

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

November 28th, 2016

Members: Carol Klinger, Chair
Russ Iona
Mike Brillhart

Mrs. Klinger called the meeting to order at 7:35 p.m. All members were present.

Legislation Discussed

Temp. Ord. A-89

Discussion:

Temp. Ord. A-89

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, 2017, and declaring an emergency.

Mrs. Klinger previously submitted a list of questions to all Departments. That list of questions and the responses given will be attached to the Finance Committee minutes. Permission was given from the members of the Finance Committee to open questions to all of Council as each category is discussed. There were no additional questions from Council concerning last week's meeting. Mrs. Klinger stated that Council should have received questions that were outstanding from last week on the Water and Sewer Fund, as well as the staffing report.

FIVE-YEAR CAPITAL PLAN

Mrs. Klinger stated they will begin with the Five-Year Capital Plan located on page 45. One of the items that is new on the report this year is Ambulance Billing Refunds, located under Expenditures on page 45. Mr. Hoffman stated that the line item in those identified has always been a line item in the Capital Projects Fund and, also, in the General Fund. They are split on a 90 percent-10 percent basis along the same lines as the revenue. For whatever reason, it was never listed out in the Five-Year Capital Plan. They didn't identify it as a separate piece in the total appropriations and are doing an accounting correction.

FIRE

Mrs. Klinger stated that there were a few items she has questions on under Fire. One item is under Fire for purchasing Tasers and ballistics vests. Deputy Fire Chief Jackson stated that is for their four SWAT medics. They are sending four of their medics into harm's way to do SWAT operations and have never provided them tools specific to it, so they added four Tasers into their project. The Police Department is in the process of getting new Tasers across their department. The Fire Department asked to be part of that process.

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OTHER PROJECTS

Mrs. Klinger stated that she was going to move on to the back side of the sheet. She asked for more explanation on the project listed as Ice Rink Stationary with Decking. Mrs. Carrie Snyder, Riverfront Centre District Manager, stated that \$200,000 is to replace the current ice rink like for like, minus the sand base that there is now and replacing that with a decking option. They used that estimate because it would be the high end of what a replacement ice rink would cost. The current rink was built on site and that site is not level, so it pretty much fits exactly where it is and cannot be shifted much at all. They were trying to take that into account with pricing. There are a couple new outdoor ice rinks that she plans on visiting as the season really kicks off to look at sizing and different product options. If any members of Council are interested in visiting those with her, they can try to coordinate schedules. Wade Oval has a rink, Public Square has a brand-new rink and the City of Green will be opening one at their new Central Park. Mrs. Pyke asked if moving the ice rink is something that they are looking at if Front Street is opened. Mrs. Snyder stated that that is one of a couple things. Some of the coils and other parts of the ice rink, which was constructed in 2004, are at the end of their life. If it is moved at all, it will be at the end of its life. She has looked at pricing for what would it cost to replace it at the size it is now. There are some decisions that are still being worked out with the potential construction down there and what site will be available. That is kind of beyond her scope to discuss, but it could end up being a smaller footprint or in a slightly different shape. Mrs. Pyke asked if the ice rink Mrs. Snyder is looking at wouldn't be limited to where the interactive water fountain is. Mrs. Snyder stated that was correct.

Mrs. Pyke asked Mr. Demasi, City Engineer, what they are doing to 18th Street between Ohio Avenue and Phelps Avenue. Mr. Demasi stated that it is a concrete street and they are going to rebuild the two blocks with concrete again. There was something similar in the budget for the sanitary sewer in the same section. Mrs. Pyke asked what the amount of \$150,000 was for on South Front Street Development. Ms. Diane Sheridan, Development Director, stated that this would potentially be for items such as acquisition for public parking, surface parking and other potential infrastructure projects for South Front Street. Mrs. Pyke asked if that shouldn't be done through CDBG. Ms. Sheridan stated that they had also budgeted CDBG, so there are two capital items for that. Mrs. Pyke asked how much they have budgeted through CDBG for that. Ms. Sheridan stated that she believes they have \$100,000 for that, plus what is listed on page 46. Ms. Pyke asked if that would be for surface parking, long with the land acquisition on South Front Street. Ms. Sheridan stated that would be correct.

Mrs. Pyke asked Mr. Demasi if parking deck repair was listed in the budget. Mr. Demasi stated that it was zero. They have comprehensively studied the parking garages this year and decided to include the upgrades to those as part of the large downtown transformation project. Council will see those costs come next week when they go out to bid for the opening of the Front Street project. Mrs. Pyke stated she would rather see it in the five-year plan. Mr. Demasi stated that it is in the millions of dollars. They always used to spend \$200,000 every year. That was grossly underfunded. To bring those decks up to where they need to be would cost over \$3 million. Looking at the bottom balances in the five-year plan, that just wouldn't fit, so they are going to

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include that in the \$11-million downtown transformation. Mrs. Pyke asked if they were going to borrow and go into debt for that. Mr. Demasi stated that was correct. Mrs. Klinger stated that the only way to complete large projects is to borrow the money. Mrs. Pyke stated that there have been comments that Council is 100 percent on board for opening Front Street. When there was discussion, there was talk about getting grant money. Since they did not receive the grant money, they are looking at \$11.4 million for this project. Until they have more information, she is not sure that it is right to put it out there that Council is 100 percent on board. They would like to see what's happening, what's moving and if they could do it in phases. If Front Street wouldn't happen, they don't even have the parking garages in the budget because it was in the debt service. She stated that she is uncomfortable with that.

Mr. Iona asked if the \$200,000 listed in concrete street repair is a realistic allocation to do repairs for the entire city. Mr. Demasi stated that they will stretch that as far as they can. They are looking at several projects next year using that \$200,000. There's a possibility of doing a road in Towpath and continuing the work that they've done this year in Prior Park Drive, both of which are in Mr. Iona's ward. There are also some concrete streets in the downtown area that they would like to look at. Mr. Iona asked if that number was too conservative. Mr. Demasi stated that they would need millions and millions of dollars to get them all done in one year. They have to be fiscally constrained with the monies they have, so they will do the best they can with the \$200,000. Mr. Iona asked for a breakdown of what was spent this year in that Towpath. That was a question that had come up with their Homeowners Association. Ms. Hazlett, Deputy Service Director, stated that that was through the Street Department. It was mostly crack sealing and dura patching. Mr. Chuck Novak, Street Commissioner, stated that he is not sure if he can break it down into that. That is not how that is done. Mr. Iona asked if the dura patching and crack sealing comes out of the concrete budget. Mr. Novak stated that it comes out of the Street Department's road repair budget. They are taking care of the major cracks with the dura patch and the smaller ones with asphalt. Mrs. Klinger stated that Mr. Novak takes that out of the regular supply, so he does not have a way of measuring.

Mrs. Pyke asked if the \$1 million for the COG was with the assumption that is Tallmadge, Stow and Cuyahoga Falls. Mr. Hoffman stated that it was and he put in a placeholder for \$1 million based upon the preliminary numbers of what the costs possibly could be. Mrs. Pyke asked for a breakdown of where those number came from. Mrs. Klinger asked if that aligns with the document they received at the Stow meeting. Mr. Hoffman stated that it does. The breakdown between communities hasn't been finalized yet, but he came up with a ballpark number based on dividing it into thirds. Ms. Nichols-Rhodes stated she wanted to make a statement about the TIGER Grant the City applied for. They have heard a lot of information indicating the City did their due diligence. There was a lot of planning involved in getting businesses and investors to commit to putting investment into the area. Going in, they knew that very few people get the money. At the time, they were told it was a six-percent chance because so many people apply and try to get the money. She stated that it was very good work that still stands and can be used in the future, but there was never a guarantee that they were going to receive that grant money. Mrs. Pyke stated that she doesn't want to diminish the work that was put into it, but she was hoping that they would

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have something. She wants to have the chance to look at again before committing 100 percent to it.

STREET DEPARTMENT

Mrs. Klinger stated that the Street Department is listed on page 209. On the Street Department, there is decrease in rock salt due to the mild winter. Mrs. Pyke asked if the winters continued to be mild, would they be able to keep that money and get another leaf machine. Mr. Novak stated that they would have to ask someone else if that was possible.

SANITATION DEPARTMENT

Mrs. Klinger stated that the Sanitation Department is listed on page 221. On the Five-Year Capital Plan for the Sanitation Department, they are looking at an office renovation. Mr. Novak stated that they have an older building. In 2017, what he was hoping to do was to get someone in to look at what their current needs and future needs are and to help come up with some options of how to handle the storage needs they have. They have their vehicle maintenance contract retiring in 2017. They are going to be looking at the option of possibly handling that work in-house. The work still needs to be done over at the sanitation building, because their current garage doesn't have enough bay space for sanitation trucks. They have been trying get a large lift for working on trucks that size. They don't have anything that either has the capacity or the ceiling height to handle those kinds of equipment. They would like that worked into this study. They may have to do some core sampling before a bay is put in to see if it will support that. Mrs. Klinger stated that it sounds like a design study for the full facility; not just the interior offices. Mr. Novak stated that was correct. The offices are part of that. In the sanitation world, as vehicles are getting maintained or just parking in there, the odor becomes a problem. They are trying to keep that out of the offices that they share with the Water Department. Mrs. Klinger asked if there are plans for replacing refuse containers this year. Mr. Novak stated that they are replacing them as needed. They try to keep a stock of different-sized carts, so, as breakage or cracks occur, they can handle those. They wouldn't necessarily take a route and go out and replace them, because they're not all the same age. They are going to continue purchasing more yard waste carts as an option to customers to use those for putting out yard waste rather than using bags.

STORM DRAINAGE UTILITY FUND

Mrs. Klinger asked Mr. Russ Crane, Storm Water Administrator, if there is a specific area of the city they are targeting for the replacement of manhole casings or are they being done on an as-needed basis. Mr. Crane stated that, over the last five years or so, they have done the sealing of the manholes, which is basically sealing the interior to keep the water out. Through that process, their contractor has identified several locations that are beyond something that could be sealed. The base of them is gone. What they would like to do is to go back through the areas the contractor has identified, replace that casing and then, when they come back in this year to do their sealing, they'll go in to seal those and backtrack the areas they've already done. Right now, the list he has consists of areas in the Van Buren, Madison, Wilson and Monroe area, only because that's the area that they have done the sealing in the previous four or five years. Mrs. Klinger asked if this will be a cost that they are going to earmark every year going forward. Mr. Crane stated that

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they would get caught up in maybe a couple of years. Mrs. Klinger asked about the \$118,000 on the Building Property Maintenance Repair line item. Mr. Crane stated that he believed that was for miscellaneous storm repairs that pop up throughout the year.

Mrs. Pyke asked if there were plans for the area around Campbell and Hillcrest where there was flooding this year. Mr. Crane stated that they don't have any specific plans, but that is on their sanitary radar. Most flooding in that area was sewer backups. His thinking is the issue is it is located right before it outlets to the main trunk sewer down in the Gorge. Being it is the lowest on the line, it is just keeps working its way back. They probably need to look at upsizing the main line on Campbell and portions of Highbridge. Mrs. Pyke asked if it is storm water getting into the sewer since it is only happening during storms. Mr. Crane stated that is something they have been working on for 12 years. He would relate it to the 6th, 7th, 8th and 9th Street area, down by Silver Lake, that was done in '06 and '07, where the same thing happened with basement flooding during heavy rains. They went through and upsized the sewers. They do that in conjunction with the home inspections and the manhole sealing for a two-pronged effect. They try to keep the water out while they upsize the sanitary to handle the extra flow that, in the immediate future, is going to be there. Mrs. Pyke asked if there are any plans to look at the storm water there and if there is any problem with the infrastructure. Mr. Crane stated that there are problems with the infrastructure in that it is old. They are continuing with their project partner doing 15 inspections or so a week all throughout the city, so it is a slow process. When they seal a manhole lid, they have seen a big decrease on run hours on meters and pump stations. They do feel they are making a dent. Part of the problem with the little bit of smoke testing they have done is once you identify the problem, they don't have the money to fix it. Mrs. Pyke asked if they have looked at the sewer caps in that area. Mr. Crane stated that they worked in that area last year and they will be working in that area this year for the manhole sealing and relating to the main meter right there, because that is the one they see the highest jump in during rain events.

ENGINEERING

There were no questions from Mrs. Klinger or Council submitted under this category.

GARAGE FUND

There were no questions from Mrs. Klinger or Council submitted under this category.

Ms. Teresa Hazlett, Deputy Service Director, introduced and welcomed the new Garage Superintendent, Mr. John Campbell. He has been with the City of Cuyahoga Falls for two years. He was previously with the Summit County Metro Parks and has had some experience with ODOT.

UTILITY BILLING

Mrs. Klinger stated that under Utility Billing, located on page 281, one of the line items that was put out in the questions was what the \$26,000 was in Miscellaneous Contractual Services. It is the SmartBill printing.

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ELECTRIC

Mrs. Klinger asked Mr. Michael Dougherty, Electric Supervisor, to explain the \$1 million for the Peaking Generation Project. Mr. Dougherty stated that, as far as power supply needs, Peaking Generation would be the most beneficial to help lower costs in the long term. What that means is they would purchase and install, if needed, generators to run only during times when the area is going to be under a system peak condition, because those peaks are when capacity charges get billed and what determines and sets the capacity charges for the next billing period, the transmission charges. The lower they can make the peaks when the area is at the peak, the less percentage of the costs that they pay. By running generation, they can lower their peak and, therefore, pay less charges. For example, right now, an annual savings for one megawatt of peak shaving is \$66,000 per year and, thus, 9 megawatts during the peaks, which is how much generation they have in the City's JV-1 project behind the Electric Service Complex, would be \$594,000 per year that can be eliminated in expenses. All the peaks must be hit. If all the peaks are not hit, then it's obviously going to be less than that. Mr. Dougherty stated that he estimated that with expenses and maybe not hitting all the peaks, the City can save approximately \$400,000 a year. If the City can buy that 9 megawatts of generation for \$1 million and save \$400,000 a year because of it, after factoring in expenses, it could be paid off in two and a half years.

Mr. Dougherty stated that when this initially was put together, AMP was going to be selling that generation. They had already gotten estimates on what they would be selling the equipment for. The participants in JB-1 have agreed to sell, but, since then, AMP is now saying they want to restudy whether they want to recommend retrofitting those units for peak shaving. Right now, they cannot run for peak shaving because they were not retrofitted with the EPA-required equipment to continue to peak shave. So, that may or may not be available, but if it's not available, they could use the money towards another generator. They could look for other used units that are acceptable or they could purchase new, which is obviously going to be a lot more expensive. What they have there is already installed. If they have to install it, that is going to be an additional expense. That will draw out the pay-back period, but it is still something that different municipals are doing to save on expenses. Mrs. Klinger asked if they would buy the generators and install them in Cuyahoga Falls or are they participating in a project with AMP. Mr. Dougherty stated that the JV-1 generators are an AMP-based project. AMP doesn't have any official ownership. They manage the project. The City is a certain-percentage owner of that project along with 21 other municipals. Right now, they are emergency use only. They are not going to keep them that way, because they only benefit the City of Cuyahoga Falls. So, it is going to be beneficial for all the other percentage owners to divest themselves of the assets. That is what AMP recommended and that is what the participants agreed to almost a year ago.

Mrs. Klinger asked if this is the City's share. Mr. Dougherty stated that what they were recommending doing is spending the money to purchase them. They've already got estimates on what they would sell them for. Mrs. Klinger asked where they would go if they were purchased. Mr. Dougherty stated they would stay where they are located now. They are purchasing the ones that AMP already has, but they may not be available for sale; therefore, the City would look at other options to buy older generators. Ms. Hazlett stated that they are currently located in

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Cuyahoga Falls. AMP tells them when to run them or when not to run them. With the latest EPA rules, they have not been able to run them except for emergency times. If they buy them, they would already be here. Mrs. Klinger stated that it is \$1 million that they don't know what they're doing with yet. Mr. Dougherty stated that they don't know if they are going to be able to buy the ones that are already installed behind the meter or if they're going to have to buy new. AMP said they would let them know in six months from the end of September. Also, if they purchase something other than those generators, the idea is to place them over by the Water Treatment Plant which does not have any emergency backup generators able to sustain the plant. If they could be put it over there, it would also double as emergency backup for the Water Treatment Plant as well as being able to be run for peak shaving. Mrs. Klinger asked why is it they can could use them for the Water Department, but the EPA won't let them be used for peak shaving except for an emergency. Mr. Dougherty stated that they would have to be retrofitted with EPA-mandated equipment to run them as peak shavers. The only reason AMP did not do that is because their rationale was they were old, but there are a lot older units than that out there that are getting retrofitted and being used to save communities money. He stated he believes the same thing can be done with these. AMP has kind of proved his point by saying they want to reopen it and look at it again. Mrs. Klinger asked if the retrofit was for inefficient motors or the type of fuel that is used. Mr. Dougherty stated that it is the exhaust that the retrofit has to deal with to clean up the air. Mrs. Klinger stated that Council will note in the questions that she had on this line item that they do have a rate increase of one and a half percent in the Electric Department next year that was voted on in 2014, and that the City is planning on meeting their debt service obligations.

Mr. Iona asked if the \$1 million would be enough to buy new generators or is that a portion of buying new ones. Mr. Dougherty stated that would be enough to buy them, but they will not be able to get 9 megawatts worth, because of the cost of installing and transporting the generators. That will make the payback period longer. Mrs. Pyke stated that if she were to look at the actual numbers and divide those by nine, since those are nine months, she is coming up with an average per month. In extrapolating that out, the numbers are significantly lower than what the residential general service, small general service, medium and large general service are to the tune of millions. She asked if there is a reason that every one of these funds are significantly lower than what the 2016 amended is and the budget request. Mr. Paul Novelli stated that there are couple things that come into play, and asked if Mrs. Pyke if she was talking about the 2016 budget or 2017 budget when making her extrapolation. Mrs. Pyke stated she was looking at the amended 2016 budget. Mr. Novelli stated that part of the formula that goes into the revenue estimation is the cost of power at a very finite point in time. That changes virtually the next month and that impacts how revenue ends up getting billed and collected. As the cost of power goes down, expenses go down, but so does revenue. So, they would never meet their revenue estimates, but, on the positive side, they would never hit their expense estimates either. That is how they end up staying in line with debt covenant requirements and the minimum fund. Mr. Dougherty stated that the PCF factor has risen because the cost of power has gone up, so they will be collecting more PCF revenue towards the end of this year than they were collecting throughout the earlier part of the year. Mrs. Pyke asked if they were purchasing less power right now. Mr. Dougherty stated that they are purchasing less power than in the summer, but it averages out. November and December are some of the

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lower months in usage, but when averaging it in with the rest of the year and then adding in the fact that the PCF revenue is going to be a lot higher, more revenue ends up coming in, on average, than for the first nine months.

Mr. Novelli stated that another factor that impacts this revenue is when they budget all this, they budget it all based upon how much are they going to bill, with the underlying assumption of getting X amount percentage collected in a reasonable timeframe. What they are seeing with the more-recent receivables that are owed to the City is they have an increase in the past-due amount. So, there is money owed to the City that is in the process of being collected that is impacting this number that they're seeing as an actual revenue through September. Mrs. Pyke stated her concern was the amount of \$157,000. Ms. Hazlett stated that that was the bill. What they are talking about is on the collection side from every customer, residential and commercial. Right now, there are more people who are not paying their bills. They could be waiting until January when the audit was released or for any number of factors. So, collections are higher now. Mr. Novelli stated that they have factored what they're currently seeing into the ending fund balance that's listed as a beginning fund balance for year 2017 projected amount. They have accounted for what they are seeing in those collections and the impact of the billing and how it is all playing out. They are worried about exactly where this fund balance is going, because of how much they see in the receivable side of things. Mrs. Pyke asked if they will see that in the beginning of the year as they receive the reports. Mr. Novelli said they would.

COMMUNITY DEVELOPMENT

Mrs. Klinger stated that Community Development is listed on page 295. Miscellaneous Contractual Services for \$50,000 was itemized out and available in the questions that were provided.

Mrs. Pyke stated that, under the Staffing Information, they had previously discussed at the last CDBG meeting about the 50 percent, 25 percent, 25 percent coming out of CDBG money for the Entitlement Administrator. At that time, it was said that 50 percent of the time goes to this and 50 percent goes to Communications. She asked if they have a position listed as Communications. Ms. Sheridan stated that they do not, but the job description contains the language, "other duties as assigned." Mrs. Pyke stated that, during that CDBG meeting, Ms. Sheridan stated that she was working 10, 12, 14 hours a day. She asked if it wouldn't make sense to put that 25 percent that they have to put towards CDBG back to the Administrator and ease up some of the work she may have, so that it could be directed towards economic development. Ms. Sheridan stated that, as discussed at that meeting, she and Ms. Leedham have some combined 30-plus years in HUD and CDBG programs. To protect the City from repayments of funds and to better assist residents and businesses, this Administration decided they would work as a team to get things done that needed to be done while requiring HUD to pay them to do that. They are being paid by HUD to assist the City in its CDBG program. It works well. She stated they are a team and they work as long as it takes to get the job done, as is true of everyone at the rail and in the audience.

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CDGB

Mrs. Klinger stated that the plans that were discussed earlier that evening can be found on Page 303, under CDBG.

Mrs. Pyle asked, since the City receives money from the Federal government for administrative fees, if they don't see NDS as being part of administrative fees. Ms. Crawford-Smith, Entitlement Administrator, stated that she believes that they're under contractual fees. Ms. Sheridan stated that they receive an entitlement every year. Twenty percent of that can be used for what Mrs. Pyke is calling administrative fees. However, housing rehab is different, because the fees for rehabilitation and administration that they pay NDS out of sometimes are called soft costs. Those are charged against the housing line item, so it doesn't affect the cap. Mrs. Pyke asked for a breakdown of the amount that was spent on the rehab of the homes, the address of the homes and how much was paid to NDS on the houses to be given to her and all of Council. Ms. Crawford-Smith stated that Council had previously received those, but she has a few more to update that are in progress. She does not have the final charges on those, but does have estimated costs until the jobs are completed. Mrs. Pyke asked Ms. Crawford-Smith to also supply a pie chart like that given to Council last year. Ms. Crawford-Smith stated that when Congress passes the budget and they receive the HUD award letter, they will know exactly how much money they will receive next year and she will present the action plan and present the pie chart. Ms. Sheridan stated that their annual paper containing everything that was done for the year is due on March 31st. As she did last year, Miss Crawford-Smith will give Council packet information for Council's binders then.

FALLS RIVER SQUARE

Mrs. Pyke asked Ms. Snyder if there are any plans for anything on Friday nights of next year. Ms. Snyder stated, contingent on the road construction project, they had to anticipate what the plan was going to be down there. With anticipated approval, the festivals will have a smaller footprint, which will be just shy of the south end of the mall. The Art Center will be the line to the north, down to Broad Boulevard. The big three festivals have been very open to working with them to fit within a shortened festival season, which would kick off with the Irish Festival and will conclude with Festa. Oktoberfest is going to be towards the beginning of the July, so it won't hold up construction there if it were to be happening. There is a group of City staff that has been meeting with community and business leaders to work on planning for four Friday nights in between the festivals to work on sponsorship dollars and planning activities focusing on family-friendly events for the remaining Friday nights. Mr. Iona asked how the City has time to be involved with planning these events. Ms. Snyder stated that they have met as a whole a couple times and in smaller groups, so, hours-wise, they have not put a lot of hours into it. There are some great groups of great people that have put on other events in town who are going to be spearheading it. She sees herself as being at these meetings in an advisory capacity, so she does not see it as being a huge time constraint down the road. Mr. Iona stated he thinks the main emphasis should be on the economic development of Front Street as opposed to festivals that may not generate enough money for the City. Ms. Snyder stated that the Friday night events that have been discussed are not going to take City staff time. There are volunteers who are very interested in participating and organizing those.

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Mr. Iula asked if the people who organized the Better Block in August were going to be involved. Ms. Snyder stated that they are. One of the organizers is one of the ladies that is going to be spearheading a Friday night. That group of volunteers will be involved in at least one of the additional four Friday-night events. Mr. Iula stated that they did a good job. Mayor Walters stated that with the success of Better Block, they learned there is a whole other group of people other than the beer and bands that love to come down: Families with children and pets with the dog park. There is a whole other aspect that hadn't been looked at in the past until Better Block came along. The people that put it on were amazing. These are community leaders that have never been asked to be involved in anything and they took the ball and ran with it with Better Block. They are certainly going to ask them back. They're involved within planning these festivals, as well, and they have great businesses that are willing to be sponsors. Mayor Walters stated that, to address Mr. Iona's concern, they work an ungodly number of hours. He doesn't want Council to think that something is being pushed aside and not being dealt with because they're working on festivals. That's not the case. They just work more hours.

Mrs. Klinger stated that, next week, they will go through any remaining questions Council may have that haven't been asked in the meetings held the previous three weeks.

The meeting was adjourned at 8:36 p.m.

2017 Budget Questions; (responses in blue)

- Overall

- What are the assumptions for the five year general fund forecast?
 - Property Taxes: 3% re-appraisal in 2018, 3% re-appraisal in 2021
 - Local Gov't County – 1% annual increase
 - Outside Service Services: 3% increase for known contracts
 - Internal Service Charges: 2% anticipated annual increase for Indirect Cost Allocation
 - Interest Revenue: 3% annual increase
 - Income Tax Transfer: 2.5% annual increase
 - Personal Services: 2% annual increase
- Property Tax assumption
 - Assume 98% collection of taxes generated from County assessed valuation, plus \$270,000 of delinquent taxes
- Income Tax assumption
 - Assume 2.5% increase on withholding taxes only. All other taxes projected flat from 2016 anticipated collections
- Wage increase assumption
 - All scheduled union and non-bargaining pay increases are budgeted. They are as follows:
City Council, Mayor (MSG), and Senior Cabinet (ESG) – 1/1/17 2%.
AFSCME - 1/1/17 is current rate, 7/1/17 2%.
Non Bargaining - 1/1/17 is current rate, 7/1/17 2%.
Police Blue - 1/1/17 is current rate, 7/1/17 2.5%.
Police Gold - 1/1/17 is current rate, 7/1/17 2.5%.
Firefighters - 1/1/17 is current rate, 7/1/17 2%.
Dispatchers - 1/1/17 is current rate, 7/1/17 2%.
Electric - 1/1/17 is current rate, 7/1/17 2.5%.
- Benefits assumption
 - **Wage based benefits: Pension** - OPERS 14%, OP&F Police 19.50%, OP&F Fire 24.00%.
Medicare 1.45% for all but a few employees hired before April 1986. **Workers' Compensation** 1%. **Other Bi-weekly benefits: Medical, Dental and Vision** is based on the plan the respective employee signed up for in open enrollment last November with an increase of 6.8% to Medical, no change to Dental and a 11.7% reduction to vision rates.
Monthly benefits: Life insurance generally .0145 per \$1,000, with a cap for some unions.
- Please provide an update 2016 Debt Schedule and projected 2017 Debt Schedule
 - Completed 11/3/16. To be handed out 11/14/16.

- Revenues

- Why are liquor permit fees down in 2016? Is this a timing issue?
 - This is a timing issue. The final distribution is sent by the State in November. As of 10/31/16, we received \$18,225.26 compared to \$14,346.23 at this point in 2015 and \$9,526.30 at this point in 2014.

- Self Insurance Fund
 - Per last year's budget discussion, Miscellaneous Contractual Services was mostly for wellness services with Vitality Wellness IQ. Is that still the case, and is there an issue with billing that it is so far below the 2016 budget with an increase for the 2017 budget?
 - The expenses associated with Vitality Wellness IQ were moved to 705-1200-54999 when the Purchase Order was issued. As of 10/31/16, we paid \$21,054.00 for these services. Due to an oversight, these costs are included in the budget under account 705-1200-54005 in the amount of \$25,674.00
- Worker's Compensation Fund
 - 706-1200-49204 No refund this year and \$121k budgeted for 2017, why?
 - We transitioned to the Group Retro Pool in 2015. The first evaluation of our group performance is in 2017 for the 2015 PY plan. This is the estimated rebate that will be received in June 2017.
 - 706-1299-54009 Why are we budgeting for legal expenses when we haven't had incurred them?
 - Historically, we budget \$5,000 as a contingency for the potential of incurring legal expenses.
 - 706-1200-51111 Last year we discussed the increase due to some individual large claim payout? Is this projected down for 2017 because we have changed pools?
 - No, this is the "tail retro claim payments" for 2006-2015, during the period we were self-insured.
- Compensated Absences Fund
 - Why was there such an increase in Sick Leave Cash Out (combine 032 & 033) from 2015 to 2016? What is the rationale for the 2017 amount?
 - We have experienced an increase in the number of employees that are eligible to start drawing down on their sick leave balance by one-third (9 in 2016 vs. 3 in 2015). We also experienced an increase in employee retirement/termination that met the eligibility requirements to receive their sick leave (13 in 2016 vs. 9 in 2015).
 - Given the recent increase in employees who received their first distribution, it is very likely that these same employees will request a second distribution in 2017. Turn-over and unknown retirements are always wild cards, but we feel confident that our amount of \$362,151 is a conservative estimate for 2017.
- Information Services
 - 101-5800-53021 Last year this was \$5k for maintenance to the fiber network as needed, which would continue. However, \$2,500 was for a specific fiber connection between Tech Services and the Service complex, so why is this cost repeated for 2017?
 - We didn't upgrade/replaced the fiber in 2016. Projects were postponed due to other projects.
 - 101-5800-53037 Why the increase in 2017?
 - The capital lease for city wide copiers ends in February 2017. Based on analysis, we anticipate entering into a maintenance agreement rather than replacing copiers. Because of this, there is a decrease in the capital lease line item.

- 101-5800-54005 Why the increase in 2017? I thought the cloud computing would lower our overall costs.
 - A majority of the savings going to a cloud based system is the need to purchase capital equipment in future years.
- Income Tax
 - 201-3100-54005 What is this for?
 - Total budget request \$7,400. An amount of \$1,400 is requested for legal research services (LexisNexis) for tracking noncompliant taxpayers. An amount of \$6,000 is requested for data processing of zero returns to allow staff to work on compliance and collections.
- Police
 - 101-1500-53015 Why did this decrease?
 - The decrease was due to us using the 222 (Law Enforcement Assistance Special Revenue Fund) which may only be used for training purposes
 - 101-1500-53021 Why did this increase?
 - Increase is for some electrical work to provide a means to charge the SWAT truck.
 - 101-1500-53032 What are we buying?
 - We are purchasing monitors, PCs, a laptop, and a HDMI from VGA switch for our camera system.
- Communications
 - Are you assuming the staff will not move to the regional dispatch center in 2017?
 - We are still anticipating the switch to a COG in 2017. Appropriation changes will be made once legislation to create and fund the COG is approved.
 - 101-1800-53032 We said we were purchasing 5 PC's in 2016, is this going to happen?
 - Information Services Department was able to do some upgrades to the computers instead of replacing them so we will not be purchasing them in 2016.
- Fire
 - 54004 Computer System Support – Did we implement the FireHouse software in 2016? If so, it this the on-going cost?
 - We moved FireHouse to cloud in 2015. This manages all fire department needs other than electronic charting. It has been a recurring cost since then. We implemented FireHouse medic in 2016. We were reimbursed the cost by AGMC- Cleveland Clinic. The product under performed. We are going with an electronic charting called ESO. This will be reimbursed by AGMC also.
- Human Resources
 - 54004 Computer System Support – Why did this increase?
 - This is related to the support fees for Innoprise: Payroll / HR module. This was expensed entirely to Finance Department (0400) in 2016 in the amount of \$16,683. We felt we were better served splitting this function in half to record some maintenance fees in the Human Resources cost center. Both Finance and Human Resources are budgeted \$9,655 each for these fees in 2017.
- Sanitation
 - Revenue – Are there any proposed rate changes?
 - No planned rate changes in 2017.

- 52041 What is the plan for purchasing refuse containers this year?
 - The plan is very similar to year's past. 1000 Yard Waste carts (\$55,000), 1500 replacement carts (\$82,500), (1) 20-yard roll off container (\$4,800), and the rest is to purchase various size front load containers to replace boxes at all the City buildings since we are switching from rear load trucks to front load trucks.
- Capital – please be prepared describe the office renovation at the meeting. Do you have a quote for the work?
 - Chuck will describe the renovation. The design would be in 2017. At this point, we do not have a quote.
- Sewer
 - Revenue – Are there any proposed rate changes?
 - We are in the final stages of negotiating a multi-year master meter rate with the City of Akron. At this point, all indications are that we will need to increase the Sewer Treatment portion of our rate by roughly 9% in 2017, with no projected increase in 2018 and 2019.
 - Budget Fund Balance – Is it enough?
 - There are some projected retro-active costs that will be paid in 2017, but will be made up in collections during 2018 and 2019.
 - Capital
 - Isn't Beau Ravine a newer subdivision? What happened to cause this expenditure? The pump station was put into service in 1999. In recent years, the pump has not been running as efficiently and has failed on occasion.
 - At the meeting please explain the "Sewer Dig-up Material in Well Field" project. John Christopher will address this project.
 - 53021 Property/Building Maintenance and Repair – Why the increase?
 - \$6,000 more for root foaming, \$25,000 more for manhole castings, and \$15,000 for sewer dig material removal. This will be necessary in the well field to make room for future dig-ups.
 - 53047 Tools & Equipment – Why the increase?
 - The purchase of sewer pumps to have on hand and installed by the department.
 - 53048 Tools & Equipment Maintenance & Repairs – Why the increase?
 - Repairs at the 21 sewer pump stations as necessary.
- Water
 - Capital – Oak Park Water Tank – Last year we said it was inspected and only needed painting, what happened?
 - During preliminary plans to pain the tank, the retaining ring inside the tank needed to be replaced. This issue was studied and the best route forward was to take the tank out of service.
 - Revenue – Are there any proposed rate changes? Since Residential is slightly down from 2016 budget it doesn't look like it.
 - There is no projected rate increase in 2017.
 - 52013 Meter Supplies – What is the plan for 2017 with meter replacement?
 - Older water meters will continue to be replaced as necessary.
- Electric
 - Revenue – Are there any proposed rate changes?
 - The increase in 2017 is 1.5%. It was approved by City Council in 2014.

- What is the projected debt service based on the 2017 budget? Are you projecting we will be below the requirement in 2016?
 - The projected 2017 debt service for JV5 and JV2 is \$1,886,900. Based on calculations, we will meet the debt coverage covenant. We anticipate meeting the requirements in 2016 for two reasons: 1. Implementation of GASB 62, and 2. The rate stabilization loan.
- Capital – During the meeting please explain the Peaking Generation project \$1M.
 - Mike Dougherty will discuss this at the meeting.
- Utility Billing
 - 54005 Misc Contractual Services – What is the \$26k for?
 - The \$26k is the combined amount of per record cost for SmartBill to do our bill print annually.
- Community Development
 - 54005 Misc Contractual Services – What makes up the \$121k, please round to \$(000).
 - \$50,000 - Miscellaneous contract services to support planning and economic development activities throughout the city, including, but not limited to, appraisals, grant application assistance, environmental assessments. \$3,000 - Reimbursable fees associated with providing the AMHA environmental review assistance per HUD. Fees will be reimbursed to the City. \$20,000 - Consulting fees with Deb Sanborn to assist with various DHRB-related activities. \$48,000 - Broker fees to assist the City with retail recruitment for the downtown redevelopment project.
- CDBG
 - What land are we buying and the purpose?
 - Funds will be used to purchase property for the creation of additional surface parking on South Front Street. Several properties are currently under consideration at this time.
- Rec Levy
 - 54002 Architectural/Eng Services – What are we doing with the \$20k?
 - The 20k will be used for the design work on the Kelsey Creek shelter replacement that we received a grant from ODNR in the amount of \$59,114.00, construction to take place in 2018. Also we hope to use some of the funds for documents needed in grant applications for future Keyser Park development.
 - 54301 Refunds – What is the \$750k?
 - This is an accounting correction. Based upon State Audit recommendations, the “transfer” from the Rec Levy Fund to the Leisure Time Fund cannot be classified as a true transfer. It can be classified as a reimbursement, and you will see a subsequent revenue reclassification in the Leisure Time Fund to address this correction.
- Leisure Time
 - Are there any rate changes planned in Leisure Time?
 - We are providing the rate changes for the Parks and Recreation Department which were approved by the Park Board on 11/10/16.

11/21/17 - 2017 Budget Questions; (responses follow each question)

- **Water Fund**

- Why was there a budget amendment to Computer System Support (Account #602-5100-54004)?
 - Original Budget: \$77,715.00, Amended Budget: \$197,154.51 - The reason for this budget amendment is the carryforward appropriation associated with open prior year Purchase Orders. PO #14-0785 & #15-2085 to Johnson Controls for the Water Fund's portion of the annual AMR Maintenance. You will see similar activity in Sewer, Electric and Sanitation.
- What makes up the budget for Computer System Support (Account #602-5100-54004)?
 - Time Keeping software maintenance; \$579
 - Water Treatment Plant Computer support maintenance; \$1,000
 - AMR software maintenance; \$70,157
 - E-mail software maintenance; \$1,410
 - Innoprise software maintenance; \$5,699

- **Sewer Fund**

- What is the activity in Refunds (Account #601-5000-54301)?
 - There were four separate instances of customer refunds owed due for the following reasons:
 - One instance of incorrect input into the software
 - One instance of a customer making duplicate payments and requesting a refund
 - Two instances of payments for estimated bills prior to the calculation of a final bill, which resulted in a net overpayment and subsequent refund.
 - A refund was issued for sewer fees associated with a construction permit that was paid for in 2015, then cancelled in 2016.
 - An accounting correction associated with a permit that had fees incorrectly assigned to the Sewer Fund instead of the Water Fund. The fees were paid in 2015; as a result, the correction was processed as an expense to the Sewer Fund.
- What makes up the budget in Refunds (Account #601-5000-54301)?
 - The amount is a contingency budget for issues similar to what we experienced this year