

**Cuyahoga Falls City Council
Minutes of the Finance and Appropriations Committee Meeting**

November 12, 2019

Members: Tim Gorbach, Chair
Jerry James
Mary Ellen Pyke

Mr. James called the meeting to order at 6:30 p.m. Mr. Gorbach was absent.

Legislation Discussed

Temp. Ord. B-79

Discussion:

Temp. Ord. B-79

An ordinance establishing annual appropriations of money for the current expenses, capital expenditures and other expenses of the City of Cuyahoga Falls for the fiscal year ending December 31, 2020, and declaring an emergency.

Mr. James asked if there were any questions concerning last week's budget meeting. Mrs. Pyke asked where the expenses for the Mayor's Court magistrate were located. Mr. Bryan Hoffman, Finance Director, stated that, on page 197, in the Miscellaneous Contractual Services line item is where the magistrate is budgeted. The budget request for 2020 is \$17,500.

Street Construction, Maintenance and Repair Fund (Page 203)

Revenues - (\$252,900) decrease, or (6.51%) which is mostly due to the reduction of the Operating Transfer In subsidy from the General Fund (\$1,200,000). Earlier in 2019, the State of Ohio passed an increase in gasoline tax (10.5 cents per gallon, 19 cents for diesel fuel). Based on Ohio Revised Code, this fund receives 92.5% of the gas tax. They are projecting an increase of \$909,000 in Gasoline Excise in this Fund. A portion of the amount previously transferred to this fund as a subsidy will now be transferred to the Capital Projects Fund to facilitate an increase in street resurfacing, which has been traditionally paid for from the Capital Projects Fund.

Personal Services - \$88,380 increase, or 3.59% which is due to the planned hiring of three new Full Time Laborers in early April 2020, with an estimated cost of \$104,057. Typically the increased staffing and cost of living increase for department personnel would cause a larger variance, but this is offset with the replacement of three veteran Motor Equipment Operator II positions with Full time Laborer positions at a lower rate of pay. Two positions are currently open, and the third is planning retirement in early May 2020.

Operations expenditures - \$86,778 increase, or 4.45%. The largest increases are seen in Rock Salt \$87,320, and Temporary Labor \$27,940, offset by reductions in other accounts. The Rock Salt budget for 2020 is based on 9,000 tons of "white salt" at \$71.89/ton and 1,000 tons of "green salt" at \$84.31, which is an increase of 2,000 tons of white salt and 1,000 tons of green salt. Prices of

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white salt through our CUE consortium have decreased \$7.46/ton. The Temporary Labor increase is due to an increase in the hourly rates paid based on a competitive market for temporary help.

State Highway Fund (Page 211)

Revenues - \$76,000 increase, or 52.32% which is due to the increase in gasoline tax, as noted above in the Street, Construction, Maintenance and Repair Fund section. Based on Ohio Revised Code, this fund receives 7.5% of the gas tax. They are projecting an increase of \$75,500 in Gasoline Excise Tax in this Fund.

Operations expenditures - \$95,000 increase, or 63.33%. The increase is for Rock Salt is based on additional revenue as noted above, and estimated fund balance available. They traditionally use this fund and Municipal License Tax Fund for rock salt purchase to offset the amount required by the SCMR Fund.

Mr. James asked Mr. Chuck Novak, Street Commissioner, to elaborate on how the increased revenue from the gas tax is being spent. Mr. Novak stated that, as far as the SCMR account goes, they have three additional laborers that are going to be hired, so there's \$104,000 that's going to cover increasing staff. He stated that \$7,600 of it is going to the State Highway Fund for salt. A big portion of that tax money is going to the Capital Projects Fund to pave more roads, so that would be in the Engineering contract. Mr. Hoffman stated that the City is receiving approximately \$2 million. In speaking with the Service Director and the Street Department, the best way to divide it is by putting it towards three new people, supply costs in the SCMR Fund, increasing the paving program by \$500,000 a year and increasing concrete streets program by \$300,000 a year.

Mrs. Pyke stated that if they were total all of the vacations and holidays, they are looking at half a million dollars to three quarters of a million dollars. She asked if there is any reason they don't budget for that. Mr. Hoffman stated that when they look at the personnel expenses, they always extrapolate out what they believe to be vacation and holiday pay. Those numbers are pretty consistent between years in each budget. From a cost perspective, vacation and sick time is used, and the out employees are being paid out at the same rate that they would be paid out if they were here working. Although they're hourly workers, they're being paid the same every pay period adjusted for some overtime, which they do budget for. There are some sell-back programs with vacation that they also budget for. The Street Construction Maintenance Fund, on page 204 at the bottom of the page, vacation sell-back is listed. This goes with all the other departments. A line item is kept in there for an estimation, based on historical figures, of how employees sell back their time. If an employee chooses not to take vacation during the year and decides to sell that vacation while providing some work at the city, they do account for that in that line item. Mrs. Pyke stated that she sees that they have added it into the total amounts of their pay. Mr. Hoffman stated that it is added in. It's part of their wage number for that vacation.

Mrs. Pyke asked what the \$275,723 in Encumbered Funds as of 9/30/2019 represented. Mr. Novak stated that the largest chunk of that is going to be for salt. They have a new contract and have

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ordered salt off of that. It has not been delivered yet. Mrs. Pyke asked if they did not have enough salt stockpiled. Mr. Novak stated that they waited for a new contract, hoping that the rates would be lower, and that's what happened. They were \$8 a ton lower. That took effect in September, so it took until now to have all the contracts ready. Mrs. Pyke stated that she thought it was a nice budget.

Ms. Nichols-Rhodes stated that she is very happy to see the three new, full-time laborers. She asked if they will they be working on potholes, repairs, snow removal and leaf removal. Mr. Novak stated that they will be working on all of that. In the wintertime, they depend on Sanitation employees coming over, which, in turn, hurts Sanitation. Having those extra laborers will help them in the winter. They'll be on routes like all the other employees. In the summertime, they are going to increase their preventive maintenance program. They will expand their crack-seal program and road-patching program, and that's mainly where they will be working.

Mrs. Pyke asked when they can use brine versus using salt. Mr. Novak stated that they typically use brine any time that it's above 10 degrees. They are either pretreating or treating as they are using the salt, or, sometimes, they do a direct application and deicing. They try to maximize their amount of liquid use since the City has a brine pond. That helps cut down on the more expensive rock salt. Mr. Pallotta asked if they could trade brine for salt. Mr. Novak stated that may not be a viable option, because of the size of their well. It has a very small diameter casing, so they can only pump it out of the ground at 35 gallons a minute. That's why there is a pond, because they can use 200,000 gallons in a storm and deplete that. The treatment plant also uses it in the water-softening process, so they have to watch how much would go outside the city.

Municipal License Tax Fund (Page 213)

Operations expenditures - (\$12,000) decrease, or (9.6%). Decrease to Rock Salt associated with less available fund balance. The prior year budget had a larger beginning estimated fund balance to permit purchase of additional rock Salt. . They traditionally use this fund and Municipal License Tax Fund for rock salt purchase to offset the amount required by the SCMR Fund.

Sanitation Fund (Page 215)

Revenues - \$30,900 increase, or .83% which is mostly due to the increase in Residential Charges for Services, \$25,000, from newly built homes. Based on current analysis through nine months, Residential fees are trending to be approximately \$28,000 over the 2019 budget of \$3,425,000. Personal Services - \$107,379 increase, or 7.60% which is due to the planned hiring of a Regular Part Time worker and a revision of employee allocation to the Street Department for the Winter program. For several years, they have been allocating three Full Time Laborers to the Street Department for the Winter program (5/12 months November – March). Since they are hiring three additional Laborers in the Street Department in early April 2020, they are going to phase this program out. The 2020 budget request includes the allocation of two laborers to the Street Department for four months.

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Operations expenditures - \$31,853 increase, or 1.56%. Increase is attributable to Internal Services - Direct Garage charge \$34,529 due to the increase in hourly chargeback rate, and Utility Billing \$11,555 charge for the Department's share of the Utility Billing Fund Budget, which has increased \$108,536. See details in Utility Billing Fund highlights below. These increases coupled with other smaller increases are offset by the reduction of Refuse Containers (\$55,000), based on need and current stock of available carts.

Debt Service – (\$32,639) increase, or (100%). The Automatic Meter Reading System Capital lease (2008), to which the Sanitation Fund was a part of was paid off in January 2019.

Mr. Novak stated that, last year, they budgeted for a route optimization study. It's been awhile since they have had a rate increase in Sanitation. They have been trying to do everything they can internally to delay any sort of increases. The route optimization study is nearly complete. What they have found is, over the last several years, they have been adding more customers. They have added approximately 2,000 customers since they automated the recycle about 10 years ago. Some of the routes have been overloaded. They have had a company come in and more evenly balance the routes and also individually balance the division between the drivers. They have looked for ways to run the routes a little more efficiently try to save fuel and time. That study is almost complete, and the results will be released soon. The initial results look favorable.

Mr. James asked if the increased revenue in residential can be attributed to new housing in the city. Mr. Novak stated that was correct. There have been new subdivisions going up in the last several years, and some more being built, so that is the reason for residential revenues increasing. Mr. James asked about the minor changes in staffing. Mr. Novak stated that they have an additional RPT laborer that's on there. Over the years, there has been a constant turnover in employees. It is difficult to quickly backfill someone in Sanitation. There's a lot of to learn with operating the trucks, and it is difficult finding employees with commercial driver's licenses. What they are hoping to establish is an RPT, someone to be in training and be ready to go in when those retirements or transfers happen, so things will run more smoothly. The difficult thing in Sanitation is there is work that has to be done every day that can't wait until the next day. When they lose any staffing, it affects them. Right now, the Street Department helps backfill that, so it has an effect on the Street Department, as well. The other aspect in staffing is that they have been relying on help from Sanitation to come to the Street Department in the winter to help out. With those employees now staying in Sanitation, that's another reason for the increase in staffing numbers.

Mrs. Pyke stated that the telephone for Sanitation has stayed pretty stable over the last few years, but, for Street, they budgeted almost \$17,000 when, in 2018, it was a little over \$5,000. She asked what the reason is that Street would see such an increase in telephone, but Sanitation would basically stay equal. Mr. Hoffman stated that he would have to go back to the telephone allocation sheets to answer her question. Mrs. Pyke stated that she was looking for an across-the-board increase in telephones, but this is showing that is not the case. Mr. Hoffman stated that he will look into that and get back to her.

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Garage Fund (Page 263)

Revenues - Primarily consists of internal service charges to other funds and has a \$54,000 increase, or 2.21%, which is due the increase in hourly chargeback rate as noted above.

Personal Services - \$41,625 increase, or 5.84% which is due to merit increases for two employees, and COLA and Medical benefit increases as noted in the overall items section.

Operations expenditures - \$8,632 increase, or .50%. Increase to Internal Services - Indirect \$38,063 for current cost allocation plan, offset by reduction of Other Operations accounts, such as Tools & Equipment (\$8,000) and Tools & Equipment Maintenance & Repair (\$10,000), which are supported by current spending trends.

Mrs. Pyke stated that it looks like they are not getting enough for internal surcharges. If they extrapolate the charges for 2019, it looks like they are bringing in \$2.2 million, but budgeting for \$2.5 million for next year. She asked if they need to increase what is being taken out of the department. Mr. Hoffman stated that they look at the fourth quarter of each year when they do the cleanup. Different departments use the garage over the course of the year, so they cannot use historical trends when they budget those the numbers. As time goes on, they charge back the department. By the end of the year, they will see in the department Internal Services Fund all the revenue coming into the department by the end of the year. Mrs. Pyke asked if she could be provided with where they are at on 9/30/18 for that fund. Mr. Hoffman stated that he would be happy to provide that information.

Mr. Miller asked how they are defining direct and indirect in Internal Services in Other Operations. Mr. Hoffman stated that there are two ways of going about doing some internal services in the city. One is to directly bill the departments, and the other one would be to bill them indirectly, which is what they typically use. In the General Fund, they do an indirect cost allocation plan for the entire city. In the Garage Fund, they do something very similar. In that case, there are services that another city department would provide to the garage. Some of those would be Technical Services Department, Payroll, or sort of Legal. When they look at direct or indirect, they don't bill Finance to send out paychecks. That is done indirectly. Those costs are thrown into an indirect cost allocation.

Utility Billing Fund (Page 271)

Revenues - \$112,458 increase, or 7.08% which is due to several factors, but is mostly attributable to budgeted expenses. A decrease in estimated Utility Penalty of (\$80,000) requires the increase of the Internal Service Charge \$150,458 since the goal of an internal service fund is to recoup costs and not grow fund balance. As of 9/30/19, they collected penalty revenue of \$550,747.24, which was lower than the prior year at that time frame and trending to be lower, thus the reduction of 2020 estimate.

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Personal Services - \$44,413 increase, or 3.64% which is due to a new Account Clerk II position 1/1/20, due to workload volume, offset by savings from some retirement replacements at a lower rate of pay (Assistant Utility Billing Manager, Utilities Meter Service Worker, and Account Clerk II).

Operations expenditures - \$64,123 increase, or 17.24%, which is primarily due to Banking Fees \$42,000. The increase of Banking Fees is related to an increase in transactions.

Mr. James asked about the increase in workload and the new position. Mr. Zachary Jones, Utility Billing Manager, stated that they are requesting an Account Clerk II. This stems from the fact more meters have stopped transmitting directly to their office. When those reads come in, they need to be entered into the system manually and then checked by billing clerks. With the additional meters that stop transmitting each month, it has increased their workload. It would be beneficial for another staff member that would help out with that process.

Mrs. Pyke asked what the amount of \$76,344 in Unencumbered Funds is. Mr. Paul Novelli, Treasurer, stated that it has to do with the balance of unencumbered funds for credit card fees. Mrs. Pyke asked if they will see those fund coming in by the end of the year. Mr. Novelli stated that if the volumes holds to what they are seeing, yes.

Police (Page 129)

Operations expenditures - \$126,070 increase, or 12.36%. The following accounts were increased for Police Firing Range operations activity: Miscellaneous Operating Supplies \$5,000, Property/Building Maintenance and Repair \$19,000, Property/Building Service Contracts \$14,360, Office Equipment \$1,500 and Refuse Disposal – Other \$30,000, the total of which \$69,860, was offset with planned “Miscellaneous Revenue” for the leasing of the facility to other agencies in the same amount. Other increases for general police operations were as follows and based on needs of the department: Firearm Supplies \$4,600 for training and live Taser cartridges, Level III shield; Clothing - Safety \$15,560 for additional Ballistic and SWAT Ballistic vests, Office Equipment \$11,424 for Personal Computer replacements and property inventory items, such as scanners and printers, Tools & Equipment \$18,855 for new camera system inside jail and holding areas, and Computer System Support \$8,507 for increases in recurring computer software maintenance.

The Police Department has several Special Revenue Funds under their management including Drug Law Enforcement Fund (Fund 214), Law Enforcement Trust Fund (215), Enforcement and Education Fund (217), Federal Law Enforcement Trust Fund (220) and the Law Enforcement Assistance Fund (222). The nature of these funds is to account for specific revenues that are legally restricted to expenditure for particular purposes. These funds are budgeted at the Chief's discretion based on restriction of use and available resources. The following fund descriptions are from excerpts from our City's Comprehensive Annual Financial Report:

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Drug Law Enforcement Fund - 214 (Page 141) To account for fines received by the City that are restricted under the Ohio Revised Code to subsidize law enforcement efforts that pertain to drug offenses.

Law Enforcement Trust Fund - 215 (Page 145) To account for proceeds from the sale of contraband that are restricted to subsidizing law enforcement efforts.

Enforcement and Education Fund - 217 (Page 149) To account for proceeds realized from fines to pay only those costs incurred in enforcing Section 4511.19 of the Ohio Revised Code or a substantially similar municipal ordinance and in educating the public of laws governing the operation of a motor vehicle and the dangers of operation of a motor vehicle while under the influence of alcohol and other information relating to the operation of a motor vehicle and the consumption of alcoholic beverages.

Federal Law Enforcement Trust Fund - 220 (Page 153) To account for the subsidy received by the Police Department for its efforts pertaining to (1) complex investigations/prosecutions by the City's Police/Law Departments; (2) provision of technical training or expertise of a law enforcement nature for Police Department members; (3) provision of matching funds to obtain federal grants; and (4) for such other law enforcement purposes that are deemed appropriate.

Law Enforcement Assistance Fund - 222 (Page 157) To account for the reimbursement of professional training costs for law enforcement officers. This is no longer being funded by the State of Ohio Attorney General, due to policy changes.

The most notable changes to Police Special Revenue Funds were in the Law Enforcement Trust Fund, in which other operations request has been reduced \$14,800, which is primarily due to the elimination of Refunds and Reimbursements \$10,000 for payments of \$5,000 to both Cuyahoga Falls and Woodridge School Districts for the Drug Free Clubs of America program that is no longer being done.

Mr. James asked how the plan to lease the firing range to other employers is working out. Police Chief Davis stated that it is going well. They have a couple customers for this year and 40 dates already booked for next year with other departments. The State is also coming in do some academy training. Next year, they will be starting the new CAD project. That should be up and running by July of next year. That's going to help with efficiency in reports.

Mrs. Pyke asked if the promotions have already been awarded. Chief Davis stated that they have not. Mrs. Pyke asked if they will be tested. Chief Davis stated that they are all Civil Service. They will have a standing sergeants list that they will be able to hire off of. Mrs. Pyke asked if they still have their K-9. Chief Davis stated that they have two K-9s. Mrs. Pyke stated that it was a very nice budget.

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Ms. Nichols-Rhodes asked about the Training Center open house on Saturday. Chief Davis stated that anyone that that hasn't come out and seen the new Training Center, there will be an open house on Saturday, between 9 and 11, for members of the public.

Communications (Page 137)

Operations expenditures – (\$49,870) decrease, or 27.97%. Decrease to Computer System Support (\$47,366) for items no longer needed (New World Systems Gold Elite Consoles maintenance) due to the City's intergovernmental agreement with various communities for a Consolidated Computer Aided Dispatch System (CAD).

Chief Davis stated that there is not a lot of change in this department. They will get equipment this year to prepare for the CAD update next year.

Mrs. Pyke stated that she truly believes that out of a lot of the employees in this city, they need to look at increasing the pay of the dispatch staff. They are under a lot of stress. They need to have someone come in and look at to see if the total wages they are paid is equal to the type of work that they do.

Fire (Page 161)

Operations expenditures - \$46,034 increase, or 5.62%. Increase is attributable to Miscellaneous Contractual Services \$13,931 mostly for Information Technology services for the new Fire Station, Internal Services - Direct Garage charge \$26,783 due to the increase in hourly chargeback rate, Reserve: Sick Leave \$16,875 and Reserve: Vacation \$1,412 for the funding the Compensated Absences Fund, in which the estimated department liability from the prior year audited financial statements is used to allocate contributions to the Fund.

Transfers Out - \$52,500 increase, or 4.25%. Increase is associated with the annual Fire Pension Fund (205) subsidy for pension payments to Ohio Police and Fire Pension Fund which is related to changes in the International Firefighters' Association Local #494 collective bargaining agreement. The pension rate for uniformed firefighters' is 24%.

Mr. James asked how the fire station project is going. Fire Chief Jackson stated that they are on budget and on schedule at this point. For everyone driving by, it's going to appear to look like it's slowing down, because it's going to be under roof. The parking lot and concrete are likely to be after the weather breaks. They will have, in late winter or early spring, a grand opening.

Building and Grounds Maintenance (Page 189)

Personal Services – (\$266,295) decrease, or (26.00%) which is due to movement of Downtown maintenance and repair staff (Operations Supervisor, Park Section Leader, and two Full Time Laborers, one of which replaces three Regular Part Time Workers) including overtime of \$4,000

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from this department to the Parks and Recreation Department. Originally, Ordinances 32-2018 and 33-2018 included the movement of these positions from the former Riverfront Centre District Department 1011900 to this Department. However, after reviewing this change, coupled with changes made earlier in 2019 relating to park maintenance staffing, they feel management of the Pavilion and Amphitheater are better served under Parks and Recreation.

Operations expenditures – (\$48,035) decrease, or (7.27%). Operational budget line items brought into this Department from the former Riverfront Centre District Department 101-1900 were cut \$145,585, with a portion being moved to Parks and Recreation operations \$75,000. These reductions were offset with increases to Furniture and Fixtures \$6,000 for replacement of Conference Room C Chairs, Property/Building Service Contracts \$2,910 for general increases, Software \$12,000 for Cemetery administration, Temporary Labor \$62,531 for an increase in the hourly rates paid based on a competitive market for temporary help, and Internal Services - Direct Garage charge \$17,463 due to the increase in hourly chargeback rate.

Mr. James asked for an explanation for the changes to staffing. Mr. John Ball, Grounds Maintenance Supervisor, stated that that is due to the maintenance and staff moving from Downtown to the Parks and Recreation Department. When they took on Downtown, they took on the budget to Downtown, so that will be moved to Parks and Recreation.

Ms. Nichols-Rhodes stated that she wanted to thank Mr. Novelli, Mr. Fitzsimmons and Mr. Hoffman for giving Council this very clear report.

The meeting adjourned at 7:15 p.m.