

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

December 19, 2016

Members: Carol Klinger, Chair
Russ Iona
Mike Brillhart

Mrs. Klinger called the meeting to order at 6:39 p.m. All members were present.

Legislation Discussed

Temp. Ord. A-96
Temp. Ord. A-97
Temp. Ord. A-98
Temp. Ord. A-99
Temp. Ord. A-100
Temp. Ord. A-101
Temp. Ord. A-102
Temp. Ord. A-103

Discussion:

Temp. Ord. A-96

An ordinance authorizing the Mayor or his designee 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 2017, and declaring an emergency.

Mrs. Klinger stated that these items match up by line item to all the items that were approved in the budget last week.

Mr. Iona moved to bring out Temp. Ord. A-96 with a favorable recommendation, second by Mr. Brillhart. Motion passed (3-0).

Temp. Ord. A-97

An ordinance authorizing the Mayor or his designee 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 2017, and declaring an emergency.

Mrs. Klinger stated that each line item is designated. It matches to the budget, as well as the generic capital requirement of \$260,000.

Mr. Brillhart moved to bring out Temp. Ord. A-97 with a favorable recommendation, second by Mr. Iona. Motion passed (3-0).

Finance Committee Minutes
December 19, 2016- Page 2

Temp. Ord. A-98

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, on the budget sheet and detail sheet, these were itemized under the Street Department. In the capital budget, it was listed as a lump sum. These are all replacement vehicles, so nothing new is being purchased here in terms of adding to the fleet. These are basically all the items that were presented for vehicles and small items that are like vehicles that were presented in the 2017 budget. Mr. Rubino asked Mrs. Klinger if she could identify the Director of Safety. Mrs. Klinger stated that the Director of Safety is Mayor Walters.

Mr. Iona moved to bring out Temp. Ord. A-98 with a favorable recommendation, second by Mr. Brillhart. Motion passed (3-0).

Temp. Ord. A-99

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 Council has received two handouts, Exhibit A and Exhibit B and the supplemental appropriations detail. On Exhibit B, the supplemental will be the detail that ties to the column that is entitled "2016 Supplemental Appropriations." These are items Council has already passed. Mr. Bryan Hoffman, Finance Director, stated that Exhibit A is pretty much a summary of Exhibit B and Exhibit B is the detail. In the first page of Exhibit B, under General Fund, General Administration, they're proposing to decrease the transfer to the Street Construction Maintenance and Repair Fund by \$200,000. Due to last year's mild winter, they did not need the total amount of \$700,000. The transfer to the Electric Fund for \$43,000 is sales tax. That is in direct correlation to kilowatts sold. They normally estimate that around \$1.8 million, but they went a little bit above that in 2016. The transfer to the Capital Projects Fund is in direct correlation to interest revenues. They estimated interest revenues at a little under \$400,000. That was exceeded by quite a bit, so they are increasing that by \$181,000. The transfer to the State Road Public Improvements Tax Incremental Equivalent Fund is the Portage Crossing TIF Fund. At the beginning of the year, they had anticipated the need to supplement the debt service by \$30,000. Once they got those numbers in, they are going to be paying all the debt service and about \$97,000 through the Capital Projects Fund. That will be shown in the following page. So, they are decreasing that appropriation in the General Fund Administration. The next two items are Council and the Mayor's Office. Under Personal Services, they are correlated with the retro payments that were paid this pay year. Once the final numbers were in, they needed to increase those by very small amounts. The next item on the sheet is Civil Service Commission. These were Civil Service tests that have come about since the midyear appropriation this year. There was a fire captain test, an apprentice lineman test, a police officer test, a building and grounds supervisor test and mechanic test, so they need to increase those. The next item is Human Resources. Those are also

Finance Committee Minutes
December 19, 2016- Page 3

connected to the retro amounts. There were no changes in Human Resources in the midyear appropriation. Every year, under Personal Services, they try to estimate what the vacation sell-back is and how much that may be. There weren't any changes made to that this year, but they did experience some vacation sell-backs in the Human Resource Department which made them need to increase that by a small amount. On the next page, Transfer to Police Pension Fund is decreased by \$15,000. The transfer to the Police Pension Fund and Fire Pension Fund is something that corresponds directly with salaries. They don't anticipate hitting the salary number that they have there. They decreased the salary number in the midyear appropriation and didn't touch the transfer amount, so it is being decreased. Technical Services, Personal Services, they need to increase by \$5,500. That is due to a couple of things. One is radio setup for the City's radio station in conjunction with the schools. The City has been helping them out a little bit to get them up to speed. That shouldn't continue throughout next year. The larger number there is for police cars. There was overtime authorized to get police cars out quicker than normal after having police cars destroyed in the parking lot and out of commission. They had some police cars that needed to have lights, sirens and radios put in. The \$10,000 in the Other Operations line item is an increase due to equipment from accidents. Under Information Services, the Personal Services line item is again due to the retro pays and vacation; primarily, the vacation sell-back numbers that have been increased.

Mr. Hoffman stated that, under Municipal Income Tax Fund, the Refunds line items needs to be increased by \$175,000. There has been an increase in net income refunds over the past couple months, so it is anticipated to go over. The Police Pension Fund and Fire Pension Fund are just the other side of the equation from the General Fund line items of \$15,000 and the \$7,000. Under the Rec Levy Fund, all the transfers from 2014, on, have been cleaned up from doing any other transfers other than from the General Fund to other funds. This is the last transfer that is being fixed. The \$750,000 that is transferred to the Leisure Time Fund is now being paid directly out of the Rec Levy Fund and not transferred to the Leisure Time Fund to be paid out in debt service. Other Operations is being increased by that \$750,000. They are moving \$18,000 from Other Operations to Capital Outlay for work on the Quirk Cultural Center roof. The design is being done this year and the construction will be done next year. The net of the \$750,000 is the \$732,000. Under the CDBG Fund, appropriations are being decreased by \$500,000. This is in relation to the revenue that they get. From a City budget perspective, expenses and budget need to match revenue expectation projections; if not, they run into an audit issue. Mr. Hoffman stated that he plans on doing the carryover appropriation every year. That is a book-entry appropriation on amounts that they're able to spend and a bookkeeping-type exercise that they would like to continue doing so it matches the Federal system. In the Law Enforcement Trust Fund, they did not build the firing range that was budgeted for in 2016, so that will be decreased by \$300,000. The State Road Public Tax Increment Equivalent Fund shows a \$141,000 increase to that fund; \$97,000 of that is going directly into the Capital Projects Fund. Because of added revenue in that fund, there's an increase in fees the Fiscal Office takes, as well as an increase in the amount they are obligated to give to the schools as part of the contract. That amount is \$44,000 of the \$141,000.

Mr. Hoffman stated that under the Capital Projects Fund in Capital Outlay, they are going to decrease that \$500,000 due to the firing range that had been budgeted for in 2016. In the Sewer

Finance Committee Minutes
December 19, 2016- Page 4

Fund, there is \$750,000 that was not put in this year's budget. That was a set-aside amount that was included into previous years' budgets for sanitary sewer overflow projects that may have been mandated by the EPA. There has been some progress on that this year and they are hoping future discussions with the EPA will be positive. On the Water Fund, they did not paint the Oak Park water tank, so that has been decreased by \$500,000. Under the Sanitation Fund, in Personal Services, \$32,000 is primarily due to some timing on the winter program. In the Sanitation Fund, some Sanitation employees are moved over to the Street Department to help with the winter program. It is also due, in part, to the retro payments. Other Operations is being decreased \$72,000, because they have that in savings and other operations this year. Capital Outlay is going to be increased by \$40,000. An engine was blown and needs to be rebuilt, so they are going to move forward with rebuilding the engine to one of the existing vehicles in Sanitation. In the Garage Fund, they need to decrease this fund by \$235,000 to stay within revenues on the Garage Fund, because it is so close between cash fund balance revenues and expenses, fuel, parts and miscellaneous accounts. Under the Compensated Absences Fund, these are payouts due to people leaving and payouts for the accumulated vacation and sick time that they are due. They budgeted \$500,000 was budgeted for this fund and there was approximately \$516,000 in payouts, so they were right about where they thought they would be in that fund.

Mrs. Klinger stated that she needed clarification on what Mr. Hoffman stated about the CDBG Fund. Under Other Operations, they are showing an adopted budget of \$439,000 and then a supplemental of \$763,000. She asked if they need to reduce those two numbers by \$500,000 to bring them into alignment. Mr. Hoffman stated that was correct. Their total adopted budget was \$572,000 in total appropriations. Each year, they receive approximately that much in their entitlement award. The process that they have taken over the past couple years is to appropriate the original entitlement award in the year; then go back and look at any funding they have available to be used for projects that may have been in previous entitlement years. They have been appropriating those in a carry-over piece of legislation. That took the total amount appropriated this year up over \$1 million. If those projects are not done or there is some delay in the revenue of those projects, they cannot report that as revenue on the City's book side of things. If they don't show it as a revenue source and they are overbudgeted, because appropriations are outstanding or there is available money to spend, that, by rule, shouldn't be allowed. They need to decrease appropriations by the amount that they anticipate getting in as revenue, so that it doesn't show that they're over-appropriated on the resources available. Mrs. Klinger asked if that was because all the money was not spent or because they carryover projects they're accruing for. Mr. Hoffman stated that Ms. Sheridan may be able to help them out on exactly what projects are in CDBG, but he thinks it's a little bit of both. Ms. Sheridan stated that she will look into that and get back to them tomorrow. Basically, it is a lot of prior-year monies that weren't spent for some reason. Mrs. Klinger stated that because it is almost a year's worth of programing that continues to roll over, is that what they expect to spend in 2017. Ms. Sheridan stated that was correct.

Mrs. Pyke asked if the \$1.8 million in the Electric fund could be explained again. Mr. Hoffman stated that, in the Electric Fund, there is a tax that is calculated on electric rates, and that tax flows through the General Fund and is transferred back to the Electric Fund as revenue to the Electric

Finance Committee Minutes
December 19, 2016- Page 5

Fund to help keep rates down. Mrs. Klinger asked if it was just a flow-through. Mr. Hoffman stated that was correct. Mrs. Pyke asked if the CDBG money has anything to do with the fact that they don't receive their money until June or July. Ms. Sheridan stated that it does not. There is also a revolving loan fund from prior years, back to 2004, when loans were made and the money was paid back. She stated that that balance is significantly high, but she will get that information to everyone this week.

Mr. Brillhart moved to bring out Temp. Ord. A-99 with a favorable recommendation, second by Mr. Iona. Motion passed (3-0).

Temp. Ord. A-100

An ordinance authorizing the Mayor or his designee 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 2017, and declaring an emergency.

Mrs. Klinger stated that each one of these align with the line items that were presented in the budget last week.

Mr. Iona moved to bring out Temp. Ord. A-100 with a favorable recommendation, second by Mr. Brillhart. Motion passed (3-0).

Temp. Ord. A-101

An ordinance authorizing the Mayor or his designee 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 2017, and declaring an emergency.

Mrs. Klinger stated that this is mostly rock salt and asphalt. All the rock salt comes out of the three different funds that are listed in here. Those tie in in the budget. The asphalt products are buried in with the Capital numbers, and that is \$220,000.

Mr. Brillhart moved to bring out Temp. Ord. A-101 with a favorable recommendation, second by Mr. Iona. Motion passed (3-0).

Temp. Ord. A-102

An ordinance authorizing the Mayor or his designee 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 2017, and declaring an emergency.

Mrs. Klinger stated these also line up with the budget by account.

Mr. Iona moved to bring out Temp. Ord. A-102 with a favorable recommendation, second by Mr. Brillhart. Motion passed (3-0).

Finance Committee Minutes
December 19, 2016- Page 6

Temp. Ord. A-103

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 2016, and declaring an emergency.

Mrs. Klinger stated that this ordinance is to bill all the residents who had sidewalks or drive approaches put in in 2016. Mr. Demasi has distributed a list to everyone of all those approaches and the cost associated with them. It is \$15 a linear foot for the replacement of sidewalks and \$7 per square foot for the drive approaches. These bills will go out in mid-January and the residents will have 30 days to pay those. If they aren't paid in full, then they go on the tax duplicate either in July or at the end of the next year. Mr. Hoffman stated that he does not know tonight as to when those will go out, but he will e-mail that information to Mrs. Klinger and Council as soon as he gets an answer.

Mr. Brillhart moved to bring out Temp. Ord. A-103 with a favorable recommendation, second by Mr. Iona. Motion passed (3-0).

The meeting adjourned at 7:08 p.m.