

CUYAHOGA FALLS CITY COUNCIL

Minutes of the Meeting of the Finance & Appropriations Committee

November 3, 2014

Call to Order

The meeting was called to order by Mrs. Klinger, Chair, at 6:36 p.m. A quorum was present.

Approval of the Minutes

Without objection, the minutes of the meetings of October 20, 2014 were approved as submitted.

Agenda Items

Temp. Ord. A-100

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, 2015, and declaring an emergency.

The Chair recognized the Mayor, who stated that the budget document presents more information and in a simpler format than in the past, and moving the budget hearings to November respects the time of Council and public during the busy month of December. Taking the 27th pay day into account, the 2015 budget effectively decreases total General Fund expenditures by \$100,000 and reduces the budget deficit from \$1.5 million in 2014 to \$1.25 million in 2015. The budget devotes \$643,000 in capital improvements to the park system, \$231,000 in CDBG money, and \$2 million in asphalt street paving, which is \$500,000 more than 2014, and \$200,000 in concrete streets, which is \$50,000 more than 2014. The budget plans for water main replacements in Graham Road and Second Street.

The Chair recognized the Finance Director, Brian Hoffman, who stated that the 2015 budget assumes a 2.5% increase in income tax revenues, which compares with prior increases of 4.5% in 2013 and 3.1% YTD in 2014. Employee health care costs are

estimated to increase 7.7%, primary due to the dramatic increase in prescription drug costs. Certain one-time revenues in 2014 will not be assumed in 2015, including a fire safety grant, unclaimed funds, and \$100,000 in estate tax. Property tax receipts are assumed to decrease by 3%. One-time pay increases in 2015 reflect the 27th pay day, which will cost the City \$725,982. The City has budgeted in anticipation of the 27th pay day over the past 3 years. Total general fund revenue is estimated to be up 2.5% taking into account the money set aside for the 27th pay. Total appropriations increase in 2015 by \$8.8 million over 2014 due to rising power costs in the electric fund (\$8 million) and the 27th pay day (\$800,000).

The Chair recognized Mrs. Pyke who asked for specific information on the strategies the City will use to reduce prescriptions drug costs. Mr. Hoffman stated he would provide this information.

The Chair asked Mr. Hoffman to explain the \$150,000 revenue item relating to medical transport fee. Mr. Hoffman stated that the bills for this service are issued by a third party contractor, and revenues booked to the capital projects fund, after which a transfer would be made to the General Fund. In 2015 the revenue will be booked directly to the General Fund.

The Chair recognized Mr. Colavecchio, who asked if the change reflects a lack of collections. Mr. Hoffman stated it is simply an accounting change. Mr. Colavecchio asked whether the previous lack of collections has been addressed. Mr. Hoffman stated the City has initiated direct collections from insurance companies and is assessing the collectability of past due accounts. The Chair asked that the status of these collections be reported in Report 21, including any amounts written off.

The Chair recognized Mrs. Pyke, who stated the medical transport billing committee is actively working with Mr. Hoffman on this issue.

The Chair recognized Mr. Hoffman, who stated the City Council budget reflects salary for City Council members. The only new item is a \$112 charge for a spam filter for e-mail.

The Mayor's budget includes the salaries of the Mayor and Mayor's Assistant. The non-operating account for Internal Services is zero because the Mayor does not have a city car assigned to his office. The training and education line includes a travel item, the same 3 items as in 2014, including \$1,400 for the U.S. Conference of Mayors.

The Mayor's Court budget was presented by Mayor's Court Clerk Vicki Hughes (inaudible).

The Chair stated that Mayor's Court revenue will be down significantly in 2014, and asked if there are any plans to adjust expenditures. Mr. Hoffman stated that costs associated with the Court are already low. The Court has only two employees and has cut contractual services by \$4,000. The City may consider raising court costs. Revenues are estimated at 2012 levels, acknowledging the termination of the "STOP" program.

The Chair stated that 2014 revenues for the Court are projected at \$359,000, the lowest since before 2011, but expenditures remain the same. The City cleared \$250,000 from the Court in 2012 and \$340,000 in 2013. 2015 will be substantially less. The City should look at flexing its labor cost to adjust to a reduced caseload. Mr. Hoffman stated the City will be looking at this.

The Chair recognized Mrs. Pyke, who asked what types of cases have been reduced from the caseload.

The Chair recognized the Mayor, who stated the "STOP" program has been eliminated, and officers have been reassigned to neighborhoods. The same number of traffic stops are being made, but citations are far fewer, indicating warnings are being given. 12-15 housing cases will be in the Court in 2014, whereas there were none the prior year. Fines are often waived in housing cases if the defendant complies with orders. Mrs. Pyke asked if other types of cases could be brought to the Mayor's Court. The Mayor stated the purpose of the Court is not to make money.

The Chair recognized the Law Director, who stated that Driving under Suspension cases could be brought to the Mayor's Court, but the administration has decided against it.

The Chair recognized Mr. Weinhardt, who asked if the \$418,000 in anticipated revenue is correct. Mr. Hoffman stated this is a combination of court costs and fines. Expenditures will be \$193,000.

The budget for the Finance Dept. reflects no significant changes to how the City does business. Expenditures reflect wage increases and the 27th pay day. Contractual Services will increase from \$40,000 to \$48,000 to cover auditor fees and an actuarial study on post-employment benefits.

The Chair stated that post-employee benefits relates to potential reporting requirements under GASB Rule 68.

The budget of the Income Tax Department has an Accountant position which has not been filled since July. The budget anticipates that the City will fill the position of Income Tax Administrator and leave the vacant position open. This position will be filled near the first of the year.

The Chair stated that the Income Tax Administrator position is not a civil service position, and asked that

the Finance Director include reporting on Income tax collections and delinquencies in his regular reporting. Mr. Hoffman stated that it is his intention to do this. The amount of income tax delinquencies has "skyrocketed" in recent years, and this position is designed to address this issue.

There were no questions regarding the budget of the Service Director's office.

The Chair recognized the City Engineer, Tony Demasi, relative to the budget of Service Director's Office, and asked him to explain a \$12,000 item for furniture and fixtures. Mr. Demasi stated that many original documents were damaged in flooding earlier this year, and this item is to purchase metal storage cabinets to replace the damaged wooden cabinets.

The Chair asked if the City has a plan to digitize these documents. Mr. Demasi stated the documents are stored digitally as well, but the City must retain the actual documents.

The Chair recognized the Community Development Director, Diane Sheridan, regarding the budget of the Community Development Department. Ms. Sheridan stated that the CDBG Program administrator resigned as of Sept. 30, 2014. The budget anticipates that another employee will be hired. The salaries of the Director, Deputy Director and Entitlement Administrator will be split between CDBG and the CD budget. Other line items are similar to 2014.

The Chair asked why the salaries will be split as stated. Ms. Sheridan stated that in the past, these positions did not have CDBG responsibilities. In the future they will have these responsibilities. The Chair asked what non-CDBG responsibilities will be assigned to the Entitlement Administrator. Ms. Sheridan stated that this position will have estimated 65% responsibility for marketing and neighborhood outreach and education.

The Chair asked if this split will be reported in Report 21. Mr. Hoffman stated it will be reported monthly.

The Chair asked about a \$5,000 item for a "Jeter" filing system. Ms. Sheridan explained that this is a filing system similar to that used by medical offices.

The Chair asked about a \$10,000 contractual services item for neighborhood outreach. Ms. Sheridan stated this is to support neighborhood education. Mr. Hoffman stated this is only an estimate and the exact types of expenditures have not been determined.

The Chair recognized the Community Development Director, Diane Sheridan, regarding the budget of the CDBG Program. Ms. Sheridan indicated that the budget includes the same salary splits as well as a savings in benefits. The \$605,000 in anticipated grant revenue is less than the \$1.8 million in the prior year, reflecting the change in grant fiscal year and resolution of compliance issues. The City's 2014 has been submitted but not yet approved. However, the City will bring forward legislation to carry-over the prior year funding amounts. The City will also audit its CDBG loan portfolio to correct misapplication of loan repayments and to track economic development and housing loan repayments.

The Chair asked the cost of the audit consultant. Ms. Sheridan stated it will be \$5,000. The consultant is Jim Zupka.

The Chair recognized Mrs. Pyke, who asked about an \$87,980 item in contractual services for architectural and engineering services. Ms. Sheridan stated this item relates to a preliminary study regarding the opening of South Front Street. Mrs. Pyke asked for an explanation of an increase in the 2014 paint rebate program to \$20,000 for 2014 and \$5,000 for 2015, while the paint rebate program for 2014 is not yet approved. Ms. Sheridan stated the City has not received its grant for the HUD paint rebate program

for 2014, but this money will be available for expenditure during 2015, if carried over.

The Chair recognized the City Treasurer, Paul Novelli, who stated that 2014 funding not spent in FY 2014 will be available for carry-over and expenditure in 2015.

The Chair recognized the Law Director, Russell Balthis, regarding the budget of the Law Department. Mr. Balthis stated that the number of full-time prosecutors has been reduced from 3 to 2, with the addition of a part-time assistant prosecutor. A full-time civil assistant has been added.

The Chair asked if the Law Department's caseload is up or down compared with prior years. Mr. Balthis stated it is comparable.

The Chair recognized Mr. Steve Amos regarding the budget of the Civil Service Commission. Mr. Amos stated (inaudible).

Non-Agenda Items

None.

Adjournment

Without objection, the Chair adjourned the meeting at 7:58 p.m.



Carol A. Klinger, Chair



Paul A. Janis, Clerk of Council