

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

December 18, 2017

Members: Carol Klinger, Chair
Russ Iona
Mike Brillhart

Mrs. Klinger called the meeting to order at 6:42 p.m. All members were present.

Legislation Discussed

Temp. Ord. B-114
Temp. Ord. B-115
Temp. Ord. B-116
Temp. Ord. B-117
Temp. Ord. B-118
Temp. Res. B-119
Temp. Ord. B-120
Temp. Ord. B-121
Temp. Ord. B-122
Temp. Ord. B-123
Temp. Ord. B-124
Temp. Ord. B-125

Discussion:

Temp. Ord. B-114

An ordinance authorizing the Director of Public Service to enter into a contract or contracts, according to law, for the purchase of the City's requirements for certain materials, supplies, and equipment for use by the Electric Division during 2018, and declaring an emergency.

Mrs. Klinger stated that if Council looks at the budget worksheet, this is basically all the items that were discussed in the budget. They're listed on Page 258.

Mr. Iona moved to bring out Temp. Ord. B-114 with a favorable recommendation, second by Mr. Brillhart. Motion passed (3-0).

Temp. Ord. B-115

An ordinance authorizing the Director of Public Service to enter into a contract or contracts, according to law, for the purchase of the City's requirements of certain services, materials and supplies for use by the Water and Sewer Division during 2018, and declaring an emergency.

Mrs. Klinger stated that, again, on the budget sheet, they have listed all the detail account items. They can find them in the budget under Water, on page 237 and under Sewer, on page 227, in line with everything discussed in the last month in the budget.

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Mr. Brillhart moved to bring out Temp. Ord. B-115 with a favorable recommendation, second by Mr. Iona. Motion passed (3-0).

Temp. Ord. B-116

An ordinance authorizing the Director of Public Service to enter into a contract or contracts, according to law, for the purchase of annual requirements of certain services, materials and supplies for use by the Division of Sanitation during 2018, and declaring an emergency.

Mrs. Klinger stated that these items can be found on the budget on Page 216. When they discussed the annual requirements for the Sanitation Fund, they talked about adding 500 trash carts and 500 recycle carts for the new developments, which total \$55,000.

Mr. Iona moved to bring out Temp. Ord. B-116 with a favorable recommendation, second by Mr. Brillhart. Motion passed (3-0).

Temp. Ord. B-117

An ordinance authorizing the Director of Public Service to enter into a contract or contracts, according to law, for the purchase of annual requirements of certain materials and supplies for use by the Street Department during 2018, and declaring an emergency.

Mrs. Klinger stated that this is for a purchase of salt for 2018, as discussed in the budget.

Mr. Brillhart moved to bring out Temp. Ord. B-117 with a favorable recommendation, second by Iona. Motion passed (3-0).

Temp. Ord. B-118

An ordinance authorizing the Parks and Recreation Board to enter into a contract or contracts, without competitive bidding, with Environmental Design Group LLC for professional services necessary for design and bidding of the Mill Pond-Mud Brook Greenway Trail Phase 1, and declaring an emergency.

Mrs. Klinger stated that was included in the Capital budget for 2018. This is for the design services. The same firm, EDG, which has designed the trail so far and done all the work, in terms of remediation and other work that has been done, is the firm that they will be contracting with, upon approval of this ordinance, to take them from completing the rest of the design, doing a bid package, sending it out for bid and then also managing any of the change orders during construction. It's anticipated that this would be out for bid this summer and start construction this summer. Grant money has been received for this project. In the budget, they have a grant of \$625,189.

Mr. Iona moved to bring out Temp. Ord. B-118 with a favorable recommendation, second by Mr. Brillhart. Motion passed (3-0).

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Temp. Res. B-119

A resolution requesting the Summit County Fiscal Officer to make advance distribution of tax receipts payable to the City of Cuyahoga Falls, and declaring an emergency.

Mrs. Klinger stated that they normally receive their tax money from the County twice a year. This allows the City to receive early distributions in January, February and March. In April, they would be settled with the County, and then June, July and August with a settlement in September. Mr. Bryan Hoffman, Finance Director, stated that this is an annual resolution to request the Fiscal Office be able to distribute those funds in advance.

Mr. Brillhart moved to bring out Temp. Ord. B-119 with a favorable recommendation, second by Mr. Iona. Motion passed (3-0).

Temp. Ord. B-120

An ordinance providing for supplemental and/or amended appropriations of money for current operating expenses and capital expenditures of the City of Cuyahoga Falls, and authorizing the transfer of appropriations within and for the various funds hereinafter set forth, and declaring an emergency.

Mrs. Klinger stated that Mr. Hoffman passed out a detailed explanation of all the items that are being amended tonight. Mr. Hoffman stated that he will start in the General Fund. Two items are on the transfer list in the General Administration subcategory in the General Fund. One is for the SCMR Fund. He has been talking to Council, on Report 21 nights, about how fees, license and permit revenue has been down this year. In the budget, they did put it in at \$600,000 from the General Fund to the SCMR Fund. In 2017, it was in as \$500,000. They are moving that \$100,000 just to prepare for that line item to continue to decrease. The Capital Projects Fund, \$108,000 transfer is because interest earnings have exceeded expectations in 2017, so there is more money in the General Fund to transfer to Capital Projects. In the Engineering Department, there are a couple small items. They budget for sick leave incentive costs. There is also some sellback of vacations. These are things that employees have an option to do. They don't always know exactly what is going to happen, so they may have to make small adjustments in Personal Services for sick leave incentive. In Other Operations, they are moving a little bit more into the Compensated Absences funds in the Engineering for some increases in payout out of that fund. They're a smaller department that really couldn't absorb the entire amount, so they needed to ask for \$1,000 to do that. In the Human Resources Department, there were a couple vacation sellbacks they didn't anticipate, so they are asking to increase that by \$3,000. They are decreasing Other Operations, because there was some savings in some training and education accounts and software accounts.

Mr. Hoffman stated that, In the Municipal Income Tax Fund, because income taxes have come in strong this year, they are able to move more money from that fund into the General Fund, Capital Projects Fund, Recreational Levy Fund, as they are required to do under a certain percentage split that is by ordinance. The Fire Pension Fund is a result of some extra overtime over 2017. There are some Fire employees who have been out due to assorted reasons, and the City has incurred some added overtime, more than anticipated, which is causing an issue in the Fire Pension Fund,

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because overtime is part of what they call pensionable salary. They don't need to increase the Fire Personal Services line item, because there is some added budget in some of those line items to help with the added overtime. They are only increasing in the Fire Pension Fund, not in the General Fund. They do appropriate all CDBG funds. As needed, they will decrease appropriations so that they match revenues, because they're only able to draw down revenues as they spend in the projects in CDBG. They need to decrease some of those line items, because they will not receive those revenues in 2017. There is a small amount in the Law Enforcement Assistance Fund. This was a cleanup from a correction that happened from 2016 into 2017. The Finance Department caught it during their audit preparation, so they are making that correction in 2017. Since it was between fiscal year 2016 and 2017, they did have to do a correction to appropriations, rather than just doing a book correction.

Mr. Hoffman stated that the State Road Public Improvement Tax Increment Equivalent Fund, because there is about \$4,000 less than anticipated coming in with payments in lieu of real property taxes in that fund. They are just cleaning it up. On the other side of the page, they have the Capital Projects Fund. They are decreasing the Capital Projects Fund by \$2 million for a couple of reasons. The items listed there, other than the Regional Dispatch Center, they did put in the 2018 budget. Those four items listed do not completely add up to \$2 million. There is some small savings in some other projects there, so they can decrease that to \$2 million. In the Sewer Fund, the treatment costs were decreasing the appropriation by \$1.5 million. This is mostly a direct result of the contract with the City of Akron for sewage treatment that was finalized the beginning of this year. In the Water Fund, there was some note interest accounted for. They needed to increase that just a little bit. They put it in the budget for one-percent note interest. The coupon rate on those notes are two percent, so there's a one-percent difference there. The yield came in at about 1.18 percent. Some of this cost they do get reimbursed for at note premium, so it's not the full amount that they are spending on that. They can take it from chemical supplies, so there isn't an increase in total appropriations. The same thing will happen in the Leisure Time Fund.

Mr. Hoffman stated that the Electric Fund is a direct result of anticipated power costs. They didn't spend all the power costs anticipated. In the Sanitation Fund, Personal Services line item, \$25,000, they moved some Sanitation employees over to Street employees during winter season. In 2017, it was a mild winter, and they did not move them over to Street for the entire amount of time they normally do, and left them in the Sanitation Fund doing sanitation work. Budgetarily, that had an impact on the Sanitation Fund, so they needed to increase that. In Other Operations, they do have to increase for additional vehicle maintenance and repair costs. Mrs. Klinger asked Mr. Hoffman to expand on that a little more, because it is a large amount of money. Mr. Hoffman stated that one of the reasons is, when they did have the contracted service end at the middle of the year, they started moving things into Garage. They found some areas that were lacking that they wanted to fix. One of the things they wanted to replace is one of the tires on the vehicles, because they were running flat. He can speak to Mr. Campbell a little bit more and expand on that.

Mr. Hoffman stated that the Leisure Time Fund is the next item there. It's the same thing as the Water Fund debt service and, so, the note interest is a line item they need to increase a little bit. Under the Storm Drainage Utility Fund, because the leaves didn't fall until a little bit later in the fall, there was a third leaf pickup, and there's some added cost to that. There was some savings in

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Capital under the Woodward Creek Restoration Project, so they're just doing a swap from Capital Funds to Other Operations. In the Garage Fund, they are decreasing the fuel cost by \$100,000. In the Utility Billing Fund, there are additional credit processing fees. This is due to higher utilization of bills that are being used on credit cards. They are recouping a lot of those fees from the charge. In the Self-Insurance Fund, their claims experience has been up all year, so they need to increase the Self-Insurance Fund by just a little bit over \$400,000. In the Workers Compensation Fund, the small amount there is due to a retro-claim activity. They were essentially self-insured under Workers Compensation, so there are some claims, from years past, that they have some obligation for that have come in over the year. They can take that from Contractual Services, so they aren't increasing that fund. In Compensated Absences, they are increasing that just a little bit as they've noticed separation accrued sick time payments. City employees have the option of taking some of their sick time early for two or three years prior to their separating, so some employees have been doing that, and the increase has put some pressure on the Compensated Absences Fund. In all, it's a decrease of total appropriations of \$4.992 million.

Mrs. Pyke stated that, for Capital Projects, they started off appropriating 2017 for the funds \$8,822,204, and, now, they are ending up \$19,984,621, with a difference of over \$11 million. She asked if the majority of that \$11 million was Front Street. Mr. Hoffman stated that that was correct. He can get the exact numbers, but they did not appropriate Front Street in the 2017 budget, and they did appropriate it during the approval process. Mrs. Pyke stated that she would like that \$11,264,217 broken down. Mr. Hoffman stated he would be happy to do that.

Mr. Iona moved to bring out Temp. Ord. B-120 with a favorable recommendation, second by Mr. Brillhart. Motion passed (3-0).

Temp. Ord. B-121

An ordinance authorizing the Director of Public Service to enter into a contract without competitive bidding with Greenstar Mid-America, LLC for the transfer, processing and sale of recyclable materials acquired by the City through its curbside recycling program, and declaring an emergency.

Mrs. Klinger stated that this ordinance did go out for bid. There was a bid from Waste Management and a bid to Kimball and a bid to Republic. Republic did not respond. Waste Management came back with the best response. This has to do with income that the City receives from selling recycling material. In 2017, there was \$90,000 in recycling income. The cost to recycle and the value of recycle materials has gone down significantly. In 2018, there is only going to be about \$30,000 in revenue. In 2019, it will be \$21,000, and, in 2020, it will be \$12,500. Part of this is because China stopped accepting all mixed paper in the United States, so the recycling market has dumped. Also, with this program, The City used to have a revenue sharing of 75-25 percent. Now, the revenue is going to be 80-20. Processing costs have gone up. They were paying \$11 per ton. The actual processing cost was double that. They are now at \$23 a ton. They are still paying a lot of money to get rid of glass, which has no value whatsoever. The bottom line is if residents will stop putting their recyclables in plastic bags, it will save the City a lot of money.

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Mr. Novak, Street Commissioner, stated what they can do to help declining revenue numbers is to recycle correctly. They do not accept plastic bags. Things put in plastic bags and put in a recycle bin often end up in a landfill. On each of the lids on the containers, there is a list of what they recycle and what they don't recycle. Anything other than that is called residue and goes to a landfill. If they could cut that number down, that will really help the product delivered to Greenstar Waste Management. Mrs. Klinger stated that residue costs have gone up \$4 a ton over current costs. All recycling costs are going up. They must be conscientious about the way they recycle, so they can save and make more money at the same time and reduce the amount that goes to the landfill.

Mr. Brillhart moved to bring out Temp. Ord. B-121 with a favorable recommendation, second by Mr. Iona. Motion passed (3-0).

Temp. Ord. B-122

An ordinance authorizing the Director of Public Service to enter into a contract or contracts, according to law, for the purchase of annual requirements of certain materials, supplies and services for use by the Garage Division during 2018, and declaring an emergency.

Mrs. Klinger stated that this is for the Garage Fund. It's on page 267 of the budget. It's fuel, tires, repairs and parts items that were all discussed during the budget.

Mr. Iona moved to bring out Temp. Ord. B-122 with a favorable recommendation, second by Mr. Brillhart. Motion passed (3-0).

Temp. Ord. B-123

An ordinance authorizing the Director of Safety or his designee to enter into a contract or contracts, according to law, for the purchase or lease of various vehicles and related equipment for use by the City, and declaring an emergency.

Mrs. Klinger stated that these vehicles and pieces of equipment were exactly what was discussed in detail when they went through all the capital items in the budget.

Mr. Brillhart moved to bring out Temp. Ord. B-123 with a favorable recommendation, second by Mr. Iona. Motion passed (3-0).

Temp. Ord. B-124

An ordinance levying special assessments for the repair or replacement of sidewalks and drive approaches in the Sidewalk and Drive Approach Repair and Replacement District, for the year 2017, and declaring an emergency.

Mrs. Klinger stated that Mr. Demasi sent out a list to everybody of all the sidewalks and approaches that were serviced along with the cost. Mrs. Pyke asked if the price per linear foot and square foot is the same as it was last year. Mr. Demasi stated that it was. It is \$15 a linear foot for sidewalk and \$7 a square foot for drive approach. Mrs. Pyke asked how long has it been

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at that cost. Mr. Demasi stated that it was raised to the cost it is right now about six years or so, maybe seven. He checks it every year just to make sure they're doing good, and they're still okay.

Mr. Iona moved to bring out Temp. Ord. B-124 with a favorable recommendation, second by Mr. Brillhart. Motion passed (3-0).

Temp. Ord. B-125

An ordinance authorizing the Director of Public Service to accept a grant from the State of Ohio, Department of Public Safety for the construction of a law enforcement training facility, and declaring an emergency.

Police Chief Davis stated that when they first started talking about the project, they were looking for grants to help fund the project. They met with State Representative DeVitis. He put in the state budget a Public Safety grant for \$200,000 to assist in building the training center. Mrs. Klinger stated that she would point out that, in Section 2, it says that they are obligated to complete this project and spend the money. This is the ordinance that says they are committed.

Mr. John Drumm, 2781 Tiff Street, stated that he has a problem with the bill. He went through the academy, so he knows a little bit more than most people. There's a Supreme Court hearing right now. This lady was a child at the time. Her dad did six brake jobs every year for 18 years. She died of mesothelioma. When someone shoots a gun, and doesn't have a suit to stop getting all the lead dust, when they come home to the family, they're going to transfer all that lead dust to their children. The new facility might be up to EPA and OSHA standards, but it's the people that might rent the place that are going to abuse it. The City owns it, but if no one is there to care for it and all the money that it's going to cost to maintain, it's going to be more than it's worth. Summit County has two shooting ranges they can use. They've already been thrown out of Pro Armament for breaking their rules. From 2002 to 2013, there was 1,512 violations; 7.5 violations in the US for every range. In Ohio, there was only five ranges inspected by OSHA and the EPA, and there were 55 violations. Even though this is a state-of-art facility, which \$2.3 is low to build a facility like that, what violations are the City going to be liable for in 20 years, when someone says they got sick because Dad came home every day from that range. There has to be a lot more looking into this. Mrs. Klinger stated that one way of addressing Mr. Drumm's concern is requiring any police forces or anybody who uses the training facility to use non-lead bullets. They can use ceramic bullets. They cost more money, but it does make it safer. Chief Davis stated that they were not thrown out of Pro Armament. They stopped shooting at their facilities because it didn't meet their requirements.

Mrs. Pyke asked if, by approving the acceptance of this grant, they are approving the construction of the building. Mrs. Klinger stated that Section 2 says they are obligated to the funds required to safely complete the construction of a law enforcement training facility. So, the City does agree to obligate the funds required to complete the facility. There would still be another ordinance to enter into a contract to build it, but what they're saying here is they're going to spend the money. Mrs. Pyke asked if they accept this grant, are they obligated to build the building, or are they obligated to use that money towards the building. Mr. Russell Balthis, Law Director, stated that

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the contract that awards the grant says that they must have a good faith effort to go forward and to develop the building. To answer Mrs. Pyke's question, by approving this ordinance, they are agreeing to build the facility, but they would then build a separate ordinance. If Council would turn that ordinance down, they would not have to build the building, but they would be in breach of contract for the contract that they are approving here with the State of Ohio. So, that would be the situation, and the State of Ohio would have a claim to recover the \$200,000 from the grant from the City. Mrs. Pyke stated that if they would not build the facility, they wouldn't have spent the \$200,000. In breach of the contract, they would return the grant. Mr. Balthis stated that there are a couple steps. Even if the facility isn't built, normally, there are engineering costs, there are design costs and other costs that could be incurred before building the building. Those are eligible expenditures for this grant. He looked at this grant agreement a while back and would want to double check that there is not a different liquidated damages clause, or anything like that, but, as far as he recalls, the extent of their damages would be the \$200,000 for the grant. Mrs. Pyke stated that she was very uncomfortable with it. She agrees that they're saying they're going to build the facility. Council saw what was presented during the budget, but they didn't talk in depth like they would have if that legislation were before them. Chief Davis said that he is not a lawyer, but his understanding was if they don't spend the money, they send the money back to the State. Mr. Balthis stated that is correct.

Mrs. Pyke stated that this ordinance is to accept the money. She asked if they want to spend the money, will it come back to Council in the form of engineering costs, or are they giving approval to spend the \$200,000. Mrs. Klinger stated that there will be another ordinance to enter into a contract for design work and to enter into a contract for construction. Those must be done and sent back through Council. She is just pointing out that they are committed. Going down this path means they are doing this. That's all. Mrs. Klinger commended Chief Davis on looking for money and to keep looking because she doesn't want to pay for this. Chief Davis stated that he completely understands.

Mr. Brillhart moved to bring out Temp. Ord. B-125 with a favorable recommendation, second by Mr. Iona. Motion passed (3-0).

The meeting adjourned at 7:20 p.m.