OFFICIAL
Approved by the
ECAC 09/21/11

MINUTES OF THE ECUA CITIZENS' ADVISORY COMMITTEE MEETING HELD WEDNESDAY, AUGUST 17, 2011 AT 2:00 P.M. IN THE ECUA BOARD ROOM AT 9250 HAMMAN STREET, ELLYSON INDUSTRIAL PARK, PENSACOLA, FL

Members present: Lois Benson, Chairman
Dale Perkins, Vice Chairman
Deborah Benn
Curtis Brotherton
Elizabeth Campbell (arrived at 2:07 p.m.-left at 4:05 p.m.)
Tim Common
James Ditterline
James Kirkland
Elvin McCorvey
Louise Ritz
Larry Walker

Members absent: Charlie Nichols

Staff present: Steve Sorrell, Executive Director
Rick Anderson, Director of Human Resources
Debra Buckley, Director of Finance
Lydia Fortin, Human Resources Manager
Tim Haag, Director of Communications and Governmental Relations
Linda Iversen, Executive Assistant to the Board
Bill Johnson, Director of Engineering
Don Palmer, Director of Water Reclamation
Jim Roberts, Public Information Officer
Randy Rudd, Deputy Executive Director-Shared Services
Greg Soltysiak, Compensation Analyst

ITEM A - CALL TO ORDER

Chairman Benson called the regular meeting of the ECUA Citizens' Advisory Committee to order at approximately 2:00 p.m.

ITEM B - INVOCATION AND PLEDGE OF ALLEGIANCE

Mr. Common provided the invocation and led the Pledge of Allegiance.

ITEM C - ADOPTION OF AGENDA

A motion was made by Mr. McCorvey, seconded by Ms. Ritz, to adopt the agenda as presented. Motion carried 10-0.

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ITEM D - OPEN FORUM

There were no comments from the audience.

ITEM E - APPROVAL OF MINUTES

A motion was made by Mr. Common, seconded by Mr. McCorvey, to approve the minutes of the regular meeting of July 20, 2011 as presented. Motion carried 10-0.

ITEM F - PRESENTATION BY COMBINED INSURANCE SERVICES

Mr. Todd Torgensen and Ms. Anna Causey of Combined Insurance Services provided a global overview of the issues driving the health care and premiums costs. Mr. Torgensen outlined ECUA activities that haven been undertaken to reduce costs, as well as future possibilities and considerations to further reduce health insurance costs.

Chairman Benson asked what portion of the insurance does ECUA pay for (1) employees, (2) spouses (family), and (3) how does this compare to other local governmental agencies? Also, if the spouse has coverage through their employer, which coverage takes precedent?

Mr. Torgensen responded that ECUA pays 100% of the employee's coverage, 85% of the family coverage, and ECUA is comparable to the other governmental agencies. The spouse's coverage through their employer would take precedence over ECUA.

Chairman Benson requested that Mr. Torgensen provide a CD copy of his presentation to Ms. Iversen so that it would be available to any Committee member should they desire to have a copy.

ITEM G - STAFF PRESENTATION – COMPRESSED NATURAL GAS

Mr. Randy Rudd, Deputy Executive Director-Shared Services, provided an overview of the benefits of switching ECUA vehicles to natural gas.

ITEM H - STAFF PRESENTATION – PHARMACEUTICALS TAKE-BACK PROGRAM

Due to time constraints, this presentation was held until the September Committee meeting.

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ITEM I - FISCAL YEAR 2012 ECUA INSURANCE POLICY RENEWALS

A motion was made by Mr. Perkins, seconded by Ms. Benn, that the Board award the renewals for insurance coverage to carriers, as shown below, at an annual cost of $985,807, with funding from the appropriate budget line item, and approve an amount for Operating Contingencies to fund any potential property losses. Motion carried 10-0 with Mr. Common being absent during voting.

1. Property Insurance – Florida League of Cities (through Florida Municipal Insurance Trust-FMIT) $616,957. (This is a decrease in premium.)

2. Vehicle Fleet Insurance – Florida League of Cities (FMIT) $163,394. (This is a slight decrease in premium as older types vehicles were removed from the fleet.)

3. Commercial Crime Coverage – Fisher-Brown, Inc., (through Hartford Insurance Group) $6,098. (There is no increase in premium.)

4. Public Officials and Employment Practices (Errors & Omissions) Liability coverage – Fisher-Brown, Inc., (through RSUI) $28,708. (This is a decrease in premium.)

5. Workers' Compensation (excess) coverage – Florida League of Cities (FMIT) $119,298. (This is a decrease in premium.)

6. Public Official Bond as Comptroller – Fisher-Brown, Inc., (through Hartford Insurance Group) $1,012. (There is no increase in premium.)

7. Road Restoration Bond – Fisher-Brown, Inc., (through Western Surety) $149.00. (There is no increase in premium.)

8. Flood Insurance – Fisher-Brown, Inc., (through Fidelity National/NFIP) $29,313. (This is a slight increase in premium due to adding three new large lift stations.)

9. Property & Allied Coverage/Inland Marine (Scientific Equipment, Contractors Equipment, EDP) - Florida League of Cities (FMIT). This is Included in the overall property coverage policy by the FMIT.

10. Environmental/Pollution-Fisher-Brown, Inc., $20,878, which is a slight reduction. This is for a one year premium rate.

ITEM J - COMPENSATION PLAN STRUCTURE

A motion was made by Dr. Walker to amend the recommendation to read that the Board approve abolishment of the current compensation plan structure and grant authority to the Executive Director to create, edit, and implement a new compensation plan structure for the hourly and salaried employees at the ECUA, *provided that each change in the compensation plan will be reported promptly to the Board.* There will not be a change in compensation for any ECUA employee included in the implementation of the compensation plan structure.

Chairman Benson turned the Chairmanship to Vice Chairman Perkins and seconded Dr. Walker's motion. The Chairmanship was then returned to Chairman Benson and the motion carried 11-0.

A substitute motion was made by Mr. Perkins, seconded by Mr. Brotherton, to delete the word "implement" and replace it with the word "present". Motion carried 9-2 with Ms. Benson and Mr. Kirkland voting against the motion.

A motion was made by Dr. Walker to table the issue until next month. Motion died for lack of a second.

The vote on the main motion as amended carried 9-2 with Ms. Benson and Mr. Kirkland voting against the motion.

Chairman Benson stated that she feels the comprehensive look at ECUA compensation levels should not be conducted by ECUA staff, but by someone from the outside that will provide a true, new look at compensation.

In response to a question from Mr. McCorvey, Mr. Sorrell stated that an in-house apples-to-apples market study was done for every position a few years back.

ITEM K - FISCAL YEAR 2012 BUDGET

A motion was made by Mr. Brotherton, seconded by Ms. Benn, that the Board approve the water and wastewater budget for fiscal year 2012.

Dr. Walker commented that he continues to be concerned about the 3.5% pay raise in the time of a recession. Also, he is concerned about the form of it in that it is a substitution for a policy imposed on employees through an action of the State Legislature and this may establish a precedent in the future if additional mandates are made. Further, it would be much simpler to avoid this so called pay adjustment and consider funding an amount of money for pay raises, allowing those funds to be distributed on a performance basis.

A motion was made by Dr. Walker, seconded by Mr. Brotherton, to eliminate direct reimbursement of the amount of the retirement shortfall and to put that pot of money into employment compensation.

A substitute motion was made by Mr. Common, seconded by Dr. Walker, to eliminate the direct reimbursement of the retirement shortfall. Motion carried 10-1 with Mr. Kirkland voting against the motion.

The vote on the substitute motion as the main motion carried 11-0.

A motion was made by Mr. Perkins, seconded by Mr. Common, to designate a pay raise at 3.5% to our employees based on performance – a 3.5% pool.

Mr. McCorvey stated that he thought the original intent was to make our employees whole from the money that the State will require them to pay into the retirement. If that is our intent, this is not going to meet that intent by throwing the money into a pot and letting somebody else divide it up and divvy it out and that is sending the wrong message. We are not making our employees whole for what they have lost and I thought that was the original intent.

Mr. Perkins stated that the original intent was to take the windfall – the rest of the year's money – and use that to cover that shortfall for the year because we had it there. And, then we were going to analyze raises as a separate issue in our budget process.

Chairman Benson commented on the health insurance, stating that the norm is not to pay 100% of the employee's coverage, but 80-20. Further, she feels all the benefits should be wrapped together and look holistically at the whole salary and benefit package. Look at where we are and let the employees have a stake in their retirement, a stake in health care, and make sure that their compensation reflects it, but they ought to have a financial voice in these benefits. Over the next year, we should look at the whole big picture of compensation packages. We should come up with something that is fair to the

person at the lowest level and everyone else, but give people ownership of their entire compensation package.

Mr. Common stated that the employees should be provided an annual statement breakdown of their salary that reflects the value of each of the benefits provided. Mr. Sorrell stated that this is already being done. Mr. Common requested a sample copy of the statement and Chairman Benson requested that a copy be provided to each member.

The motion by Mr. Perkins, seconded by Mr. Common, as restated by Chairman Benson, is that we move the 3.5% (that amount of money) into an enhanced salary structure to be distributed based on performance. Motion carried 7-3 with Ms. Benson, Messrs. Kirkland and McCorvey voting against the motion.

An amended motion was made by Dr. Walker, seconded by Mr. Common, to approve an amount in the budget equivalent to 2.5% across the board to be distributed according to merit. Motion failed 4-6 with Ms. Ritz and Messrs. Brotherton, Common and Walker voting for the motion.

The vote on the motion to approve the water and wastewater fiscal year 2012 budget as amended carried 7-3 with Ms. Benson, Messrs. Kirkland and McCorvey voting against the motion.

Chairman Benson directed that the amendment would also apply to the Sanitation budget.

A motion was made by Dr. Walker, seconded by Mr. Common, to approve the sanitation budget for fiscal year 2012 as amended and includes a 1.7% rate adjustment, of which 1.5% is attributable to the County. Motion carried 7-3 with Ms. Benson, Messrs. Kirkland and McCorvey voting against the motion.

ITEM L - INFORMATIONAL REPORTS:

The following reports were presented for information only and did not require action.

(1) Financial Reports for the period ended June 20, 2011
(2) Regional Services report – July 2011
(3) Water Production report – July 2011
(4) Water Reclamation report – June 2011
(5) Water Reclamation report – July 2011

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ITEM M - UNFINISHED BUSINESS

None.

ITEM N - NEW BUSINESS

None.

ITEM O - ADJOURNMENT

There being no further business to come before the regular meeting of the ECUA Citizens' Advisory Committee, Chairman Benson declared the meeting adjourned at approximately 4:15 p.m.

Respectfully submitted,

Stephen E. Sorrell
Executive Director and Secretary

APPROVED BY THE ECUA CITIZENS' ADVISORY
COMMITTEE IN A MEETING ON 09/21/11.

(X) Without corrections/amendments.
( ) With corrections/amendments being: