay
Number of Years in Average Final Compensation (AFC)	3	5	5	5	5
Multiplier	2.50%	1.60%	1.60%	2.00%	2.25%
Normal Retirement Date	Age 60 & 5, or Rule of 85	Age 62 & 6, or 30 years	Age 65 & 5	Age 65 & 5	Age 65 & 5, or 55 & 30
Normal Form of Benefit	LA	LA	LA	LA	LA
Early Retirement Date & Penalty Per Year	55 & 5 3%	6 years 5%	55 & 5 5%	55 & 5 5%	55 & 5 5%
COLA	0%	3%	0%	1.5 % delayed 5 years	2% delayed 5 years
Number of Years Needed for Vesting	5	6	10	10	5
Employee Contribution	5%	0%	5%	5%	5%

January 11, 2011



NAPLES CITY COUNCIL AGENDA MEMORANDUM

Regular Meeting Date: February 16, 2010

Agenda Section:	Prepared By: Ann Marie Ricardi, Director	
Regular	Date: January 31, 2011	Department: Finance
Agenda Item:	Legislative <input checked="" type="checkbox"/>	Quasi-Judicial <input type="checkbox"/>
10		

SUBJECT:
Resolution approving an Interlocal Agreement relating to an intergovernmental investment pool known as the Florida Local Government Liquid Asset Trust and allowing the City to be a participant.

SUMMARY:
City Council is asked to consider a resolution approving an Interlocal Agreement for the City to participate in an intergovernmental investment pool (Florida Local Government Liquid Asset Trust) and authorizing the Mayor to execute the Interlocal Agreement.

BACKGROUND:
Several months ago, the City was asked to join a new investment pool, a competitor to the SBA Local Government Investment Pool. This pool, the Florida Local Government Liquid Asset Trust, to be known as FLTrust, will be an independent local government investment pool open to all Florida public agencies. Specific and unique to Florida, the investment pool is currently being created and requires the commitment of three agencies to establish it. The City of Miami Beach was the first city that committed to the pool and staff is recommending that the City of Naples be the second. Norma Parrish, Treasury Manager with Leon County has committed to be the third signer and board member; however, until all three agencies sign, there is no pool.

This investment pool will be created utilizing an Interlocal Cooperation Agreement by and among Florida public agencies as described in Section 163.01, Florida Statutes. It creates a pool of common investment property in order to take advantage of the economies of scale, and will be an intergovernmental investment pool as described in Section 218.415, Florida Statutes. The policy of the Interlocal Agreement and pool shall be to place the highest priority on the safety of principal and liquidity of funds, while the optimization of investment returns shall be secondary to the requirements for safety and liquidity.

Ann Marie Ricardi, the City's Finance Director, will be one of the initial three Trustees along with a representative from the City of Miami Beach and Leon County, who will be creating and guiding the policies and practices of the pool. The pool will be supervised by an elected Board of Trustees (election takes place 12 months after the pool is established) that shall constitute a separate interlocal governmental entity. There are several other governmental pools available to the City, including the FLC and the FL-FIT. Both have strengths and may be considered in the future for City investments, but this pool is being set up to continue the City's current policy, with economies of scale. For example, one main difference from the FLC is that the FLC is not available for daily withdrawals and one main difference from the FL-FIT is that it invests primarily in Money Markets.

Although the Trust will have two types of investment funds possible, the first fund created will be the PRIME Fund. This fund will invest in direct obligations of the United States Treasury, U.S. Governmental Agency securities, Municipal securities, commercial paper, corporate bonds, bank



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BACKGROUND (cont.):

notes, bank instruments, money market funds, certain foreign securities, mortgage backed securities, repurchase agreements and other instruments defined by the investment policy and Florida law, with a 60 day maximum weighted average maturity, and a 120 day maximum weighted average maturity to final.

The Trust is expected to have an immediate rating of AAAM by Standard and Poor's, which is the highest rating category for a stable dollar fund, local government investment pool.

This Trust presents an opportunity to use economies of scale to reach larger investments and mitigate the risk, all within the control of the City. That is, if there is a problem with the investments, the City can withdraw. There is no minimum or maximum investment per the pool, however the City's Investment Policy restricts pool participation to 25% of any available funds.

An investment pool offers a diversified and professionally managed portfolio to meet the City's investment needs, which are safety, liquidity and yield in that order. The use of a pool results in greater diversification and economies of scale and greater purchasing powers, and would thereby lower the costs traditionally associated with the City's investments. Finally, having a pool in which the City itself is an active member takes away just a little of the unknown risks inherent in any outside investments.

The City's investment advisory firm, Cutwater Investor Services, will be available at this meeting to provide supplemental information about this new investment pool.

RECOMMENDED ACTION:

Adopt a Resolution approving an Interlocal Agreement for the City to participate in the intergovernmental investment pool (Florida Local Government Liquid Asset Trust) and authorizing the Mayor to execute the Interlocal Agreement.

Reviewed by Department Director
Ann Marie Ricardi

Reviewed by Finance
N/A

Reviewed by City Manager
A. William Moss

City Council Action:

Excerpt of text from Item 10 electronic presentation:

FLTrust and Cutwater Overview

What is FLTrust?:

The Florida Local Government Liquid Asset Trust, to be known as FLTrust, will be an independent local government investment pool open to all Florida public agencies.

- Created by an interlocal cooperation agreement by and among Florida public agencies as described in Section 163.01, Florida Statutes (2009), as amended
- Creates a pool of common investment property in order to take advantage of the economies of scale
- FLTrust will be an intergovernmental investment pool as described in Section 218.415, Florida Statutes (2009) as amended
- Supervised by an elected board of trustees that shall constitute a separate interlocal governmental entity
- Investment property held in safekeeping by the Custodian, a separate entity, in the name of the FLTrust Participants
- The policy of the Interlocal Agreement shall be to place the highest priority on the safety of principal and liquidity of funds, and the optimization of investment returns shall be secondary to the requirements for safety and liquidity

How would FLTrust differentiate itself?:

- Independent and Shareholder Governed
- Oversight by an elected, engaged representative board
- Representative of all entity types, i.e., counties, municipalities, others, school districts
- Elected by and accountable to shareholders
- Transparent in actions
- Not associated with an political body or association, but supportive of associations
- Progressive and Seasoned Administrator
- Manager with nearly 20 years of experience in managing LGIPs and with deep public sector experience
- Portfolio management based on established and tested credit and risk analysis
- Collaborative management style (i.e., private/public partnership)
- Innovative in operations
- Deliver Superior Client Services
- Participant services that are need-focused and responsive
- Maximize technology to provide efficient services

What is next for Florida local governments and their cash investment needs?

Our feedback is that there is consensus for the creation of another LGIP, one that addresses the shortcomings of the other programs.

- Independent in organizational structure
- Governed for local governments by a representative board of trustees
- Apolitical in nature. Not beholden to any association or political body
- Safety and performance
- An LGIP that practices credit and risk management
- Delivers returns through a program focused on safety and liquidity for shareholders, not burdened by fees
- All-inclusive shareholder mix

- Independent in nature, no favoritism to any one political subdivision
- Investment return and program services that benefit all shareholders
- Trustworthy and accountable
- Managed by an firm that has nearly 20 years of LGIP experience
- Investment manager accountable to a representative board of trustees

What is the mission of FLTrust?:

- To be the most trusted local government investment pool in the State of Florida
- To operate independently of any political body or association
- To safeguard the public's funds through the application of world-class credit and risk management
- To serve and represent all political subdivisions in the state of Florida without favor to any entity type
- To act in a conflict-free manner
- To serve the public good through the preservation of principal
- To provide a competitive return without sacrificing safety of principal
- To provide forward thinking services that engage and benefit shareholders
- To provide exceptional client services
- To build and maintain the trust of the FLTrust shareholders

Cutwater Asset Management – Cutwater Investor Services Corporation

- Diversified investment management institution
- Extensive public sector experience
- Cutwater Asset Management has over \$43.0 billion in assets under management servicing over 5,200 participants with more than 120 professionals
- Dedicated solely to fixed income
- Expertise in structured products and asset/liability management
- Cutwater Asset Management named Manager of the Decade by PSN in 2009
- Formed solely to assist public entities in managing their short term cash resources
- Nearly 20 years experience in managing investment pool portfolios and programs
- SEC-registered investment advisor
- Regulated by all required state authorities and agencies
- Operating in 23 states, the Commonwealth of Puerto Rico and Bermuda

Cutwater Pool Competencies

- **One of the largest providers of LGIP services in the country***
- Manage two of the largest private local government investment pools
 - COLOTRUST: \$5.6 billion at peak balance
 - Texas CLASS: \$2.5 billion at peak balance
- Servicing over 5,200 participants with over \$12.5 billion assets under management
- Over 20 years of experience in providing safe investment management pools for local government
- **No Cutwater run pool or participant has ever incurred an investment loss**
- Cutwater-managed pool firsts:
 - First pool to receive a rating (COLOTRUST Prime in 1994)**
 - Pioneer in structured bank deposits: LIBOR index, 7-day puttable structures, stable balance features
 - Pioneered the use of online transaction systems

- Developed single-purpose, proprietary fund accounting system (STARS) for LGIPs
- **Manages the only LGIP rated AAA by all three rating agencies**

** iMoneyNet Special Report, February 2009 **COLOTRUST Investor, First Quarter 2010*

The FLTrust Portfolio Structure:

FLTrust will likely consist of two funds – Investment Strategy based on Florida Statutes:

FLTrust GOVERNMENT Fund

- Dormant until market conditions permit and with Board approval
- Will invest in direct obligations of the United States Treasury, US Governmental Agency securities, Municipal securities, and other governmental obligations permitted under Florida law

FLTrust PRIME Fund

- Operational on opening day of program
- Managed in a manner consistent with the diversification, credit quality and maturity requirements of Rule 2a-7
- Amortized cost method to maintain a stable NAV of \$1.00 per share
- Invest in short-term, high-quality fixed income securities: rated in the highest short-term rating category by one or more Nationally Recognized Statistical Rating Organizations ("NRSROs")
- May invest in direct obligations of the United States Treasury, US Governmental Agency securities, Municipal securities, commercial paper, corporate bonds, bank notes, bank instruments, money market funds, certain foreign securities, mortgage backed securities, repurchase agreements and other instruments defined by the investment policy and Florida law.
- 60 day maximum weighted average maturity
- 120 day maximum weighted average maturity to final
- Anticipate a rating of AAAM by Standard and Poor's. The highest rating category for a stable dollar fund, local government investment pool
- Invest in a manner that is consistent with Florida law, to maximize safety, maintain liquidity, and provide a competitive yield

FLTrust Governance:

Board of Trustees

- Initial 3 member Board of Trustees – FLORIDA GOVERNMENT REPRESENTATIVES
- Expand to 6 members at first full meeting of Board of Trustees
- Representative of entity classes: counties, municipalities, school districts and others
- Staggered 3 year terms, elected by Participant Designees after initial appointment

Board Meetings

- Quarterly meetings, 2-3 hours in duration
- Meaningful in content, actionable items and member input
- Rotate locations around the state, open to shareholders and stakeholders
- Annual Board Member educational sessions (may be held more frequently)
- Dates, times and location established by members

FLTrust Operations:

Administration

- 4 person Florida-based marketing team
- 3 person administration team based in Armonk, NY and Denver, CO
- Florida-based legal counsel

Portfolio Management

- 4 person portfolio management team based in Denver, CO
- 9 person credit management team based in Armonk, NY
- Separate and independent risk management team based in Armonk, NY

Client Services

- 5 person client service and fund accounting team based in Denver, CO
- Dedicated 800 phone and fax
- Redundancy with Armonk, NY offices

Cutwater Investment Philosophy:

Cutwater's investment philosophy follows the fundamentals of prudent public sector investing:

Safety - Preserving principal

Liquidity – Investing in funds that provide sufficient liquidity to meet the client's needs

Return - Optimizing return within the investment parameters

Credit Expertise:

- Perform our own credit analysis
- Proprietary credit modeling system
- Proprietary securities buy list
- Deep knowledge and understanding of credit ratings and agencies

Cutwater's approach provides public entities with independent investment advice free from conflicts of interest

No Cutwater run pool or participant has ever incurred an investment loss

Our Mission

To provide the safest and most convenient investment programs possible to public entities across the country

- Our Approach to Participants
 - Singular focus on public entities
 - Customized solutions and services
 - Service oriented, relationship based
 - Partnerships
 - Team player
 - Silent partner
 - Experience
- Governance Style
 - Full transparency
 - Highly regulated
- Risk adverse

Client Services

- Dedicated client service team available between 8 a.m. – 5:30 p.m. Eastern Time (Toll free fax line and full internet capabilities)
- Recorded phone line for client security and training purposes
- No minimum account balance or transaction size
- No maximum number of transactions
- Future dated transaction capabilities
- Current and historical Participant reports on account balances, interest income, interest rates, transaction activity and detail
- Electronic state or tax payments credited directly to sub-accounts
- ACH or Fedwire funds transfer
- E-mail, monthly statements, confirmation of daily transactions, daily interest rates
- Client Connection: Provides customers with the ability to access reports, generate transactions and increase efficiency in tracking funds through our custom Web sites. These sites require a user id and password which you can obtain by contacting a customer service representative.

Reporting

- Transaction confirmations
- Account activity safeguards
- Monthly statements including a listing of all investments
- Quarterly financials
- Annual report

Oversight Reporting and Compliance

- Work closely with investment committees/governing body
- High level and detailed board reporting
- Implement board best practices and standards
- Interact with rating agencies

Record Keeping and Fund Accounting

Participant Record Keeping

- Unlimited sub-account feature
- No cost transfers between sub-accounts
- State-of-the-art systems are utilized for Internet application
- Daily account transaction verification
- Seven year historic records storage for all transactions, maintain all participant records

Fund Accounting

- Daily shareholder account maintenance, trade confirmations, portfolio valuation, calculations and distribution of rates
- Daily accrual and interest posting to participant accounts
- Pre- and post-order trade verification
- Contributions and withdrawals are processed via Fed wire or ACH from custodian bank to Participants' depository banks
- Automated data feeds between Cutwater and custodian systems

Information Technology Systems

- PAM
- STARS
- Saleslogix
- Records Management
- Mercom Phone Recording System
- Client Connection
- Website and E-mail Communications
- Daily Rates
- Monthly Statements
- Transaction Confirmations
- Signer changes
- PIN number generations
- Program Announcements

IT Support Services

Solution Center – Customer Support

- 24 x 7 coverage
- Remote level 1 and 2 desktop and applications support
- Local on-site level 1 desktop support to assist with hands-on issues
- Hardware and software updates

Network Operations – Telecommunications Support

- Monitoring and management of primary and backup network connections/equipment
- Monitoring and management of firewall environment or network perimeter
- Hardware and software updates

Data Center Monitoring and Management – Production

- Redundant servers, all production servers are monitored for availability
- Centralized tool alerts on-call staff of potential issues or service disruption
- Operations staff rotate for on-call analyst 24 x 7 coverage

Disaster Recovery

- Disaster response and recovery testing for all critical systems and data
- Ability to work remotely, remote assistance tools and connection wizards for internet based access to Cutwater systems
- Near real-time recovery of full complement of applications
- Remote disaster recovery site (tested annually)

Security Architecture

- Policies drive processes, processes drive technology decisions
- Zero incident goal
- Security score cards produced on a quarterly basis

Portfolio Compliance

- Cutwater's Portfolio Services Group (PSG) monitors portfolio compliance
- Bloomberg Asset and Investment Manager ("Bloomberg AIM") is used to monitor compliance of portfolio investment guidelines on a pre-trade basis and nightly "batch" process

- New portfolios and changes to current guidelines are entered into the Bloomberg AIM by PSG, and then reviewed and signed off by Chief Compliance Officer
- Daily each trade is entered into Bloomberg AIM by portfolio manager
- System alerts portfolio manager and PSG if trade does not comply with investment guidelines
- Transaction is either then approved or denied
- PSG reviews Bloomberg AIM Monitor daily to determine if portfolio compliance violations have occurred
- PSG staff alerts portfolio manager and discusses the cause to determine a resolution
- PSG reviews each portfolio on a monthly basis and results are submitted to Chief Compliance Officer for a final review



NAPLES CITY COUNCIL AGENDA MEMORANDUM

Regular Meeting Date: February 16, 2011

Agenda Section:	Prepared By: Bob Middleton, Director	
Regular	Date: January 25, 2011	Department: Utilities
Agenda Item:	Legislative <input checked="" type="checkbox"/>	Quasi-Judicial <input type="checkbox"/>
12		

SUBJECT:
Award of contract for the collection and transportation of roll off containers and self contained compactor units for the Solid Waste Division in the annual amount of \$208,750.

SUMMARY:
City Council is asked to award a contract to Sunshine Recycling Services of South West Florida LLC for the collection and transportation of roll off containers and self-contained compactor units in the annual amount not-to-exceed \$208,750 for the Solid Waste Division for a period of three years, with the City's option to renew for two one-year renewal periods.

BACKGROUND:
The Solid Waste Division utilizes subcontracted hauling services for the collection and transportation of roll off containers and self-contained compactor units. Staff estimates 1,750 "pulls" or service collections per year. These subcontracted activities are service driven and are utilized as required by customer usage.

The revenue source to cover these collection and transporting services is provided through rates charged to the customer by the City for this service. According to the bid provided by Sunshine Recycling Services of South West Florida LLC, the City will be charged \$115 per container per "pull" for the contracted hauling service.

Bid 020-11 was publicly advertised on December 23, 2010 for the annual requirements for the collection and transportation of roll off containers and self contained compactor units. Eighteen (18) H.T.E. vendors were mailed notices, DemandStar sent two-hundred forty-seven (247) notices to potential vendors, twelve (12) plan holders were mailed a copy of the bid, and the bid was advertised in the Naples Daily News. Six (6) vendors provided pricing in response to the bid. Staff has evaluated bid proposals. Sunshine Recycling Services of South West Florida LLC has been identified as the low bidder meeting specifications. Sunshine Recycling Services of South West Florida LLC has provided these services in the past and staff has been satisfied with their performance.

Based on staff's estimates of 1,750 pulls per year, and Sunshine Recycling's bid price of \$115 per pull, the base contract equates to an annual amount of \$201,250. In addition, the specifications requested unit pricing for the washing of the City's self contained compactor units. Staff estimates 60 washes will be required per year in order to keep these units clean in appearance. The compactor washes will add \$7,500 to the annual contract. The total annual contract is estimated to be \$208,750.



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FUNDING SOURCE:

Funding is budgeted in the FY 2011 budget within the Solid Waste Fund; Operating Account 450.1224.534.3104 (Other Contractual Services); in the amount of \$335,430.

RECOMMENDED ACTION:

Motion to award a contract to Sunshine Recycling Services of South West Florida LLC in an annual amount not-to-exceed \$208,750 for the collection and transportation of roll off containers and self contained compactor units, for a period of three years, beginning February 16, 2011, with the City's option to renew for two one-year renewal periods and authorize the City Manager to execute the contract.

Reviewed by Department Director
Bob Middleton

Reviewed by Finance
Ann Marie Ricardi

Reviewed by City Manager
A. William Moss

City Council Action:

City of Naples

NAPLES CITY COUNCIL AGENDA MEMORANDUM**Regular Meeting Date: February 16, 2011**

Agenda Section:	Regular	Prepared By: Ann Marie S. Ricardi, Director
Agenda Item:	13	Date: February 9, 2011 Department: Finance
		Legislative <input checked="" type="checkbox"/> Quasi-Judicial <input type="checkbox"/>
SUBJECT:		
Resolution approving a 2010-11 budget amendment in the amount of \$34,160 to increase the budget to \$52,110 for the purchase of three motorcycles and awarding a contract to Harley-Davidson of Naples for the purchase of three Harley Davidson motorcycles in the amount of \$52,110		
SUMMARY:		
City Council is asked to consider a resolution approving a budget amendment to increase the budget in the amount of \$34,160 and award a contract to Harley-Davidson of Naples for the purchase of three Harley Davidson motorcycles instead of leasing them for the Police Department.		
BACKGROUND:		
On September 15, 2010, City Council approved the FY 2010-11 budget, which included a plan to lease three Harley Davidson motorcycles for \$17,950. During the budget process, the current Collier County Sheriff's lease was reviewed and determined to be a better value than outright purchase due to certain terms and maintenance savings.		
As the fiscal year proceeded, the City Police Department pursued the local option to lease the vehicles, however, upon receipt of the lease agreement, it was found that the terms of the lease had changed significantly from the prior available terms. The lease was no longer out of the local office, and was therefore not to the City's benefit.		
After researching the City's options, including evaluating the State contract, which was awarded to Harley Davidson Daytona, (Bid 071-000-11-1) it has been determined that a straight purchase agreement from a local vendor is more beneficial to the City.		
Specifically, the local price for a motorcycle is \$16,622 compared to the state contract of \$16,750. Adding on the additional cost of the required amenities, the total local cost per motorcycle is \$17,370. The advantage of buying local also includes immediate availability, compared to the Daytona Harley Davidson dealership, which has a lead time of 60 days, per a conversation with their State Contract representative. In addition, the local dealer is also responsible for warranty repair. Owning the bikes outright provides the City resale value that significantly affects the life cycle cost.		
FUNDING SOURCE:		
The source of the \$34,160 will be the fund balance in the Public Service Tax fund and CIP 11H05 – Motorcycle Replacement.		
RECOMMENDED ACTION:		
Approve a resolution amending the budget to increase project 11H05 (Motorcycle Replacement) by \$34,160 and award a contract to Harley-Davidson of Naples in the amount of \$52,110 for the purchase of three Harley Davidson motorcycles.		
Reviewed by Department Director Ann Marie S. Ricardi	Reviewed by Finance Ann Marie Ricardi	Reviewed by City Manager A. William Moss
City Council Action:		