

**Cuyahoga Falls City Council
Minutes of the Finance Committee Meeting
December 13, 2010**

Members: Kathy Hummel, Chair
Don Walters
Carol Klinger

The Finance Committee reconvened at 7:10 p.m. Mrs. Klinger was absent.

Discussion

Temp. Ord. A-142

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, 2011, and declaring an emergency.

Mrs. Hummel stated that Council has received the revised budget schedule. Mrs. Carr had requested that the Water and Sewer budgets be moved to the following week. She asked Mrs. Carr if it was her intention to discuss the water rate increase next week in the Finance Committee apart from the budget and have it voted on. Mrs. Carr stated she wished to discuss it along with the budget and then have it passed so it could start in January. Mrs. Hummel stated that is a short timeframe for that kind of an increase. Mrs. Carr stated she would like to lay it all out so Council could see where they want to go.

Mrs. Hummel stated that Mrs. Klinger could not be present this evening so she had forwarded her questions to the administration. Mrs. Carr stated they replied to the questions by e-mail and had copies of the answers distributed to Council members. A copy of both the questions and answers are attached.

Open Issues

Mr. Brodzinski stated he had three items from last week. The first is that Council requested to know how much was spent on municipal signage. It was approximately \$78,000. The City's computer system went down this afternoon so the remaining two items regarding the vehicle list for the Street Dept. and the list for the items requested by Parks & Rec. will be provided as soon as the system comes back up. Mrs. Pyke asked Mrs. Truby to explain the contractual amount on page 64. Mrs. Truby stated in 1976, an ordinance was created for all urban renewal in downtown. As the City began to sell off parcels, the money would go into that account. Those funds are restricted to Economic Development uses. Right now, there is a couple thousand in there from Zaremba as good faith. The next infusion will come if the City sells that parcel.

Mrs. Hummel thanked the administration for the analysis on Falls River Square. A judgment needs to be made on what the City is paying for but the information is helpful.

Human Resources

The proposed 2011 budget is \$350,507, which is a 7.22% increase over 2010. The department is doing a great job and continues to receive awards for how it handles the City's workers' compensation. Mrs. Hummel had a question regarding self insurance on page 127, specifically, the amount for hospitalization claims. She asked if there were encumbrances out there. Mr. Brodzinski stated there are still bills outstanding. The report data is only for ten months. He is hoping to stay well under the \$2.8 million. The line item below that has gone down because they found life insurance at a reduced rate. It is the same company but the company worked with the City to give a reduction in rates. They use a consultant periodically to advise them on various issues. Those charges are included in administrative fees. The annual consultant fee is approximately \$75,000 to \$100,000. They continue to distribute literature to employees on

various wellness programs that are available. She has literature that shows the average range in the industry. That can be provided to Council if Council wishes. The programs that are available to employees are posted on the website.

Storm Drainage Utility

The proposed 2011 budget is \$1,436,679, which is a 15.94% decrease from 2010. There were five capital needs presented in the budget. The fund is going down by 16% because there was less money available to spend for 2011. They have started to reflect things that are storm water related in this budget. That is being encouraged by the City's auditors as well. Things that are storm water related should be reflected in this budget. They are doing a lot more work in-house, and have shifted some work that the Street Dept. handled into this department. Refuse disposal has increased because the EPA changed the way the City needs to get rid of stuff from the catch basins. It now needs to be taken to a certified landfill to be tested so the City will need to be paying for something that used to be dumped for free. It is not hazardous but it needs to now be taken to a solid waste facility. The amount listed under engineering is for work done internally by Mr. Demasi's department. There are still outstanding POs on projects. There are also projects they did not do this year and some that were not done because bids came in too high. There are no plans to do more storm drainage work in the 10th and Chester area, but they are revamping plans to look at what has been done too see how that has affected areas downstream. They could find that the work done at 9th and Chestnut may have helped the 12th and Chestnut area. Mrs. Hummel commented on news reports regarding what the NEORSD is doing with its storm water fees and asked if the City was part of that district. Mrs. Carr stated it was not but added that Summit County is looking at their own storm water fees. Mrs. Carr stated she has already informed the Department of Environmental Services that the City would oppose that. D.O.E.S. is reviewing the matter. The City may be exempted or receive a credit. She does not think anything will come out this year.

Street

The proposed 2011 budget is \$3,381,969, which is a 1.16% reduction from 2010. This budget is similar to 2010. A secretary retired so her replacement is at a lower pay rate. That position is shared 50% in Street and 50% in Sanitation. The City actually did not backfill the secretarial position so the Street Dept. went down a full secretary. Salt prices remained the same for one more year. Salt is budgeted in three separate funds but the majority is in the Street Dept. The amount in contractual other under other operations is \$40,000 for senior snow watch, \$23,000 for salt conveyance and the balance for miscellaneous. The increase is OSHA is because the City purchases cones and signage every other year. 2011 is the year for those purchases. It is a \$6,200 increase over 2010.

Sanitation

The proposed 2011 budget is \$3,659,189, which is a 5.28% increase over 2010. There are two capital needs presented. The reason for the increase is the amount in capital outlay. They budgeted for Phase I recycle automation to purchase 5,000 carts. The PO was prepared so those carts will be received early next year. Phase II is to purchase 6,000 additional carts and continuing the program. The computer system support is the software cost for the recycle program. It includes the annual fee, upgrades, and data storage. They will be able to give recycle rebates so they need to track recycle efforts to see who is recycling. \$18,000 is the annual cart software. The system was not in place yet so it was not listed in the previous budget. Contractual other is high because they need the hardware for Phase II to get the other route setup for an additional truck. Disposal for recycling is down because costs were actually lower so the City is receiving a monthly rebate this year. The City pays \$44.73 per ton for sanitation disposal vs. \$12 per ton for recycling.

Electric

The proposed 2011 budget is \$44,332,853, which is a 4.27% increase over 2010. There were ten capital needs presented. The reason for the updated sheet is because originally there was an 11th capital project for Sycamore Lane. They ended up doing that project in 2010 so the 2011 capital amount dropped by \$30,000. Computer system support is up because one of the main components was AMR software maintenance which was \$89,000. The majority of the increase was because the old records were on index cards and needed to be entered into the system. The costs associated with the new substation compared to what was budgeted last year were reduced because much of the work was done in-house. The amount that was budgeted was \$3.5 million. Construction is \$1.6 million, \$800,000 is major equipment, and engineering is \$128,000.

Garage

The proposed 2011 budget is \$2,248,109, which is a 0.57% increase over 2010. The revised sheet shows \$45,000 of \$55,000 in contractual was for a pilot program working with NAPA Auto Parts. They did not think they could move forward with the program without Mr. Williams, who continues to recover from serious injuries he sustained in an October accident. However, once Mr. Williams does return to work, they may come back to Council to ask for that to be put back into the budget.

Utility Billing

The proposed 2011 budget is \$1,520,811, which is a 0.32% reduction from 2010. Bank charges are high because the more people who pay online, the more bank charges are incurred. There are some people who only pay their utilities because they have the option to do it online. They feel it is a fair trade off when compared to the cost of paper bills and personnel needed to process them. They are evaluating looking at a convenience fee for business accounts paying online but not for residential accounts. Fees for processing checks are minimal on a per check basis but can be significant when processing several thousand. They continue to evaluate all options.

Information Services

The proposed budget is \$817,057, which is a 7.98% increase over 2010. This department absorbed the previous Print Shop budget.

Technical Service

The proposed budget is \$539,373, which is a 14.82% decrease from 2010. There is a technician retiring who will be coming back on a contractual basis. He will be helping with the City's rebanding project. Rebanning concerns changing the frequency on the radios. All radios need to be changed. This is costing Sprint a lot of money. All man hours of Tech Service personnel will be reimbursed by Sprint, including the contractual services by the retiring technician. The City will pay him through a temp agency.

Communications

The proposed budget is \$1,222,626, which is a 4.90% increase over 2010. They still intend to look at combining the City's dispatch center with the County's, however, that is still a ways away. The goal would be to continue to utilize the City's dispatch facility. They also continue to look at other cities who may want to come to this facility. They are evaluating things from all perspectives.

The Committee meeting recessed at 8:15 p.m.

Diana Colavecchio

From: Carol Klinger [cak@klingers.us]
Sent: Saturday, December 11, 2010 3:26 PM
To: Joe Brodzinski
Cc: Kathy Hummel; Diana Colavecchio; Cathy Meacham; Don Walters; Mark Ihasz; Jerry James; Ken Barnhart; Terry Mader; Mary Pyke; Vince Rubino; Jeff Iula
Subject: December 13 Budget Questions

Joe,
Below are my questions regarding the budget that will be covered on Monday, December 13, 2010

In every department where the Authorized staffing levels exceed the 2010 actual I am requesting that the staffing ordinance be reduced to reflect the difference, unless a written explanation is provided to Council as to why the positions should be left on the staffing ordinance.

Storm Drain Utility:

There is a large increase in personal services and I would like a better understanding of this change. The staffing comment on the budget sheet did not help resolve this difference. I would like to know the amounts and headcount coming from other funds into this fund for 2011 so I can follow the flow of the change.
403.3500.882.30-21 What is the \$125K?

SCMR

203.3300.801.40-05 Contractual other: How much of this amount is for salt conveying?
203.3300.801.30-34 OSHA Why is this increasing to \$7,200 What type of maintenance costs are we incurring on the Epokes?

Sanitation

604-5300-601.23-41 Refuse containers: In 2010 we purchased 6,000 containers for the recycle program. How many are we purchasing in 2011 and are they only for the recycle program?

604-5300-601.40-04 Why is this increasing?
604-5300-601.40-05 Why is this increasing?

Electric

603-5200-601.20-13 Why are Meter supplies increasing to \$124K?
603-5200-601.30-14 Safety clothing has doubled to \$16K, why?
603-5200-601.30-15 Why the increase?
603-5200-601.30-16 Why the increase?
603-5200-601.30-39 Is the cost of the light bulb program going through Vermont Energy now? If not, why is this zero?
603-5200-601.30-45 What software are we purchasing for \$12.6K?
603-5200-601.40-04 Why are computer support charges going way up?

Utility Billing

703-5700-610.30-04 Why are bank service charges going up so much?
703-5700-610.65-10 Why are the print shop charges going to 0? If the cost is going to another fund, which fund is it?

Information Services Fund

704-5800-610-20-16 Why is Paper Product going to \$16K?
704-5800-610-30-42 What is the \$35.5K for?

Carol Klinger

Carol, here are the answers. Our lotus notes has been down for some work or you would have received it earlier.

Storm Drainage – See attached excel document

The \$125K in 882.30-21 is many maintenance & repair jobs that do no meet the threshold of capital outlay criteria (i.e. less than \$5,000 jobs.)

SCMR

40-05 – Salt conveying is \$25K and Senior Snow is \$40K

30-34 Every other year we purchase cones, barricades and construction signage. In 2011 \$6,200 is allocated for this purchase.

EPOKE PAYBACK

Year	Model	Cost each	# purchased	total purchase	est salt savings	maint/repairs costs
2005	3500	\$ 50,440	3	\$ 151,320	\$ 5,592	\$0
2006	3500	\$ 57,047	1	\$ 57,047		
	4400	\$ 70,500	1	\$ 70,500	\$ 37,628	\$0
2007	3500	\$ 62,072	1	\$ 62,072		
	4400	\$ 82,028	1	\$ 82,028	\$ 161,865	\$0
2008	4400	\$ 85,207	1	\$ 85,207		
	4400	\$ 93,096	1	\$ 93,096	\$ 182,904	\$7,070
2009	3500	\$ 70,999	7	\$ 496,992	\$ 324,248	\$31,189
2010					\$ 456,068	\$22,385
totals			16	\$ 1,098,262	\$ 1,168,305	\$ 60,644

Maintenance and repair costs include labor charges, inventory parts, repair parts, and outside repair charges

Sanitation

23.41 – 6,000 carts are budgeted for 2011 for the recycle program.

40-04 the software is annual; provides upgrades, reports, etc.

40-05 \$16,000 for recycle monitoring; \$4,000 towing

Electric

603-5200-601.20-13 Why are Meter supplies increasing to \$124K?

During Valerie's AMR report, she explained a small percentage of meters remain outstanding that need to be AMR compatible. As the electric system relied on a "card file" system (quite primitive), some meters were not included in the 2007 data to complete the entire inventory. Approximately 425 residential meters and 79 commercial meters are budgeted to be replaced and therefore complete automation as scheduled. New service meters for new construction are included in these line items as well.

603-5200-601.30-14 Safety clothing has doubled to \$16K, why?

All linemen will receive Class 2 rubber sleeves that will better fit against the Class 2 gloves they typically wear. Class 3 sleeves (which they use now) do not provide the same secure, fit and therefore for safety concerns we are re-fitting the staff with Class 2 sleeves.

603-5200-601.30-15 Why the increase?

We plan to improve our current training practices. Currently, we conduct only on the job training for new employees. In an effort to improve our training standards, we plan to utilize programs through AMP and other entities that specialize in lineman training.

603-5200-601.30-16 Why the increase?

Travel expenses go hand in hand with training as mentioned above.

603-5200-601.30-39 Is the cost of the light bulb program going through Vermont Energy now? If not, why is this zero?

Our inventory is stocked to adequate levels to support the 2011 program and in working with VEIC we do not plan to budget for light bulbs for 2011, as VEIC has an aggressive light bulb campaign for customers.

603-5200-601.30-45 What software are we purchasing for \$12.6K?

This is to upgrade our Auto-Cad to 2011 series in keeping with the industry. Our current system is a 2000 version and is challenging to produce the necessary documents and open documents sent to the City (as our version is outdated).

603-5200-601.40-04 Why are computer support charges going way up?

AMR maintenance is added at \$89,003. Other components include Kronos, HTE, ESRI, QEI, and misc support.

Utility Billing

Credit Card Cost

This year Credit Card activity in UB for over-the-counter and online transactions will be approximately 49,000 transactions, which represents \$8.3 million of income, which is approx 20% of all UB revenues. The cost to process these transactions is averaging around 2.3%. Which means in 2010, the bank charges should be approx. \$190,900. Payment comes from delinquent accounts that may not have been able to pay otherwise.

The past few years have averaged about a 4 to 5 percent increase in credit card transactions. In addition to that increase, there will be a slight increase in credit card

transactions due to the new standard for protecting credit card information thru the Payment Card Industry (PCI) and these standards are required to be met by our Credit Card processor, Electronic Merchant Systems (EMS). There are fees involved for certain levels of PCI Compliance. We have done our best to negotiate these fees so our cost will be minimal, maybe additional 1 or 2 tenths of a percent.

The campaign for paperless billing should help reduce the effect of these costs. Each Bill cost approximately \$.50 to process, which includes paper, envelopes, postage and labor. To date, we have approx 2100 customers (8% of all customers) signed up for eBills saving the city \$1,050 per month or \$12,600 per year.

65-10

We no longer have a "Print Shop" Department within the General Fund, as we eliminated the part-time wages due to budgetary cuts. The maint. Agreements for the copiers within the Print Shop, standard white paper stock and envelopes are now within Information Services. Departmental copier charges and special need paper is budgeted within the individual budgets.

Information Services Fund

704-5800-610-20-16 Why is Paper Product going to \$16K?

IS absorbed Print Shop paper supplies:

Plain white copy paper, blank envelopes, Staple masters and Misc supplies.

704-5800-610-30-42 What is the \$35.5K for?

IS absorbed Print Shop lease on printers \$30,000 from Print Shop.

**City of Cuyahoga Falls
Storm Drainage Utility Fund - Personal Services
FY 2011 Budget**

<u>Function</u>	<u>Staffing Department</u>	<u>Employee Count</u>	<u>Other City Allocation</u>	<u>Amount</u>
Sewer Collection Manager - 1/2	Water	1	1/2 Sewer	\$ 43,073
Cement Workers - 1/3	Water	2	1/2 Sewer	\$ 66,027
Management / Clerical - 1/3	Water	2	1/3 Sewer, 1/3 Water	\$ 63,575
Ditch / Drainage Program - 7 Months	Street	6	5 Months - S.C.M.R. Fund	\$236,466
Leaf Program - 2 Pay Periods	Street	23	24 Pay Periods - S.C.M.R. Fund	\$116,930
Workers' Compensation Funding				\$ 11,362
				<u>\$537,433</u>