

1 **MINUTES OF THE SPECIAL MEETING** of the City Council of the City of Orange City, Florida,  
2 held on Wednesday, September 3, 2008 at 7:30 p.m. in Council Chambers, 201 N. Holly Avenue,  
3 Orange City.

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5 **CALL TO ORDER:** The meeting was called to order at 7:30 p.m. by Mayor Strickland and roll call  
6 was taken.

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8 **ROLL CALL**

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10 **PRESENT:** Mayor Harley Strickland; Vice Mayor Jeff Allebach; Council Members; Tom Laputka,  
11 Tom Abraham, Don Sherrill, Jim Mahoney; City Manager John McCue; City Attorney  
12 William Reischmann; City Clerk Deborah Renner

13  
14 **ABSENT:** Council Member Donald Sandford

- 15  
16 1. **RESOLUTION NO. 498-08:** A resolution of the City Council of the City of Orange City,  
17 Florida, authorizing the execution of a separation agreement between John McCue, City  
18 Manager and the City of Orange City, Florida; repealing all resolutions or parts of resolutions in  
19 conflict herewith; and providing for an effective date.

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21 **Council Member Laputka moved to approve Resolution No. 498-08,**  
22 **seconded by Council Member Sherrill.**

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24 Mayor Strickland asked Mr. McCue to offer his comments. Mr. McCue stated that tonight's meeting  
25 was called in response to direction from Council to explore alternative ways to reduce the City's millage  
26 rate without a reduction in services. Mr. McCue noted that at that meeting, staff identified nine  
27 positions which could be considered for elimination and recommended that two of the positions be  
28 eliminated in the proposed budget. He advised that he also made an alternate suggestion of eliminating  
29 his position, restructuring staff "from the top down" which would save the most money for the City. He  
30 recalled that at that meeting, he had announced that he would be retiring from the City in a few years  
31 and suggested "a creative and kind of a progressive strategy" of paying him an early retirement package  
32 and one of the Department Heads would be promoted to act as City Manager in addition to their  
33 departmental duties. In response to a question from Mr. McCue, Christine Davis, Finance Director,  
34 confirmed that eliminating the City Manager's position would lower the millage rate by 3/10's of a mill.  
35 Mr. McCue advised that the reduction in the millage rate would be contingent upon not hiring a new  
36 City Manager during the next fiscal year.

37  
38 Mr. McCue noted that Orange City has "very strong organizational continuity" and stated, "What you  
39 don't want to do is disrupt that continuity by simply making a budget decision that has an impact that  
40 disrupts that." Mr. McCue advised that the City will end the year with a surplus of cash amounting to  
41 between \$500 and \$600 thousand dollars. There is currently \$4.1 million in the reserve fund. He stated,  
42 "Our policy has always been one-time expense for one-time revenue which the reserve is. So that's how  
43 I came up with the idea, the potential of paying me for an early retirement, moving up one of your  
44 department directors. Allowing that year, you've got a maintenance of current level of services budget.  
45 So that allows you to maintain whatever you're doing today and this proposal wouldn't interfere or  
46 interrupt with that."

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1 Mr. McCue continued, stating, "So, the Mayor and I met, and we talked about it. Now remember I  
2 threw the number out there that just shocked everybody, me included, but over the next two years I'll  
3 be, the City in my position will be expending about \$443,000-\$444,000. The reason it's so much is  
4 because of longevity. The longevity is what's costing." Mr. McCue said that he could be replaced for  
5 about \$40-\$50,000 less than what he is currently making. He said that he hoped to retire in Orange City  
6 and travel with his wife and spend time with his grandchildren, stating, "that's what led to this, I call it  
7 creative and kind of progressive, approach." He called this solution "predominately a private sector  
8 approach to things."  
9

10 In response to a request from the Mayor to elaborate further, Mr. McCue said that the proposed  
11 settlement is for a "retirement package," not a buyout. He said that it is his responsibility to make sure  
12 that he is financially capable of supporting his family because in three to five years, health reasons will  
13 prohibit him from working. Mr. McCue said that one of his concerns was that he be maintained on the  
14 City's health plan for the eighteen months allowed by law. He also requested that monies that would  
15 have been paid to his retirement plan be placed in an annuity which would not require him to pay capital  
16 gains on it. He stated, "That money is important to me for my future." Mr. McCue said that the  
17 remaining money represents his salary for two years. He advised that the entire buyout package would  
18 amount to about \$385,000 and would allow the City to reduce the tax rate significantly.  
19

20 Mr. McCue advised that he is aware that tax reform is "the big, big issue" in local government right  
21 now. He said that is why several other options such as reducing or eliminating merit and COLA for the  
22 employees were considered as well. He explained that while the reductions were aimed at not reducing  
23 service levels, if some of the changes were implemented, it could reduce employee morale.  
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25 Mr. McCue recapped what would be accomplished by the proposed arrangement, noting that the City  
26 would maintain "continuity of service delivery," the City's financial capacity would not be damaged,  
27 and services would actually be enhanced in certain areas.  
28

29 Vice Mayor Allebach said that he was questioning how the City went from having a Manager who saw  
30 the City through being broke to enhancing the City and now wanted to get rid of him. He asked what  
31 benefit the residents of the City would gain through this arrangement. Vice Mayor Allebach stated,  
32 "\$20, \$30, \$40, \$50....no leadership in our local government." He observed that the City of DeBary  
33 would spend all of their reserves in the next few months trying to fight the water problems they have  
34 experienced. The Vice Mayor noted that Mr. McCue has enhanced services to City residents every year  
35 and has also increased the reserves. He advised that there has been "acrimony every two weeks between  
36 the Manager and Council" because of the intent to discredit or fire Mr. McCue. He said that there has  
37 never been any proof of the negative allegations made against the City Manager.  
38

39 Vice Mayor Allebach continued by citing the City's legal battles with a certain local business and how  
40 much money in legal and other fees that has cost the City. He stated, "My question is, how do we  
41 maintain that? Because I'm a little concerned because the main people that are driving John McCue  
42 away took large sums of money from that business to get elected. So I want to know the answers on  
43 that."  
44

45 The Vice Mayor questioned who would benefit by a 2 mill reduction in property taxes, suggesting that  
46 those who would gain the most benefit are those who own multiple properties, not the average  
47 homeowner.  
48

1 In conclusion, the Vice Mayor stated, "It's bothering me. I've spent ten years involved in this  
2 community, involved in charities, this government, watching job opportunities increase, educational  
3 opportunities increase, and right now, there's something amiss in the City of Orange City that we are  
4 trying to get rid of, or cause an exit for John McCue. There's something wrong."  
5

6 Mr. McCue responded that there are "a lot of dynamics floating around this year." He stated, "The  
7 nexus that brings them all together, or some people would use the word 'lightning rod', but the lightning  
8 rod that brings them all together is me." Mr. McCue said that it is his role to "take the heat" for the  
9 Council many times, and that often does not "endear" him to a lot of people. He said that he feels the  
10 acrimony alluded to by Vice Mayor Allebach. Mr. McCue said that "there is a dynamic of change" in  
11 the air. He stated, "Another thing is that all of this with these two dynamics I'm talking about, is  
12 affecting our staff right now also. I'm going to be real frank with you, I've got people applying for jobs  
13 right now that don't need to leave Orange City." Mr. McCue stated that staff has been attending the last  
14 four or five Council meetings because they believed there was going to be an effort to terminate him and  
15 they weren't happy. He stated, "So what Mr. Allebach is talking about...people are feeling it and living  
16 it every day." Mr. McCue stated that the present Council has been "functioning beautifully" since the  
17 election, but that the time has come to stop thinking in terms of "old" and "new" Council. He noted that  
18 there have been a number of 7/0 votes on the Council on various issues and stated, "So that means that  
19 I'm working for a logically functioning, decision-making legislative body. The only time it's not doing  
20 that is when John McCue is in the discussion." He said that when this feeling prevails, ideas which are  
21 right and proper are discarded just because he has suggested them.  
22

23 Mr. McCue said that although he would like to continue to work for the City, he did not feel that it  
24 would be in the City's best interests. He said that he did not wish to see the community or the Council  
25 divided and suggested that the proposed option is "the best option" for all concerned.  
26

27 Council Member Laputka stated that although he is "a big fan" of Mr. McCue, he also agrees with his  
28 arguments for leaving and, therefore, backs the resolution for those reasons.  
29

30 Council Member Sherrill stated, "I don't like it one bit, the way it's coming about. But I would have to  
31 go along with it. I think too much of John McCue and what he's done for this City to let him go any  
32 other way." Council Member Sherrill predicted that this would not be the end of it. He stated, "I would  
33 go along with this agreement only because I support John McCue and what he's done for this City and  
34 he doesn't need to go any other way than the right way and be treated fair and square."  
35

36 Council Member Abraham stated that he does not support the proposed resolution because, "this City, at  
37 this time, doesn't have this kind of money to pay Mr. John McCue, the City Manager at this time." He  
38 said that his main concern is for the financial well-being of the City and its residents for the coming  
39 year. He stated, "At this time, this discussion is nothing but an interruption in my main line of  
40 thinking." Council Member Abraham noted that other cities are having layoffs and reiterated that he  
41 did not think this is the appropriate time to discuss this issue.  
42

43 Mr. McCue responded to Council Member Abraham by stating that it was the budget that drove this  
44 issue forward at this time. He recalled that his original recommendation for the millage rate was 4.7  
45 mills, however, Council directed that staff look for ways to reduce the millage. He said that Council  
46 requested other options be presented for consideration which resulted in the solution under  
47 consideration. Mr. McCue expressed his confidence that the City has the financial resources to carry  
48 out the proposed agreement.

1 Council Member Mahoney stated, "I'm struggling with the logic of this resolution."

2  
3 Mayor Strickland advised that he had met with Mr. McCue to develop a "fair and equitable  
4 arrangement." The Mayor stated his understanding that the proposed agreement will also assist Mr.  
5 McCue in addressing health issues that he has been concerned with and will cause him to increase the  
6 priorities on some of the recreational pursuits he has been planning with his wife and will also give him  
7 more time with his family. Mayor Strickland stated, "I think it's important to recognize that this is  
8 something that you have not done lightly." Mr. McCue responded, "no." Mayor Strickland stated, "Or  
9 without a lot of thought and consideration." Mr. McCue responded, "That's a fact." Mayor Strickland  
10 stated "I think that for me, we would, as a Council, be remiss in not following a recommendation that  
11 you're bringing forward as our Manager and I don't think that in any way takes away from many of the  
12 very positive things that you have brought to this Council and brought to this Community." The Mayor  
13 spoke in support of the resolution stating that he felt it is in the best interests of Mr. McCue and the  
14 Community.

15  
16 Mayor Strickland addressed Vice Mayor Allebach's concerns regarding "continuity." The Mayor  
17 acknowledged that a number of issues will be coming before the Council and stated that the Interim  
18 Manager should be knowledgeable about the City. He said that Chester Murray, Development Services  
19 Director, has served in the capacity of Acting Manager on a number of occasions and that it would make  
20 "no sense to even begin a search" until the next election. He expressed his hope that Mr. Murray would  
21 agree to serve eighteen to twenty-four months, which would allow time to complete the next election.  
22 Mr. McCue concurred that part of the idea of not hiring his replacement at this time is for the impact it  
23 would have on the FY 08/09 budget. He noted that there were a number of competent department  
24 directors who would be capable of the job. He said that he has placed a high priority on building  
25 "camaraderie" among the department directors. He cited the recent storm response as an example. Mr.  
26 McCue stated, "If I leave and a new Manager is brought right in, there are going to be some shaky feet  
27 and shoes, there's no question about it." He reminded Council that Mr. Murray would be retiring next  
28 year and that as the two highest paid staff members, their departures will have a significant impact on  
29 the budget next year. Mr. McCue stated, "The organization is extremely fine-tuned. The strategic  
30 planning process makes the job fairly easy." He expressed his confidence that Mr. Murray could  
31 "make it happen" with no loss of continuity and no one feeling threatened. Mr. McCue stated, "We  
32 would probably lose the rumors over unionization which are out floating around again right now."

33  
34 Mr. McCue advised that the Separation Agreement has an effective date of September 30, 2008. The  
35 Interim Manager would take over on October 1, 2008 at the beginning of the new budget year. Mr.  
36 McCue said that he has no plans to move out of the area and that he would always be available for  
37 consultation if needed. He stated, "My commitment to this community is there and strong and I don't  
38 want to lose that." Mr. McCue urged Council to approve the contract and assured them that he would  
39 work hard to ensure a smooth transition.

40  
41 Council Member Abraham stated, "Mr. Mayor, the whole issue which bothers me is that we don't want  
42 someone to attach a stigma to the newly-elected Council. We just want to think intelligently and decide  
43 whether Orange City can afford to send a Manager out at the time of the budget with this kind of money  
44 during the year 2008/2009." He urged Council to make an "intelligent" decision, not an "emotional"  
45 one. Mr. McCue responded by stating that he has tried to take a logical approach in recommending this  
46 action and that he felt like he has succeeded. He stated, "I'm emotional about it, but I'm also emotional  
47 about a continuation of the current status, and that status is more troublesome to me than this is by a  
48 large amount."

1 Mayor Strickland said that Mr. McCue worked with him to develop a fair plan and that the City  
2 Manager's departure is not about "kicking John McCue out." Mr. McCue concurred and said that he  
3 viewed the decision from the opposite perspective. He said that recent Council Meetings have been  
4 "making Orange City look bad." He assured Council that the proposed agreement was delivered by  
5 him. He said that he did not view the agreement as negative in any way, but rather it is a positive  
6 resolution that keeps things moving in the City, protects the community from divisiveness, and shows  
7 the ability to resolve the issues in a very professional manner.

8  
9 Council Member Laputka asked how much the City was "locked into the numbers." Mr. McCue  
10 responded by stating, "I have to be provided an opportunity for my wife and I to be able to survive  
11 retirement. If I don't then this is irrelevant. This won't be any value at all. So the locking into the  
12 numbers are...that's my earning capacity for the next two years without this and those next two years of  
13 earning capacity are what I'm using to make sure that in that two year period, I have sufficient resources  
14 to be able to retire." He said that he had already come down \$55,000 on the settlement and stated, "If I  
15 negotiate down from the numbers the Mayor and I came to a conclusion on, what I'm doing is I'm  
16 negotiating down the number of years that I have to actually survive on the retirement funds. Plain and  
17 simple." Mayor Strickland said that he would prefer that Council not "go through an cherry pick  
18 anything about the resolution." He said that he felt it was a "fair and equitable agreement" and that it is  
19 important to acknowledge the many contributions Mr. McCue has made to the City."

20  
21 Council Member Abraham asked whether citizen comments were to be allowed on this matter. Mr.  
22 Reischmann responded that the proceeding was a public meeting, but not a public hearing and that it  
23 was up to the discretion of the Council as to whether or not comment from the public would be allowed.  
24 Council Member Abraham stated, "That is quite unfortunate."

25  
26 **Motion passed by 4/2 roll call vote with Council Members Mahoney**  
27 **and Abraham voting "no."**

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29 **2. DISCUSSION OF FY 08/09 BUDGET**

30  
31 Mr. McCue said that the main purpose of the meeting tonight was to ensure that he and the Finance  
32 Director have direction to prepare the budget for adoption on first reading at the next Council meeting.  
33 He distributed a list compiled by Ms. Davis outlining scenarios for additional budget cuts (a copy of  
34 which is attached and becomes a permanent part of these minutes). Ms. Davis stated that in accordance  
35 with Council's action on Resolution No. 498-08, the City Manager's position will be cut from the  
36 budget. She identified some of the options presented as: reducing the COLA or travel and training  
37 budgets. Ms. Davis said that without further direction, she will present an exhibit at the next meeting  
38 that proposes to cut the City Manager's position and calculates a new millage rate to support that  
39 budget. She advised that it would represent a 2-3% reduction. She reiterated that 1/10 of a mill  
40 represents a savings of \$10 to \$11 to the average citizen. If further reductions are desired, direction  
41 must be given by Council. Ms. Davis stated that with no other changes, the millage would be reduced to  
42 4.5. Mr. McCue stated that his recommendation for the budget is Option "E" which also reduces the  
43 amount budgeted for travel/training.

44  
45 Council Member Mahoney questioned why Mr. McCue was not recommending Option "B" which calls  
46 for the elimination of the City Manager's salary along with two other positions, the Community  
47 Relations Coordinator and the Leisure Services Coordinator. He noted that Mr. McCue had previously  
48 commented that these two positions are not essential and their workload could be absorbed by other

1 departmental staff. Mr. McCue responded by stating, "Option B, minus the City Manager, is what I  
2 recommended when we first discussed it. For all the reasons I recommended at that stage I still believe  
3 that's true. If the desire of the Council is not to lay anybody off, then my recommendation would be  
4 Option "E" because that doesn't affect anybody's employment status or affect the morale of the  
5 employees moving forward." Council Member Mahoney stated, "Either we need positions or we  
6 don't." Mr. McCue responded, "I agree. That's a very legitimate perspective." He elaborated by  
7 stating that of the nine positions evaluated, these were the two positions that could be eliminated to  
8 reduce the tax rate without affecting service delivery. Mr. McCue stated, "That does not say the  
9 positions are not needed. That simply says, if you're going to have to cut some positions, of all the ones  
10 that were, the eight or nine we listed, those would have been my recommendation because they're  
11 support roles." Mr. McCue reiterated that the work currently done by the Leisure Services Coordinator  
12 and Community Relations Coordinator would have to be assumed by other staff which would mean an  
13 increase to their workload without any reward.

14  
15 Mayor Strickland expressed that he was not in favor of cutting any positions at this time. He said that  
16 he requested an analysis of what the budget would be if the COLA and merit were decreased or  
17 eliminated. He spoke in support of either option "A" or "E." Mr. McCue said that budgets based on  
18 each of the options could be prepared. Mayor Strickland said that he felt that would be too many  
19 choices. He again recommended option "A" and "E."

20  
21 Council Member Laputka asked Mr. McCue what he thought the impact of Option "A" would be. Mr.  
22 McCue responded that it would "have an initial blip in the morale of the employees." He said the option  
23 of a 1% COLA and 1% merit increase was not even worth giving. He said that he preference was for  
24 the 3% COLA and 3% merit because he felt it was important to keep rewarding a "group of  
25 hardworking, dedicated employees." Vice Mayor Allebach noted that option "A" would only provide a  
26 decrease of 1/10 of a mill.

27  
28 Vice Mayor Allebach said that after watching the dedicated response following the recent storm, he had  
29 no desire to decrease the compensation of the employees. He spoke in support of option "E" as his only  
30 choice.

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32 Council Member Sherrill concurred with the Vice Mayor.

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34 Council Member Mahoney supported option "B."

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36 Council Member Abraham and Mayor Strickland were in support of option "E."

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38 Mr. McCue said that he would bring back three versions of the budget incorporating options "A", "B",  
39 and "E". Mayor Strickland corrected Mr. McCue stating that only option "E" was to be considered. He  
40 said that option "B" was "off the table" as far as he was concerned.

41  
42 Council Member Mahoney stated, "The City exists to provide services, not to provide jobs." He said  
43 that is why he does not support any reductions in employee compensation. Council Member Mahoney  
44 observed that if a position is not needed, then the City has a responsibility to eliminate it. He stated,  
45 "The services are the ends, the jobs are the means to the end, not the other way around." He reiterated  
46 that he is in support of option "B."

47

