

**SPECIAL CITY COUNCIL MEETING
FIRE MERGER PROPOSAL**

FEBRUARY 7, 2006

A Special Meeting of the Arcadia City Council was held on February 7, 2006 at 5:00 p.m. in Room D of the Way Building at 23 N. Polk Avenue. Councilmembers attending were: Heine, Johnson, Goodman, Fazzone, and Whitlock. Also in attendance were: Administrator Strube, Attorney Holloman, Special Projects Coordinator Hewett, Marshal Lee, and Recorder Baumann.

Mayor Heine called the Special Meeting and Public Hearing to order and stated that the purpose of the Special Meeting is to review the County's proposal to merge the City and County Fire Departments.

County Administrator Coffee addressed the Council to discuss the potential merger. He believes that if a merger takes place the ISO rating would be upgraded or kept at the current rate of 4. Mr. Coffee stated that the County is looking to expand their stations and manpower and noted that they are having a problem keeping EMS personnel and that they have had to give increases in order to keep staff. The County is expecting significant growth and currently has a Municipal Service Tax Unit (MSTU) and a Municipal Service Benefit Unit (MSBU) in place and will soon have impact fees as well. Mr. Coffee then began to review the proposal document he prepared outlining all aspects of the merger. He sees two (2) major issues the first issue is a monetary issue. This would be absorbed over time; however he feels that a MSBU and MSTU need to be adopted. The City would be required to meet the funding shortfall of \$500,000 however the City's budget would be reduced by \$50,000 over ten years until it is zeroed out. The City's budget would not increase due to personnel issues and the County anticipates that they will be able to cover the increase in costs due to additional tax revenue generated by new growth. The County is also requesting that the City turn over the property recently purchased for a possible Public Safety Facility which the County would use for a new show place station to be the "crown jewel" of EMS in DeSoto County. Mr. Coffee believes that he and Administrator Strube can work out all of the details of a merger. The second major issue deals with retirement and pay. A proposed Fire Staff organization chart was presented. It was noted that the City Volunteer Staff could be the lead for the County Volunteer Staff. All current City Fire Staff would be able to choose which retirement system they wanted to belong to. The City currently has their own retirement system, all County Fire Staff belong to the Florida Retirement System (FRS). Whitlock asked what the current rate was per household for Fire and was informed it is \$77.00. Administrator Strube reported that City employees currently contribute 9.6% towards their retirement plan (county employees do not contribute). Mr. Coffee stated that the County would pay 18.53% (current FRS rate for emergency personnel) the employees staying in the City plan would pick up any difference between the 18.53% less the City's share to make up the difference as needed.

Whitlock asked if an MSTU could be county wide or just on ad valorem taxes, noting that there are a lot of citizens that do not pay taxes after homestead who would now have a tax bill if the MSTU and MSBU are put in place.

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Administrator Strube explained that the MSBU is a Municipal Service Benefit Unit and is used to create a revenue stream which you can directly match to a service. You can match Fire Protection Services with a MSBU assessment. The MSTU is a Municipal Service Tax Unit to address ambulance service. Administrator Strube noted that the County is supplementing revenue from the MSTU and MSBU with \$500,000 from their General Fund. This shows that the fire services in the County are not fully funded by MSTU or MSBU taxes, last year the County required about \$100,000 from the General Fund and this year they require \$500,000. If there is a county wide MSTU it would add to the City's millage rate. Administrator Strube feels that a new study may be needed if the departments are to merge.

Mayor Heine believes that the City needs to go to an MSTU and MSBU taxing system.

Administrator Strube noted that the City did miss the statutory deadline for 2006; however there is a provision in the statute that with permission of the Property Appraiser and Tax Collector it allows the City to submit a Resolution of Intent. The Resolution must be adopted prior to March 1, 2006. The City has advertised their intent to capture MSBU assessments in 2006 and a Public Hearing is scheduled for Tuesday, February 28, 2006 at 6:00 PM.

Administrator Strube stated that if the MSTU is a county wide service then there would be no reason for the City to have a separate MSTU. He believes that this tax should be county wide and should have no effect or reduction of required funding from the City over time. County Administrator Coffee is not in favor of raising taxes county wide for a MSTU and stated that he would need to discuss that with the County Commission.

Fazzone asked County Administrator Coffee how much of the County operations is funded by taxes paid by city residents and asked if the City should not know what that amount is. Administrator Coffee said that yes the City should know what the amount is if the departments merge.

County Administrator Coffee then stated that in order to proceed from here the Council would need to approve a "Notice to Proceed" and then draft an "Interlocal Agreement" which would be presented at a joint City/County meeting.

Administrator Strube noted that the vacation and sick liability for the City is an unfunded liability, noting that the City does not budget dollars to cash out these benefits. He estimates the liability for the Fire Department benefits at about \$100,000. He is opposed to transferring \$100,000 cash to the County as it would be a burden to the City. County Administrator Coffee stated that this amount could be paid to the County over a five (5) year period. Administrator Strube stated that we need to get out of the mind set of City or County and that if a merger does take place then it should be the County's responsibility to fund the sick and vacation, not the City's. Administrator Strube also stated that he is not in favor of giving away property that was purchased to build a new fire station.

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Goodman stated that we have been talking about building a fire station for a long time, noting that the State has said if the City and County can work together it helps to seek grant funds. She does not see it as giving away property, she sees it as enhancing property so that both the City and County can work together to seek top dollars to build a number one fire station. Goodman stated that the City and County need to work together as it effects how dollars come through from State and Federal agencies.

Mayor Heine stated that we have been told by the State that the City needs to merge with the County on services in order to get things done, noting that we can not expand outside the City.

Whitlock believes that the City purchased the property and is against giving it away, it belongs to the citizens of Arcadia. He is in favor of the rest of the plan regarding the merger.

Goodman noted that the property is nice, but what are we going to do with it. She stated we need a fire station and we have a way to work together to get one.

County Administrator Coffee reported that the County has plans to upgrade County Station No. 1.

Johnson stated that he is for doing what is best for the citizens of the City and County and that a merger appears to be what is best. He believes that in order to be successful we must unite and if the property needs to go in order for the merger to work then he is for it.

Goodman noted that we can not work out every detail; the little things are what have kept us from getting this done. She stated that she has every confidence that staff can work together to get the job done and we are way past the time to do it.

Goodman then moved to move forward with the merger of the City and County Fire Departments as proposed and that it be headed up by the City and County Administrators along with staff.

Attorney Holloman recommended that no action be taken at this meeting as it is a work session and that a decision will need to be made at a regular meeting.

Goodman then withdrew her motion.

There being no further business the meeting was adjourned.


CITY RECORDER


PRESIDENT