

Cuyahoga Falls City Council
Minutes of the Finance Committee Meeting
January 5, 2009

Members: Don Walters, Chair
Debbie Ritzinger
Carol Klinger

Mr. Walters called the meeting to order at 6:27 p.m. All members were present.

The minutes from the December 15, 2008, December 22, 2008 and December 29, 2008 committee meetings were approved as submitted.

Legislation Discussed

A-143
A-144
A-145
A-147
A-148
B-1

Discussion:

Temp. Ord. A-143

An ordinance authorizing the Mayor and Director of Public Service to enter into contracts for the purchase of various vehicles for use by the City, and declaring an emergency.

Don Williams stated that Exhibit A lists the vehicles they need Council's approval on in order to purchase them off of the state system. Everything in the exhibit was discussed during the budget process. Mr. Walters asked if the vehicles were replacements or additions and also asked how old the units were that were being replaced. Mr. Williams stated he did not have the information with him regarding the age of the units. Basically, all of the units were replacements except for the seven epokes. He indicated the department each vehicle being replaced would be going to. Mr. Walters asked if there was a lot of maintenance required on the epokes. Mr. Williams stated they have had no issues with them at the garage. Mrs. Carr added that most of the maintenance on the existing epokes has been covered under warranty and has been minimal. Chuck Novak stated the existing units have been used for three winters. During that time, two were in for repair—one for wiring and one to replace a small \$170 part. Other items that were repaired were done by Bell Equipment totaling approximately \$8,900. The majority of that was due to driver issues, such as backing into objects. There was also a unit which was hit from behind that damaged the spinner assembly. They had issues with cracked tanks but that was due to a bad batch and has since been taken care of under warranty. Mrs. Carr added that the City has a predetermined disciplinary schedule in order to encourage drivers to be more careful. Mr. Walters asked what the warranty period would be on the new units. Mr. Novak stated that coverage is typically one year from the date the unit is put into service. There is also a ten-year warranty on the paint. Mrs. Klinger stated the City budgeted for a van or truck in Electric but it is not on the exhibit. Mr. Williams stated it was because the van was \$18,000 and was under the \$25,000 limit. Mrs. Klinger stated she would like Council to consider capping the vehicles per line item on this schedule. With regard to the replaced units, Mr. Williams stated that any unit not handed down to another department would be put up for sale on ebay.

Mrs. Colavecchio asked if this was the first time a hybrid was being purchased. Mrs. Carr stated they have tried for years to get a hybrid but they were difficult to come by. They also plan to use the unit for educational purposes.

Committee recommended bringing out Temp. Ord. No. A-143.

Temp. Ord. A-144

An ordinance authorizing the Director of Public Service to enter into a contract or contracts, according to law, for the annual requirements of the municipal garage for 2009, and declaring an emergency.

Mr. Williams stated this is for gasoline, diesel, tires, maintenance and repairs outside of the City garage and parts. Mr. Walters asked about fuel. Mr. Williams stated that the City's average for 2008 was \$3.20/gal. At the end of the year, they were paying \$1.30 but it was so high earlier in the year that it bumped the average up. Mrs. Pyke asked if individuals who take cars home filled up at the City garage. Mr. Williams indicated they did but the vehicles were used only for City purposes. Mrs. Carr added that those employees do have some rights to use the car, for example, if they are stopping at a grocery store on their way home. However, those miles are taxed at the state and federal level. It is up to that individual to keep those records. Mr. Walters asked if the City still had a "no idling" policy for everything. Mr. Brodzinski indicated they did.

Committee recommended bringing out Temp. Ord. No. A-144.

Temp. Ord. A-145

An ordinance authorizing a settlement in the case of *John L. Richard v. City of Cuyahoga Falls* and declaring an emergency.

Mr. Arrington indicated this grew out of a moral claim approximately three years ago. Mr. Richard is the owner of an art studio at the Front Street Mall. The building was having water infiltration and it was eventually discovered that there was an old water line under Stow Avenue that was leaking. Mr. Richard had a lot of water in the basement area causing black mold and structural damage. His original claim was for \$77,000 and the City offered him \$30,000 to settle. He did not agree so he hired a lawyer and filed a lawsuit. All parties continued to work to come up with a resolution to the case and have tentatively resolved it for \$40,000 subject to Council approval. Mr. Walters asked for an explanation of Section 2 of the ordinance. Mr. Arrington indicated it should not be there and will get a substitute to Council.

Committee recommended bringing out Temp. Ord. No. A-145.

Temp. Ord. A-147

An ordinance authorizing the Director of Public Service to enter into a contract or contracts, according to law, for the purchase of certain materials and supplies in the water/sewer utilities department during 2009, and declaring an emergency.

John Christopher stated these were the annual requirements that are included in the 2009 budget. In the past, there have been water meters included but they do not have that this year. Also, the cost for chemicals is higher but fire hydrant supplies are down from last year.

Committee recommended bringing out Temp. Ord. No. A-147.

Temp. Ord. A-148

An ordinance authorizing the Director of Public Service to enter into a contract or contracts, according to law, for the purchase of certain supplies and materials for use by the Street Department during 2009, and declaring an emergency.

Chuck Novak stated this was for salt, asphalt, sign materials and paint supplies. They purchase the rock salt via a contract through CUE; the asphalt is competitively bid around March or April; and both the sign materials and paint are purchased off the state bids with everything else being competitively bid. Mr. Walters asked about asphalt that is done in-house. Mr. Novak stated they go out to bid early in the year and enter into a contract and the price per ton is the amount for the year. They try to go for bid in March or April and get three different contracts in order to have a consistent supply. This process helped the Street Department last year because they locked in a price in March. As the price of oil fluctuates, so does the price of asphalt.

Committee recommended bringing out Temp. Ord. No. A-148.

Temp. Ord. B-1

An ordinance establishing compensation levels for non-bargaining employees of the City of Cuyahoga Falls for calendar years 2009, 2010, and 2011, and declaring an emergency.

Mr. Brodzinski stated this is the standard nonbargaining ordinance that is submitted every three years. The previous ordinance covered years 2006, 2007 and 2008. This one covers 2009, 2010 and 2011. It is the same rate that was settled with the unions. Mr. Walters asked for an explanation on salary calculation for the Mayor, City Council and the cabinet. Mr. Brodzinski stated those salaries are weighted averages off the union contracts. Once a majority of the union contracts are negotiated, he can use a weighted average. There is an ordinance that describes how the positions are paid. For example, the President of Council is 16% of the Mayor's salary, Council members are 15% of the Mayor's salary, and the Clerk of Council is 85% of a Council member's salary. The dollar amount that applies to this ordinance is \$5,670,782 and includes the 2.5% and step increases where applicable. Mrs. Klinger felt given the current economic climate that perhaps Council should pass this for one year instead of three. Mr. Brodzinski stated that could be done but since the ordinance gets advertised, it would need to be advertised three times vs. just once. Cost of advertising is around \$60 in the Falls News Press. This ordinance is just consistent with union contracts. Mr. Walters asked whether the union contracts could be renegotiated during extreme circumstances. Mr. Arrington stated they could if both sides agree. With the union negotiations, the City made a statement that this is what it could afford for the next three years and it is only fair that the same statement be made to the nonbargaining employees. Mr. Walters stated this was already included in what was passed during the budget process. He just feels it is easier to do it one year at a time but would leave it up to everyone else. Mr. Rubino appreciated everyone's comments but he feels it is important to send a solid message to all employees. He encouraged the adoption of this ordinance as written with a three-year provision, knowing that the City is being careful with its spending. It is hard to predict the future no matter where we are.

Mrs. Colavecchio asked if there were figures showing what this increase would amount to. Mr. Brodzinski stated there were not but he could go through each individual department. He felt the amount would probably be around \$225,000 for 2009. There is approximately \$20,000,000 going out of the annual budget for all City-wide employees. He stated he would break it down into bargaining vs. nonbargaining. Mrs. Colavecchio thanked him and added she would want to see that prior to voting on this legislation. Mrs. Klinger felt it would be fiscally conservative to do this as the budget is presented. Mr. Brodzinski stated this ordinance can be superseded by any other ordinance so you do not gain flexibility on one, two or three years. He believes it does send a message and added that passage of this ordinance has no impact on the 2010 budget.

Mrs. Ritzinger stated she agreed with Mr. Rubino and would be voting for the ordinance as it stands. If there is something that needs to be looked at that would warrant adjustments, it could be reviewed prior to any lay-offs. Mrs. Hummel felt the cost of advertising was minimal and did not feel it was enough to sway any decisions one way or the other. She stated that Council has this ordinance tonight pursuant to an amendment to a special meeting for Council's reorganization. If this is something that is passed every three years, why is it necessary to be introduced, discussed and passed all tonight. She is in favor of voting on it at the next regular Council meeting, especially in light of Mrs. Colavecchio's request for information prior to casting her vote. Mr. Brodzinski stated he would have the information to Mrs. Colavecchio tomorrow. Mr. Walters asked if it would hurt payroll if this ordinance didn't get voted on until next Monday. Mr. Brodzinski stated he will deal with what he has to deal with and is o.k. with waiting if it is causing discomfort. Mr. Walters stated that in light of the questions that were asked and the numbers that were requested, he would feel more comfortable waiting.

Tom Sullivan, Tallmadge Road, asked how many Council members had ever been a member of a bargaining unit at some point and how many of those had ever come back to give money back. Why would Council expect salaried personnel to do that.

Committee recommended bringing out Temp. Ord. No. B-1 for a vote on January 12, 2009.

The meeting adjourned at 7:09 p.m.

Please let me take a few minutes to discuss Temporary Ordinance B-1. This is the non-bargaining pay ordinance. Every three years we submit this ordinance in conjunction with the union negotiations we work through. Ever since I have been here we have mirrored this ordinance to be for three years to be in sync with the union contracts, which cover three years.

On Monday night Ms. Klinger raised the question of only doing this ordinance for 2009 because of the “unknown economic future”. She stated that the move would show fiscal conservatism during these trying times. The Administration has been showing fiscal conservatism since 2000. Every time a position becomes vacant, the position is fully evaluated to see if we can perform the functions smarter, cheaper, and better. So, this Administration has shown fiscal conservatism for years. I am sure most of you have read at least one dozen communities who forecast financial numbers in the red and are laying off staff. That has not occurred in the Falls, nor is it forecasted to occur in the Falls, demonstrating financial conservatism.

There was also some concern about whether this ordinance should be passed to include 2009, 2010, 2011 or just 2009. The rationale from Ms. Klinger was due to the uncertainty of the economy. We have just started negotiations with AFSCME and are currently in negotiations with both Police units. As you can see from the attached spreadsheet the AFSCME related payroll exceeds the non-bargaining payroll and the combined Police units are close to the non-bargaining amount. If it is Council’s desire not to commit us financially past 2009 we can explain that to the remaining three unions and negotiate only a one-year contract. Another thought based on the discussions at Council on Monday night could be one of risk. We could agree to give the unions all three-year contracts. That eliminates any “risk” if you will, on their financial situations for 2009, 2010, and 2011. The non-bargaining staff then could get only a one-year contract passed by ordinance through Council. Now non-bargaining personnel assume the risk that with a bad year economically in 2009, there might not be the 2.25% cost of living raise in 2010 or possibly a reduced amount. However, with a new economic stimulus plan from Washington around the corner, if it works and if the economy turns around and the City is better off at the end of 2009, I would like to give the non bargaining personnel more than the 2.25% suggested for 2010. I believe that this would be a fair approach since this unit assumes all the risk on a “one year contract” and the unions opted for financial security and a three-year contract.

There was also a question posed by Ms. Hummel as to why this ordinance was being introduced and asked to be passed on the night of Council’s Special Council meeting. Virgil Arrington and I had discussions early in December about submitting this ordinance. Due to the Budget process and holidays, the ordinance was inadvertently not submitted. When I realized it, I assumed that since this is a standard every three year ordinance and Council had already approved Fire, Dispatchers, and Electric contracts, and it is right in line with the Budget that was just passed by Council, I felt it was appropriate to ask for passage to avoid the retro work by payroll. The bottom line is that given this time of year it was simply missed.

As you can see from the enclosed spreadsheet, approximately 18% or \$3,762,231 of the non-bargaining payroll relates to the City's General and SCMR Funds. If the City falls on harder times as alluded to by Ms. Klinger, due to the economy, these two Funds would be impacted the most. 2010's proposed increase of 2.25% would affect these two funds by approximately \$84,650. That amount represents .2217% of the \$38,188,156 appropriated for these Funds in 2009. The \$84,650 will not break the bank, nor by any stretch of the imagination save these Funds if we are in trouble.

The spreadsheet also shows that non bargaining payroll represents under 20 percent of the total citywide payroll. If the economy really bottoms out and the City is looking to cover deficits like some that I have read in the newspapers of \$500,000 or more, the unions certainly would be affected as they represent 75 percent or more of the total citywide payroll.

In conclusion, I agree with Vince and Debbie on passing this ordinance as is. The Administration is not sure what effect this move would have on employee moral. We are asking our employees to do more in many areas as we try to save money. Now is not the time to potentially shake employee moral. We are unsure of the effect and we work with these people on a daily basis. I cannot imagine Council having a better feel for employee moral by not working with them on a daily basis. With that we ask for your support on Temporary Ordinance B-1 as is.

		Non-Bargaining Ordinance	AFSCME	Police Blue & Gold	Fire	Electric	Dispatch
General Fund	19,119,378.45	3,551,384.57	2,741,880.00	5,564,099.89	5,574,569.75	0.00	556,961.21
Income Tax	234,078.14	60,131.64	159,746.69	-	-	-	-
Streets	1,566,678.30	210,845.54	1,257,729.63	-	-	-	-
CDBG	57,155.94	57,155.94	-	-	-	-	-
Storm Drainage	296,913.66	54,082.66	482,162.00	-	-	-	-
Sewer	642,527.85	116,607.13	525,533.31	-	-	-	-
Water	1,281,666.15	186,089.03	1,093,785.74	-	-	-	-
Electric	2,897,502.43	588,903.82	-	-	-	2,308,598.61	-
Sanitation	1,005,299.86	151,675.16	838,155.00	-	-	-	-
Natorium	1,646,004.86	321,651.19	126,533.67	-	-	-	-
Waterworks	263,834.61	30,107.42	-	-	-	-	-
Golf Course	331,651.06	111,361.06	-	-	-	-	-
Quirk	147,910.34	60,214.84	-	-	-	-	-
Downview	79,566.55	-	-	-	-	-	-
Garage	510,136.92	122,411.88	378,105.22	-	-	-	-
UB	858,214.33	195,329.53	656,144.92	-	-	-	-
IS	506,630.39	435,768.38	43,624.25	-	-	-	-
	<u>31,445,149.84</u>	<u>6,253,719.79</u>	<u>8,303,400.43</u>	<u>5,564,099.89</u>	<u>5,574,569.75</u>	<u>2,308,598.61</u>	<u>556,961.21</u>

152,529.75 Assuming that no one is receiving a step increase in 2009. However that is not the case so the 2.5% increase is less than the \$152,530.