

**Cuyahoga Falls City Council
Minutes of the Finance Committee Meeting
October 26, 2009**

Members: Don Walters, Chair
Debbie Ritzinger
Carol Klinger

Mr. Walters called the meeting to order at 6:45 p.m. All committee members were present.

Legislation to be Discussed:

Temp. Ord. B-96
Temp. Ord. B-97
Temp. Res. B-103

Mr. Walters explained that Temp. Ord. B-96 dealt with Family Leave, B-97 dealt with the City's municipal insurance policy, and B-103 dealt with employee benefits.

Discussion:

Sub. Temp. Ord. B-96 (dated 10-23-09)

An ordinance amending Section 151.12 of the Codified Ordinances and declaring an emergency.

Mr. Arrington stated that in light of Mr. Rubino's questions, he researched the Family Medical Leave Act. The law is clear that the City can only recover the premiums. Therefore, in line 30, he changed the language to reflect recovering premiums and not the total cost of health care. Paragraph (a) in the legislation notifies the employee of his or her rights under the Federal Act. Paragraph (b) is what was negotiated with the unions and what they want to apply to nonbargaining. Paragraph (c) gives the City the ability to recover the premiums if someone never comes back to work. Mr. Walters asked if (b) would be a benefit to the employees since it reduces the amount of time an employee can be off. Mr. Arrington stated FMLA was introduced more for private employers than public employers. They have had situations where employees have been off for longer than a year. During that time, the City cannot bring anyone in to replace them. Currently, employees must exhaust all sick leave and vacation before the 12 weeks of FMLA kicks in. The City is just trying to get people working. Under Federal law, an employee with sick leave or vacation can run concurrently along with unpaid FMLA. Mr. Walters stated that Section 3 is just restating federal law. He asked about an employee who gets terminal cancer and may be unable to come back. How would Administration apply this section fairly. Mr. Arrington stated the legislation allows the City to recover but does not require it. They will look at these on a case-by-case basis. FMLA is not to be used to extend employment—it is to preserve it. Federal law allows the City to recover if the employee never comes back. It is not the intent to cause hardship on anyone. Mr. Walters confirmed that the City would continue to provide health care coverage for the 12 weeks of FMLA. It would not stop it if there was knowledge that an employee were not coming back. Mr. Arrington stated the employee was entitled to 12 weeks of FMLA and the City will provide that. Once it is over, the City could make a decision whether to recover the premiums. He added that it was rare when an employee used the full 12 weeks because they had been using their sick leave and vacation. Mrs. Hummel asked how many unions the City has met with. Mr. Arrington stated they have met with three who have agreed to this. Those were AFSCME and Police Blue and Gold, However, the language agreed to with them did not include (c). That will be for future negotiations.

Mrs. Colavecchio stated she had asked for a breakdown of how this will affect the employees and had the information in front of her. She passed it to other Council members. She stated it gives a department-by-

department breakdown of hire dates, sick leave balances, and time earned and time used to date. It sticks out that the City has 60 employees who have been with the City 25+ years and some 35+ years. It is amazing to her that the City has that kind of longevity with its employees. Mrs. Pyke asked what would happen if someone took 12 weeks of FMLA, came back to work for one day, and then turned in their notice the next day. Mr. Arrington stated that the law states they must be back to work for 30 days before they can resign.

Committee recommended bringing out Sub. Temp. Ord. B-96 (dated 10-23-09).

Temp. Ord. B-97

An ordinance authorizing the Finance Director to enter into a contract or contracts, according to law, for the purchase of a package policy of municipal insurance, and declaring an emergency.

Mr. Brodzinski stated this is the City's insurance ordinance that covers automobiles, property insurance, public officials liability, and others. It is budgeted at \$322,575, and the bid came in at \$305,940. They are staying with the same bidder. The amount is a couple thousand dollars lower because there was a slight decrease in comprehensive auto and property. Mr. Walters asked if the City had the same number of vehicles or maybe a little less. Mr. Brodzinski stated he would have to check. He thought they had slightly less. They also have older models.

Committee recommended bringing out Temp. Ord. B-97.

Sub. Temp. Ord. B-103 (dated 10-23-09)

An ordinance addressing the current national and regional economic conditions by repealing Chapter 155 of the Codified Ordinances, enacting Section 125.02 of the Codified Ordinances, amending Sections 151.01 and 151.05 of the Codified Ordinances, amending Cuyahoga Falls Ordinance 6-2009 and making other necessary fiscal adjustments and declaring an emergency.

Mr. Arrington reviewed the changes in the substitute. Some were to address issues; some were to clarify. First, he removed all reference to moral claims. With regard to Section 1, the original ordinance stated this was to take effect on January 1, 2010. That was an error. An employee gets paid for leave he or she does not use in 2009. They took out the effective date and added line 79. Regarding vacation sell back, on line 81 they inserted "annual" vs. "final" cash out. With regard to furlough days, there are different requirements between salary and hourly employees. Hourly employees are to take eight hours off every two months. The same cannot be done for salaried employees or they would become classified as "hourly". In order to affect the same result, they took the 48 hours of furlough leave and divided it by 2,080 hours to come up with 2.308%. Instead of taking six days off without pay, salaried employees will get a 2.308% reduction in salary. They could not do this with hourly employees because a 2.308% reduction in an hourly rate could affect overtime calculations. Another item that was added was with regard to the retirement incentive provision in Section 5. They would like to encourage people to retire instead of laying them off. However, with furlough days and vacation sellback being eliminated, the City was giving older employees a disincentive to retire. With this provision, any PERS employee with at least 30 years of service and a police and fire employee with at least 25 years of service, can retire next year with full benefits under the current policy provided they give notification of their intent to retire prior to December 15, 2009. If they do this, these proposed adjustments would not apply and would not affect their final average salary. The cost to the City would be the same, other than a slight increase to the pension account. The reason for the December 15 deadline is so that Administration can have time to take the retirement into account in preparing a balanced budget to present to Council.

Mr. Brodzinski explained the sheet he distributed regarding layoff estimates broken down by nonbargaining and each union (copy attached). It shows what the four budget adjustments would mean to the various sectors and what it would mean to personnel. The range is not cast in stone because they are

still meeting with the unions. He has just tried to show the best estimate on a range of what the City is talking about. The four adjustments are to eliminate the sick leave and vacation sell back for 2010, 2011 and 2012 and instituting the furlough days in 2010. Some of the numbers between now and the end of the year will change, but they will not change dramatically to have a huge effect. He stated a one percent change on the General Fund would affect 1 to 1-1/2 people assuming revenues and expenses do not change. Mr. Walters asked if the sick leave adjustment would apply for the one year and then go back to normal. Mr. Arrington stated it would be in effect until Council passes another ordinance to reinstate it. They are only talking about converting a benefit for cash. They will still have the benefit. Mr. Walters confirmed that there would be no raise for the one year and then keep the 2.25% in 2011. He stated with regard to the furloughs, that the Council Clerk requested to be included so that would need to be added on line 29. He stated that furlough days are required to be taken every other month and asked if they could be pushed to the end of the year if the department is busy. Mr. Arrington stated they are trying to spread the days over the entire year. They do not want to have someone say they will take them in December and then resign in November. Mr. Walters asked what would happen if the days were not scheduled or taken. Mr. Arrington stated it would be a management issue. They would have to make sure the days are scheduled and taken. Mr. Walters asked about the situation where, with the retirement incentive, someone may retire and then be rehired. He asked whether that individual would get the incentive if he or she were coming back. Mr. Arrington stated that employees must be gone for at least 60 days before they can be rehired, but that raised a good point. The City's goal is to get people to retire. People who do retire do not have a right to be rehired. He will have to look into that. Mr. Walters asked if a bargaining unit did not accept this proposal, would the City look to generate the same savings in that bargaining unit. Mr. Arrington said generally speaking, that would be correct but they must also make value judgments in City services. They are trying to find a way of providing savings through the four adjustments. Even if the unions do not go along with it, nonbargaining will. If the unions disagree, the City will still have to find the savings. Mr. Walters stated if this passes and there comes a point in time where more savings are needed, before any layoffs are implemented, he would like to come back and have a shared sacrifice. Mr. Arrington did not disagree. This is what they are trying to do now to find \$1.2 million in savings. It is their goal to save as many jobs in the City as they can. They are not looking to get rid of people and would be willing to look at additional shared sacrifice. Mr. Robart commented on the scenario brought up by Mr. Walters. In all of the discussions they've had, that had never come up. That scenario could happen. To Mr. Arrington's point, if this past and additional savings were needed down the road, they would not plan to go beyond this point without coming back and starting the process again. Mr. Brodzinski added that as they go through 2010, they will be monitoring things closely. He stated they are not saying that if this passes they will never look at nonbargaining. This is what they've identified and if they need to save more, then they will look at it again City-wide. He told Council that if they have a situation where nonbargaining agreed but the unions did not, don't look to Administration to come get more from nonbargaining.

Mrs. Ritzinger stated she was glad to see the retirement incentive programs in here. She asked if the City would have to come back to Council to approve the union contracts should the unions agree to this. Mr. Arrington stated they would not because the City is not spending any more money. Mrs. Ritzinger asked Mr. Arrington to keep Council updated on how the negotiations progress with the unions. Mr. Arrington stated he would. They have met with five of the six unions and have kept discussions on a preliminary level. He has been reluctant to give the unions a proposal until this ordinance passes. Mrs. Ritzinger asked if this passes, would the unions get the same. Mr. Arrington stated they would have to tweak some things. He was hoping to give a formal proposal to the unions this week.

Mrs. Klinger asked Mr. Brodzinski to give the assumptions used in determining his lay-off estimate sheet distributed to Council. Mr. Brodzinski stated they are no raises in 2010, furlough days/2.308 reduction, vacation sell back, and sick leave incentive. Mrs. Klinger commented on the notation that no overtime was included in the calculations yet some positions have it automatically included. Mr. Brodzinski stated the figures were based on average of what they make. Mrs. Klinger stated that FOP Blue, for example,

has overtime so she would want to know that information to understand the total income associated with this position. Last week there was discussion about distribution of income. She felt if a change is made, it would be a charter issue because it was established by a vote of the people. If it gets changed now, it would go back to a vote of the people. Mr. Arrington stated he would check. If that is the case, the earliest it would go would be the spring. When the City went to the people in 1996 to raise income tax to two percent, it made a promise not to use the additional income tax for general operations. The citizens wanted it to be used for capital projects. The City would have to consider this from a policy standpoint. Mrs. Klinger stated she was glad to see the Clerk volunteer for the furlough pay decrease, as well as the leader of the community. She strongly supports Council taking the furlough. She stated that since Council only this evening received the information requested on the numbers presented last week, she did not want to bring this legislation out for a vote tonight.

Mrs. Hummel asked if the language in Section 4(a), which states that the adjustment will not occur in 2011 without further legislative action, should also be added to section 4(b). She is concerned that these people would be treated differently. It just seemed appropriate to spell everything out that they do not intend the furloughs for non-exempt employees to go beyond 2010. Mr. Arrington agreed. Mrs. Hummel asked for confirmation that the furlough days would not affect sick leave or vacation accrual or seniority. Mr. Arrington stated they would be treated as paid leave except that the employee would not get paid for it. Mrs. Hummel stated on lines 96 and 97, the sentence is repeated twice. Mr. Arrington stated he would correct that. Mrs. Hummel appreciated receiving the information she requested last week, however, she wished she could have had it earlier in order to review it. She commented that the low number of layoffs is 38 and the high number is 53. Mr. Brodzinski stated that sounded right. As they have discussions with the unions, these numbers will be changing. He does not anticipate going beyond the high end number but it could go lower. Mr. Arrington added that these numbers are affected by only the four adjustments. The City is still looking for \$1+ million. Mrs. Hummel asked if the retirement incentive in Section 5 was factored in. Mr. Brodzinski stated that is not in the numbers. They are not sure of the savings because they do not know for certain who would be retiring. The numbers could also be a wash based on rehiring if it is necessary to refill the position. Mrs. Hummel asked if the position vacated by the recent meter reader retirement would be refilled. Mrs. Carr stated that was the one meter reading position they were going to keep. She plans on filling it by an existing meter reader moving into the position. There are three meter readers left. Mrs. Colavecchio asked if it would be possible, based on Section 5, to estimate retirement figures by looking at the employees with 30 and 25 years of service. Mr. Brodzinski stated it might have an affect on 10 to 12 positions. He cannot give absolutes. Mr. Arrington added that the City's records are not precise on eligibility. Mrs. Colavecchio asked if the March 1, 2010 deadline was enough time to give someone who would be eligible time to take a retirement. Mr. Arrington stated they are trying to encourage people to retire as early as possible. It takes 60 to 90 days to process a retirement.

Mr. Rubino stated that the estimate sheet of potential layoffs indicated the number of people that could be eliminated but it does not give the total number of employees in each category. He asked if he could get those numbers. Mr. Brodzinski stated he would get the actual numbers but estimated that Dispatch had a total of 12; FOP Gold had 16; FOP Blue had 66. Mr. Rubino stated that when Council has those numbers and compares it to the number of layoffs, they will be able to see a percentage of employees affected in that department. He said that one unit could have a higher percentage of net effect of loss than another unit. He stated that Dispatch had 12 full-time positions and asked if there were any part-time. Mr. Brodzinski stated there were three or four. Mr. Rubino confirmed that with each of these units, there is an additional couple of people who were part-time. He stated it appeared that a unit could be double-dinged if it had both bargaining and nonbargaining employees. He asked if it was possible for one department to take too much of a hit. Mr. Brodzinski stated no, their goal was to save every job they could on a full-time basis. They do not know when the unions are going to vote and what they will say "yes" or "no" on. They are also looking at reducing part-time jobs without reducing services to the citizens.

Mrs. Klinger stated within AFSCME there are employees in water and sewer, water and sewer enterprise fund and storm water fund. They do not affect the General Fund balance. Mr. Brodzinski stated those are the actual people within the unit and he is looking at numbers globally across the City, which is bigger than just the General Fund. Mrs. Klinger stated she would like to know how many AFSCME employees are in the enterprise funds. She already knows the electric answer.

Mrs. Colavecchio asked if there were 10 to 15 employees eligible to retire under Section 5, would the range of lay-offs go down by 10 to 15. Mr. Brodzinski stated not necessarily. They are looking for additional savings over and above this. Mrs. Colavecchio asked if there was any projection showing how many employees would be eligible for retirement going into 2011. There are so many people who appear to be just about eligible. She wondered if the City was on a cusp where 25 would be eligible to retire. Mr. Brodzinski stated he could come up with those numbers. He could look at what would be over a two-year period. Mrs. Colavecchio asked if that could be determined by looking at the hire date. He could come up with a number that says these people will be hitting retirement age in 2011. However, police and fire are completely different so he will not factor those in. He will just address the eligibility to retire. Mrs. Pyke asked if an employee is in the Drop program, Administration would know when that employee would be retiring. Mr. Brodzinski stated that to his knowledge, there is no notification if someone goes into Drop. Mrs. Pyke asked Mr. Brodzinski to check that. Mr. Brodzinski stated they usually find out who is in Drop by word of mouth but he does not know if there is official notification. He will check. Mrs. Pyke stated she would like to know that before she votes.

Mr. Walters stated he is glad to see the furlough days, especially when other cities are closing at noon on Fridays making them unavailable for citizens who may have a problem. He asked if the City could do without employees on furlough days, does that mean the City is overstaffed? Mr. Arrington stated it's not that they are overstaffed, it's more like they are learning to do more with less. At the end of the day, you find a way to get the job done. They do what they can to get the services to the residents. Mr. Walters asked when the unions are presented with these adjustments, will they have to take them all or can they just take part of them. Mr. Arrington stated whatever cuts the City does not get will have to be made up somewhere else. Mr. Walters asked if an employee schedules a furlough day but then is sick that day, do they get sick leave for it. Mr. Arrington stated they do not get paid for furlough days.

Mr. Walters restated the information Council members have requested of Administration. Mr. Rubino was looking for the total number of employees for each department listed on Mr. Brodzinski's estimated lay-off list. Mrs. Colavecchio was looking for retirement dates. Mrs. Pyke was looking for information for Drop notification. Mr. Brodzinski was also to get the number of employees affected by the General Fund and a calculation of overtime, which would take some time. Mr. Walters also indicated that the Council Clerk needed to be added to line 129 and line 145 needed a mirrored ending line on line 136.

Gary Merton, Supervisor, Police Department, asked for a copy of the estimated lay-off list. Mr. Brodzinski stated he would get that for him.

Mr. Walters stated that the Committee would be holding B-103. A new substitute and the requested information will be distributed for discussion next week. Mr. Arrington stated that in order to keep things moving along, he would like Council to hold a special meeting after committee to allow a vote. Mr. Walters stated that would be fine.

Committee recommended holding Temp. Ord. B-103.

Meeting adjourned at 8:30 p.m.

Non-Bargaining 1,153,788

On average with benefits this unit make \$87,012 with benefits factored in.

This could involve the elimination of 11 to 15 of these positions

FOP Gold 165,783

On average with benefits this unit make \$100,842 with benefits factored in.

This could involve the elimination of 2 of these positions

FOP Blue 439,024

On average with benefits this unit make \$83,843 with benefits factored in.

This could involve the elimination of 4 to 7 of these positions

Dispatch 63,794

On average with benefits this unit make \$66,178 with benefits factored in.

This could involve the elimination of 1 to 2 of these positions

AFSCME 928,095

On average with benefits this unit make \$69,872 with benefits factored in.

This could involve the elimination of 12 to 15 of these positions

Fire 608,910

On average with benefits this unit make \$88,308 with benefits factored in.

This could involve the elimination of 6 to 8 of these positions

Electric 255,374

On average with benefits this unit make \$82,243 with benefits factored in.

This could involve the elimination of 2 to 4 of these positions

Note: These figures do not include any overtime calculations.