

Cuyahoga Falls City Council
Minutes of the Finance Committee Meeting
November 2, 2009

Members: Don Walters, Chair
Debbie Ritzinger
Carol Klinger

Mr. Walters called the meeting to order at 6:35 p.m. All committee members were present.

Legislation to be Discussed:

Sub. Temp. Ord. B-103 (dated 11-2-09)
Temp. Ord. B-112
Temp. Ord. B-113
Temp. Ord. B-114
Temp. Ord. B-119
Temp. Ord. B-120
Temp. Ord. B-121
Temp. Ord. B-122
Temp. Ord. B-123

Discussion:

Sub. Temp. Ord. B-103 (dated 11-2-09)

An ordinance addressing the current national and regional economic conditions by 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 stated he made some changes to the legislation in light of some questions that have arisen. Changes were made to Sections 3 and 4 to include the Clerk of Council with respect to the wage freeze and furlough wage reduction. He added language to clarify Section 4(b) for nonexempt employees. Line 148 has a change reflecting furlough days will not be going beyond 2010 without legislation from City Council. This only applies to nonbargaining employees. In addition, he made a change to Section 5 regarding a retirement incentive program. This states that an employee must retire as soon as they reach their PERS milestone. For example, if an employee reaches 30 years in April, he is eligible under PERS to retire on May 1. Also, some employees felt the legislation prohibited them from early retirement. It was always the City's intent to allow anyone to retire who wanted to so he added paragraph (d) on line 179 that states if an employee does not meet a milestone, there is no time requirement and they can retire anytime during the year. This way, those employees could also take advantage of the retirement incentive program. He added that under all circumstances, notice of the retirement must be received by their supervisor by December 15 of this year, and they must provide the date when they plan the retirement to take effect.

Mr. Walters stated that some questions have come up regarding the significance of the concessions and how they affect the unions and layoffs. If the unions vote "yes" to accept the same adjustments or to generate the savings in another way, at that point, if additional savings are still needed, he felt the City should come back to "square 1" and start over with the nonbargaining employees. Mr. Arrington stated the City needs to save \$3 million. These four adjustments will save \$1.2 million. Time is running out to find other savings. They still need to negotiate with the unions. Once this legislation is voted on, he can present a similar presentation to the unions. If all of the adjustments are accepted by everyone and the City cannot find the additional savings needed to make up the \$3 million, they may need to still do layoffs. Under some union contracts, the City has to give a 30-day notice and they need to meet with the unions to see if they can come up with the savings in another way. They do not know if there will be any layoffs until they are done with the entire

process. It is up to each department to find the savings within their department. This is changing on a daily basis. Mr. Walters stated he understood that and, based on the concept of shared sacrifice, if this passes tonight and the City finds it still needs to find additional savings, would it not be better to come back and discuss it rather than lose bodies. Mr. Arrington agreed and said they will look at that. He is nervous about talking about starting at "Ground Zero". If it is December and it is halfway through the budget process and they need to come back to Ground Zero, they are looking at going into next year and that is too late. A decision needs to be made as soon as possible. The goal is to avoid layoffs. Mr. Walters asked if there was a timeline when Administration would have to have a decision from the six unions before it is felt to be too late. Mr. Arrington stated that is hard to answer. Mr. Brodzinski needs to submit a budget to Council in four weeks. The unions are under their own internal constraints. Negotiations have been operating under an informal process but some of the unions have an internal process that, before they can get together formally to negotiate, they have to hold a vote of their membership before the process can begin. The unions have hired an auditor. Mr. Brodzinski will show a \$3 million savings when he presents the budget on December 1. If it shows an increase in layoffs, they are still going to talk to the unions and listen to their ideas. Mrs. Klinger stated she sent an e-mail to Mr. Brodzinski about property that the City purchased and the amount of taxes on that property. Mr. Brodzinski stated he had not yet gotten to that. Mrs. Klinger asked if he could have it by the following week. He said he would try.

Mrs. Colavecchio asked if the rules permitted the date for the budget presentation to be pushed back to coincide with the December 15 retirement notice deadline since the number of individuals retiring in 2010 may affect the budget. She felt it may be easier to not have to present one budget on December 1 only to have to change it on December 15. Mr. Arrington stated that he is in the process of preparing a memo to the nonbargaining employees. They have a lot of decisions to make. The employees are asking a lot of questions because they do not understand the legislation. He needs to get the word out to the employees to explain things so they can take advantage of it if they want. They need to make an informed decision. They will also need time to contact PERS. If this gets passed tonight, he will be encouraging all Department heads to meet with their employees. He is hoping the people in his department will give him their answer before December 15. Mr. Brodzinski stated there are always changes to the budget and those changes are reviewed at the last meeting in December. As they work through the process, they will see people who might be retiring and then determine whether that person needs to be replaced. It will be an evolving process. Mrs. Colavecchio asked whether passage of the casino issue would benefit the City. Mr. Brodzinski stated he would like to think so but it may be more towards the school system than the City. Mayor Robart added that the casino money will be distributed to the counties and our County is not in good shape either. Mr. Mader had a point of clarification regarding the December 1 date. He said that a budget is to be submitted to Council but as they go into the month, those numbers could change before the budget is approved by Council. Mr. Brodzinski stated it will not change too much in totality, just in various departments. He could not say whether the numbers submitted on December 1 will be the numbers that will be passed by Council. Mr. Mader asked what the process was for changing that date to be more in line with December 15. He asked if that was possible. Mr. Brodzinski stated changing the date would condense the amount of weeks available to discuss the budget. Those meetings are going to be extremely long. Mr. Arrington stated that in order to change the date, it would need to be changed by ordinance. Administration is o.k. with presenting the budget on December 1. There will still be aspects of the budget that can be discussed at that time. Council is going to want to have a full month to look at this budget.

Mrs. Hummel confirmed based on comments over the past few weeks, that Administration was determined to find savings or revenue of \$3 million in 2010. She assumed that the budget process has already begun and that the department heads know what savings they must come up with. She stated that whether the savings are through the concessions that have been discussed or whether they are with layoffs, they are being worked on now and that is the budget that will be presented. Mr. Brodzinski stated that was all correct. They will still come up with \$3 million. The challenge will be how that shakes out. Mrs. Hummel stated the process is already in the works so the City is not waiting until November 28 to fill this out. Department heads know what they have to do, and will know where a substantial portion of savings will be coming from. This is

uncomfortable for everyone but it's part of the budget process like it has been previously. We will just have to look at what comes up with the concessions and retirements and see where we are at. Mr. Brodzinski stated that for nonbargaining slots, they can plug in the numbers so a piece of the personal service numbers can go into the budget. Mrs. Hummel stated she assumed that the nonbargaining legislation will be used as a template for talking to the unions. She stated that the estimate sheet from the previous week accounts for \$2.6 million and it appears the numbers were close in terms of where we want to be. Mr. Brodzinski stated that was correct. There is a carryover effect which is what Mrs. Hummel is looking at. They will still look for a total of \$3 million in the General Fund. These four adjustments have an effect of \$1.2 million in 2010. Over a three-year period, that number is bigger. They are currently working with the unions on overtime reduction and limiting training and travel.

With regard to retirement, Mrs. Ritzinger asked if Police and Fire had to also give notice of retirement by December 15. Mr. Arrington stated only nonbargaining employees. This does not affect the unions. Mrs. Pyke stated there were seven eligible in 2011. She asked how many were eligible in 2010. Mr. Brodzinski stated they do not know. He did not look at all parameters. People can retire on reduced benefits so they do not know what can be estimated in 2010. Mrs. Colavecchio stated she asked the question in 2011 because Council was told 10 to 12. Mr. Brodzinski stated that is 10 to 12 they thought would take advantage. Mr. Arrington stated that the number eligible is more than 10 to 12. There are some who could retire on reduced benefits and also some who can be eligible by buying service. They do not know who those are, but he thinks everyone will be pleasantly surprised by the number of people who take advantage of this. Mayor Robart stated that Council has never had to deal with this before. The Department heads have never had to deal with this either. Everyone is really struggling with this. The City's income and property taxes had always continued to go up. This has caused the department heads to look at things in light of how they view themselves and how they view their people. They do not want layoffs. There is a fine line as to how many jobs the City can cut before services start to suffer. They want to keep the services as they always have been. If they look at layoffs, it becomes a fine line and makes everyone nervous. He told the story of a police reservist who came in and said he would give his salary back to the City to help. Everyone needs to work together. The City has been good to everyone over the years and now it is time for us to be good to the City. There is no blame. He is not responsible for the economy nor is Mr. Brodzinski or anyone at the rail. They are trying to deal with it the best they can. They have been dealing with this for the past 3-1/2 years. As the unions contemplate their next move, they need to understand the City is doing the best it can. It is going to be a struggle over the next year or so.

Mr. Walters stated this is unprecedented and is an unpleasant thing to vote on. There is no fairer way than for everyone to share a little. Mrs. Klinger stated that Administration and Council should stick with the December 1 date for submitting the budget. She asked that Administration keep Council apprised as circumstances change over the month so Council knows the full impact of the discussions. It will be important for Council to have the full knowledge.

Committee recommended bringing out Temp. Ord. B-103 (dated 11-2-09).

Temp. Ord. B-112

An ordinance authorizing the Parks and Recreation Board to enter into a contract or contracts for the lease/purchase of fitness equipment for the Natatorium Recreation and Wellness Center, and declaring an emergency.

Bill Lohan stated they are looking to keep the state of the Natatorium as refreshed as possible. They do not want to take a \$30 million investment and let it deteriorate. What they are running into is that some of the equipment is worn out and needs to be replaced. Ironically, it is the newer equipment that needs to be replaced. Fortunately, they got a three-year warranty. Halfway into it the motors needed to be rebuilt. The issue they are seeing now is what they saw 18 months ago. They are looking to replace them and add three pieces of new equipment. Everything has been budgeted for this year. The Nat is doing financially well this

year, and they have the money to make the expenditure. In the past, they made purchases over a three-year lease agreement. He talked to Mr. Brodzinski because they were making their numbers this year. This was built into the capital piece. They are proposing the whole expenditure be made this year. Mr. Walters stated we will replace with like equipment except for the new pieces. Mr. Lohan stated there will be a brand difference on the one treadmill. They are also buying an extended warranty. They are purchasing eight treadmills, eight elliptical machines and three bicycle elliptical machines. He is hoping to get them on a 30-day timeline if this passes. He stated if you are in a position to make a deal right now, a retailer is in a position to make a deal and make the delivery. He added that the pieces that are still working will be kept so if something goes down, they will have something in reserve and can swap them out for a period of time to keep as much on the floor working as possible. Mr. Walters asked if the warranty provides for the company to remove the machines for repair or if they were repaired on site. Mr. Lohan stated that are repaired on site. The company has to ship the parts within a certain period of time. Nat staff will also be trained to fix them. The Company will reimburse the City \$200 for each repair it has to do.

Mrs. Klinger stated she would like to see the financial projections with this purchase in it for 2009. Mr. Lohan stated he had those numbers and that revenue is 98.27% of revenue, which puts them down \$55,000. Expenses are \$310,000 under budget, which makes the net margin of \$254,000 at operating level. Mrs. Hummel asked about the change in brands. Mr. Lohan stated he had staff who went to find the best fit.

Barry Braunstein, 1405 Buckingham Gate, asked what sacrifice the Nat was making in light of the current budget issue. He asked why they couldn't just keep repairing the current machines to save money. Mr. Walters stated that equipment breaks and needs to be replaced. There is income generated from this facility and people expect the equipment to be in good working order or they'll go elsewhere. Mr. Lohan stated this facility is not run by tax dollars. It is based on user fees. It would be a foolish spend to take old equipment and spend tens of thousands of dollars to keep it in good repair when it is the same cost to purchase new.

Eric Prange, 2256 Richmond Road, asked how much money is being discussed here. Mr. Walters stated it was \$98,388.50.

Committee recommended bringing out Temp. Ord. B-112.

Temp. Ord. B-113

An ordinance authorizing the Director of Public Service to enter into a contract or contracts according to law for preventative maintenance and repair service for certain specialized vehicles and equipment in the Sanitation Division, and declaring an emergency.

Chuck Novak stated they went to bid for maintenance of the larger vehicles in the Sanitation Department. They received one bid and it is the company that is currently repairing the trucks. It is a two-year contract with an optional two-years. That is the same as the current contract. The bid is for the same rates. It is a zero increase in what he will be charging the City per hour to work. Mr. Walters asked which equipment this was for. Mr. Novak stated it was for the large trucks. Mr. Walters asked if the City did any routine maintenance. Mr. Novak stated that the drivers have to go through a preventative check and are responsible for keeping them clean. Everything else goes to this company.

Committee recommended bringing out Temp. Ord. B-113.

Temp. Ord. B-114

An ordinance authorizing the Director of Public Service to enter into a contract for the purchase of a new Holland backhoe, and declaring an emergency.

Don Williams stated the City purchased a new backhoe for approximately \$71,000. The company said it could not deliver it for several months so they loaned one to the City, who used it until October 15. The

Street Department liked that model. The Company asked if the City was interested in purchasing it. The Company took an older model the City had as trade-in for \$26,900 which brings the purchase price down to \$45,000. This is a great opportunity for the City. The new backhoe will be used by the Street Department ditching crew. Since his department put most of the hours on the backhoe, they know how it's been used. Mrs. Klinger asked since this was not budgeted, has the department overrun any other projects. Mr. Brodzinski stated there was \$170,000 in savings on the Howe Avenue storm water project so the appropriations will be there. Mrs. Klinger stated that was a \$200,000 project and had \$170,000 savings. She confirmed that the project only cost \$30,000. Mr. Brodzinski stated it did. Mrs. Hummel stated the Street Department has been the one using the backhoe and asked who would be using it in the future. Mr. Williams stated it will replace their ditch backhoe, which is in bad shape. Mrs. Hummel asked since the storm drainage utility is paying for it, will these employees be charged to the storm drainage account. Mrs. Carr stated with the ditching crew, they started splitting labor costs. A portion of their salaries are appropriated to storm water. It will allow us to do some work in-house, which will show during the budget process. This is what they wanted to grow to. It will be in the Street Department and will be used for storm water.

Mr. Mader went back to the conversation regarding the money being spent. As a point of clarification, he wanted the public to see they are talking about budget issues right now. He wanted to make sure everyone knew that the things that are being discussed right now have already been budgeted or have savings in 2009 which allows the City to do this. These items have to do with the current budget approved last year.

Committee recommended bringing out Temp. Ord. B-114.

Temp. Ord. B-119

An ordinance providing for the issuance and sale of \$700,000 notes, in anticipation of the issuance of bonds, for the purpose of constructing a public festival site to be known as Falls River Square, including an amphitheatre, pavilion, outdoor ice skating area and water fountain and related improvements, and declaring an emergency.

Mr. Brodzinski stated these are the notes the City had since the construction of Falls River Square. Each year they pay down and rollover the remaining portion. It was budgeted for \$1,000,000 and planned to pay down \$300,000 to issue \$700,000 for 2009. Mrs. Klinger asked how much the legal expenses were that were associated with these notes. Mr. Brodzinski stated it would be approximately \$20,000 in total for all of the notes. Mrs. Klinger stated she had mentioned in the past that she would like to see the costs included in the budget worksheet because there is an additional cost to doing an issuance.

Committee recommended bringing out Temp. Ord. B-119.

Temp. Ord. B-120

An ordinance providing for the issuance and sale of \$150,000 notes, in anticipation of the issuance of bonds, for the purpose of improving State Road from the south corporation line to Portage Trail, including by constructing or installing concrete curbs, catch basins, storm sewers where required, roadway asphalt, concrete driveway aprons and concrete sidewalks, traffic signalization and control, and signage where required, together with necessary appurtenances thereto, and declaring an emergency.

Mr. Brodzinski stated the notes outstanding were \$300,000 in 2008, they are paying down \$150,000. They are asking for approval to pay \$150 and issue new notes for the remaining amount. Mr. Walters asked if they were all the same interest rate. Mr. Brodzinski indicated they were. He was anticipating the interest to be around two percent and that is probably on the high end.

Committee recommended bringing out Temp. Ord. B-120.

Temp. Ord. B-121

An ordinance providing for the issuance and sale of \$11,000,000, in anticipation of the issuance of bonds, for the purpose of paying a portion of the costs of constructing a community recreation center and acquiring real estate and interests in real estate therefore, and declaring an emergency.

Mr. Brodzinski stated that going into 2009, there was \$18.9 million on outstanding notes. When the City did the refund of the 1997 and 1998 issues, they turned \$7.9 million of those notes into bond, which leaves a total of \$11 million. They will pay \$1 million on those notes so there is \$10 million outstanding.

Committee recommended bringing out Temp. Ord. B-121.

Temp. Ord. B-122

An ordinance providing for the issuance and sale of \$500,000 notes, in anticipation of the issuance of bonds, for the purpose of improving Front Street from State Route 8 to Oak Park Boulevard, Hudson Drive from Front Street to State Route 8, and Bailey Road in and around its intersection with Front Street, by widening the pavement and constructing or reconstructing curbs, sidewalks, and driveway approaches, and installing traffic signalization, sanitary and storm sewers and water lines, where necessary, together with all necessary appurtenances and related improvements thereto, and acquiring real estate and interests in real estate therefore, and declaring an emergency.

Mr. Brodzinski stated that in 2008, there was \$1 million. They are paying down \$500,000. They are combining Falls River Square, Front Street project and State Road projects. This will go from \$1 million to \$500,000.

Committee recommended bringing out Temp. Ord. B-122.

Temp. Ord. B-123

An ordinance providing for the issuance and sale of \$1,000,000 notes, in anticipation of the issuance of bonds, for the purpose of paying costs of improving the City's Brookledge Golf Course, and declaring an emergency.

Mr. Brodzinski stated this is for the note that was budgeted in the Leisure Time Fund to issue \$1.1 million for the sand trap renovation and new irrigation system. It came in at \$1,040,000. \$850,000 was for the irrigation and \$190,000 for the sand trap. Within the Leisure Time Fund, they will utilize \$40,000 to reduce the \$1 million. Their intent is to look to pay \$150,000 a year until 2015 when another piece of bonds in the Leisure Time Fund drops off and they will pay it off two years after that. They are looking at eight years of notes on this.

Committee recommended bringing out Temp. Ord. B-123.

Mr. Walters stated that there were minutes from the October 19 meeting for approval. There were no corrections to those minutes so they were approved as submitted.

Meeting adjourned at 7:50 p.m.