

Cuyahoga Falls City Council  
Minutes of the Finance Committee Meeting  
December 3, 2012

Members: Diana Colavecchio, Chair  
Don Walters  
Jeff Iula

Mrs. Colavecchio called the meeting to order at 6:35 p.m. All members were present.

The minutes from the November 19, 2012 Committee meeting were approved as submitted.

**Legislation Discussed:**

Temp. Ord. A-114  
Temp. Ord. A-115  
Temp. Ord. A-116  
Temp. Ord. A-117  
Temp. Ord. A-118  
Temp. Ord. A-119  
Temp. Ord. A-120  
Temp. Ord. A-121  
Temp. Ord. A-122  
Temp. Ord. A-123

**Discussion**

Mrs. Colavecchio read all ten pieces of legislation. She stated two would be discussed, several would be held pending an executive session, and A-114 and A-116 would be discussed at the end of the Committee meetings because they dealt with the annual appropriations budget.

**Temp. Res. A-115**

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.

This is a housekeeping item that the City has to request through the County so that the County will make a distribution of real estate taxes. This has been done once already this year.

Mr. Iula moved to bring out A-115 with a favorable recommendation, second by Mr. Walters. Motion passed (3-0).

**Temp. Ord. A-117**

An ordinance authorizing the Director of Finance to make salary supplement payments to eligible full-time employees of the City in Fiscal Year 2013, and declaring an emergency.

Mr. Janis stated this authorizes the City to pay a one-time salary supplement in January, 2013 using money that will hopefully be appropriated. Each employee eligible had to have been on the City's payroll on June 1, 2012, December 31, 2012 and January 18, 2013. Payment would be made no later than January 31, 2013. This includes bargaining and nonbargaining employees who would receive \$3,500, and Council who would receive \$1,250. Bargaining unit members are eligible pursuant to their contracts. Mr. Walters stated that estate tax ceases in Ohio at the end of this year. He asked if the City would be able to continue that tax pursuant to home rule. He stated that currently if you pay the tax to the state, you can

deduct that from what you pay to federal. Once you no longer have to pay the state, the full amount would be due the federal. That did not seem like a savings. Mr. Janis stated if you pay an estate tax, there is a deduction on your federal return. In one instance it is a tax payment and the other reduces your income. He felt there would be a savings to an estate by Ohio repealing the law. As far as the home rule issue, the City does not have home rule for taxation purposes.

Mr. Walters stated he understood that the unions have looked at this and voted to extend their contract. It sounds like a good deal for all parties. He felt, however, as an elected official that he cannot accept the supplement. He asked how that would be handled. Mr. Brodzinski stated that Council has refused raises in the past. It would be the same situation. He would just not implement the direct deposit. The ordinance would not need to be amended. The money would stay in the fund from which it came out of which, in Council's case, is the general fund. Mr. Iula stated he felt the same as Mr. Walters and would not be accepting the supplement. Mrs. Colavecchio did not expect everyone to indicate tonight whether they would be opting out or not. Mrs. Pyke asked if Council could earmark the money to go to another fund within the general fund. Mr. Brodzinski stated not as currently set forth in the ordinance. They would need to change the appropriations to do that. Mr. James indicated he would be opting out. He felt it was the fiscally-responsible thing to do to put the money back into the City's resources. Mrs. Klinger stated she would be opting out as well. She also felt the language beginning on line 41 to the end of the paragraph was offensive and wanted to see it stricken. Mr. Ihasz agreed with the other Council members and will be opting out of the bonus. Mrs. Snyder will also be opting out.

Mark McCullough, 2300 Larchdale, felt the money should benefit the citizens of the City and not just City employees. Programs have been cut over the years. The money should be used to bring some of those back. He cannot believe it is being used to give everyone a raise. He asked who made this determination. Mr. Brodzinski stated it was decided by the Administration as a whole because employees have received only one raise in the past four years. They decided to split it and give the employees a concession and the rest would be put into the general fund. That means that one-third would be left for services of the City. This is a one-time payment. It would not make sense to reinstate any program that would only have to be cancelled again. Mr. McCullough stated that even if the whole amount were allocated to the general fund, that would be better.

Billy Harding, 2705 Ironwood, asked if Council has thought about taking the money and putting it back into the safety forces. Their staff is not where it was years ago. Mr. Brodzinski stated if you talk to both Chiefs, they will agree their staff is not where it was but both will tell you they are fully staffed. This is a one-time receipt of money and a one-time payment. Mr. Harding stated since the majority of Council was not taking the money, he asked if the people at the rail would also pass. Mrs. Colavecchio stated she was not going to ask anyone to put themselves into the limelight. It is a private matter between each individual and the City. Mr. Rubino stated he intended to opt out and would be very happy to redirect his share to the safety forces.

Terry McHugh, 401 Morrison, stated that employees may not have received a raise for four years but they do make good money. His taxes pay their wages. He has not received a raise in five years. He felt the money should be put away for a rainy day.

David Witner stated when the City first approached the unions, they had a three-hour membership vote to accept by a 2-1 margin. They thought it was fair for a one-time payment. There is no pension contribution from the employees or the employer. This is a good time for the City and union to cooperate and keep their salary and healthcare numbers flat. The unions agreed to extend the contracts for one more year so both sides could have stability until the end of 2014. He thought it was a good deal from both sides of the table to do something.

Mrs. Colavecchio asked if the City has actually received the money. Mr. Brodzinski stated the money was received via ACH in October as a tax settlement. It also had supporting documents. Mrs. Colavecchio requested a copy of those documents and would then share them with the rest of Council. Mrs. Colavecchio asked about the amount received and the size of the estate. Mr. Brodzinski stated the total estate tax for the individual was \$1.254 million, and the City received 80% or \$1.003 million. The gross or net estate was within \$15 to \$20 million. The date of death was 9/11/2011. Mrs. Colavecchio stated that estate tax is due nine months from the date of death. Mr. Brodzinski stated the City receives estate taxes from 2008. The money would get deposited to the County and that would be distributed in the second half. Mrs. Colavecchio asked if the State of Ohio issued its notification that they have audited the return and found it acceptable, and that the amount of tax paid is the correct amount. Mr. Brodzinski stated the attorney who handled the estate would be able to answer that. Mrs. Colavecchio stated this is a huge estate. Normally, that means the executor comes back later and amends the return claiming deductions they were not aware of when they originally filed. While she understands the position and intent here, her concern is that this money might be subject to an audit and that the Ohio Department of Taxation may come back to the City and have the City pay some back. She asked if anyone did a cross reference to look at the individual's income tax returns filed with the City. Mr. Brodzinski stated the person was in their 80s. Senior citizens do not typically need to file returns with the City. Mrs. Colavecchio stated that was a possibility if the gross estate consisted of the type of assets that were not earning interest or dividends. With an estate this large, it is difficult for her to believe that is the case. She asked the Administration to look into it. Mr. Brodzinski stated if the individual was earning interest on CDs, that money is not taxable at the city income tax level. He will check if the person has filed but he did not think they did. Mrs. Colavecchio asked what the length of term of residency was for this individual. Also, if they have not been filing a return, at what point were they filing a return. Her only other comment was that someone had concerns that the supplement does not go to people who are retiring at the end of the year. It goes to someone who has been employed for only six months but not to someone who is retiring from the City with many years of service. Mr. Brodzinski stated that is true if the individual is retiring before January 18. The determination was that the employees who were there for six months will be on-going employees. Retiring people have other benefits. Mrs. Colavecchio asked about the January 18th date. Mr. Brodzinski stated that is the second pay date in January.

Mrs. Colavecchio stated she was inclined to hold this legislation pending receipt of the information she requested.

Mr. Walters moved to hold A-117, second by Mr. Iula. Motion passed (3-0).

Mrs. Colavecchio stated that Council would now vote to dissolve into Executive Session. Mr. James moved to dissolve into Executive Session, second by Mr. Walters. Mr. Janis stated that the ordinances which were going to be discussed in Executive Session were related to A-117 and that it would be moot to dissolve into Executive Session this evening. Mrs. Colavecchio withdrew her request for a motion.

The Finance Committee recessed at 7:05 p.m. and reconvened at 7:10 p.m.

#### **Temp. Ord. A-114**

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, 2013, and declaring an emergency.

#### Capital Projects

Mr. Brodzinski stated that in the General Fund, real estate taxes, commercial activity tax and local government is budgeted to be \$2.7 million less in 2013 than what was received in 2010. He forecasted

income tax revenue at a 1% increase over what was anticipated. The five-year capital budget is for 2013 - 2017.

*Expenditures* -- Mrs. Colavecchio stated that the debt service figure in the June report was slated to go up in 2013 before going down. Mr. Brodzinski stated that he has better numbers now than he did when preparing the June report. There was a borrowing in August at a 1% interest rate. They are planning to pay down \$2.5 million each year. That is why he prefers the City to stay in short-term borrowing. It gives more flexibility to pay down.

*Street Department* -- Mrs. Carr stated they will be purchasing three items: tandem axel at \$229,000, skid at \$35,000 and a one-ton dump truck at \$65,000. These will all be new vehicles--not used--and they will be getting rid of the old vehicles.

*Police* -- Chief Pozza stated the two large items are the purchase of two fusions for the detective bureau and the training for the Prism upgrade. The rear bumper and steps on the SWAT vehicle are rusted. The repairs will replace the rear portion of the van. He applied for a grant to purchase a motorcycle. The in-car digital system that is listed in the June report has been paid off.

*Fire* -- Chief Moledor stated they need to purchase a new engine. During an inspection, they found that Engine 4's frame rails were rusted and cannot be repaired. They looked at getting an engine large enough to be classified as a tanker so they could get rid of the current tanker and the engine. They had it slated for 2014 but have bumped it to 2013. The money for the squads is per the annual replacement program. The repairs to the crumbling stairs at Station 1 will probably be done in-house. As far as the HVAC system for Station 1 listed in the June report, they were able to replace that this year. They bumped the generator for Station 4 because of the engine.

*Bridges* -- Mr. Demasi stated bridges in the City are 3 to 22 years old. He inspects them once a year. The City has not had much requirement or need over the past several years but he would like some opportunities to make some maintenance repairs. ODOT is not planning to do any bridge work, although they did do some work when a truck hit one of the City's bridges.

*Other Projects* -- They keep having problems with the signal at Bailey Rd. and Munroe Falls Ave. This amount also includes the Howe Rd. Corridor, which is over 15 years old. They will proceed systematically in future years. The amount for radio system upgrade is what is due under a ten-year lease which expires at the end of 2017. Parking deck infrastructure is for maintenance of one of the decks. Assessable tree trimming and weed cutting costs are charged to property owners. The State Road Improvements is part of the widening project. The amount for Portage Crossing Infrastructure is for a potential change order. The hospital project is the City's associated cost of land, interchange and utility improvements. Roof replacement at City Hall is on the police side. The extended cab pickup is for Tech Services. The Graham Road rebuild is the City's proportionate share. Parks and Recreation is for various projects, including a zero-turn mower, roof replacement at Linden, renovating basketball courts at Richardson and DeWitt, renovating playgrounds at Ross and Trails End, asphalt repair work at Babb Run and Keyser Park, and purchasing some vehicles. Mrs. Colavecchio asked Mr. Lohan to email Council with a list of those items and their associated costs. The City is in the process of converting its email system. The Garage fuel island and canopy was purchased used over 25 years ago so it needs to be replaced. The pole barn has one-half of the cost coming out of the capital projects fund and the other half coming out of the sanitation fund. The brine well is used by both the water and street departments and will be charged to both. The current well is starting to see its final days. The City did some testing to see where the best place to drill would be, which looks like it will be in the same area as the current one. They want to be cautious because it is a valuable resource that the City has. Many cities have to purchase brine. The current well is 800 to 1,000 feet deep and would be like a cave inside. They are estimating it

has been there for 45 years. There have been some minor cave-ins. They feel they are doing the right thing by staying ahead of the game. They will begin the process to determine the scope of the current vein. Brine is expensive. The Street Department used over 2 million gallons last winter and brine is \$8 to \$10 per gallon. The epoke will not operate without it.

*Pie Charts* -- Mrs. Colavecchio asked if the percentages are the same as they've been over the past five years or is the trend going a different way. Mr. Brodzinski stated there is a substantial decrease in local government as well as real estate. He has never looked at it in this form before. He can go back and run the numbers from five years ago to see how they have changed. He stated income tax has been flat but due to the City's growth, the number is slightly above where it was in 2010.

Mrs. Colavecchio asked if County money is part of the money coming in from the state. Mr. Brodzinski indicated it was. There is a figure showing for inheritance tax because there is a residual tax collected for estates that are in the process and have passed away before December 31. The internal service charges is charged to various other funds. Mrs. Colavecchio asked if 81.74% for personal services was average for a city our size and asked if it was trending up. Mr. Brodzinski stated it is average for any city. He does not look at numbers in the form of a pie chart. The only items he puts in here are transfers specifically related to personal services.

#### Council

The proposed budget is \$265,288, which is a 6.78% increase over 2012. The reason for the change is due to salary supplement payments.

#### Mayor

The proposed budget is \$256,452, which is a 6.15% increase over 2012. The reason for the change is due to salary supplement payments. The amount listed under employee training and employee travel is for a conference for the Mayor to attend.

#### Mayor's Court

The proposed budget is \$205,602, which is a 10.44% increase over 2012. The reason for the change is an increase in personal services due to employee merit increases, salary supplement and estimated vacation sellback. Revenue for 2013 is down about \$10,000. It seems to be leveling off. The City is handling housing code violations.

#### Finance Director

The proposed budget is \$826,036, which is a 6.49% increase over 2012. The reason for the change is an increase in personal services due to employee merit increases and salary supplement.

#### Income Tax

The proposed budget is \$19,783,317, which is a 4.71% increase over 2012. The reason for the change is an increase in transfer-out due to a "net increase" (estimated revenue less operating expenses) in income taxes available for distribution. There is \$14,000 in salary supplement. Insurance is lower because a full-time employee retired, and they are going to try to get by with a part-time person.

### Service Director's Office

The proposed budget is \$340,477, which is a 5.98% increase over 2012. The reason for the change is an increase in personal services due to employee merit increases and salary supplement.

### Engineering

The proposed budget is \$1,050,710, which is a 2.37% increase over 2012. The reason for the change is an increase in personal services due to employee longevity increases and salary supplement, offset by attrition. The increase in computer system support from \$7,000 to \$16,000 was due to going to a three-year maintenance contract which will save over 7%.

### Community/Economic Development

The proposed budget is \$811,580, which is an 11.35% increase over 2012. The reasons for the change is an increase in personal services due to employee merit increases and salary supplement, and an increase in contractual services relating to the budgeting of EECBG Federal grant carryover and Gorge Terrace Trails study. There is a \$25,000 grant on the revenue side. Contractual other was \$5,000 but is budgeted at \$42,000 which includes \$25,000 for gorge trail.

### Riverfront Centre District

The proposed budget is \$561,273, which is a .08% decrease from 2012. The amounts that were under contractual other in 2012 were reclassified and some were moved to maintenance and repair costs. The decrease on the revenue side is because in the past, money was given to the City for port-a-potties went into that line item and now they do it on their own so that revenue got peeled out. Mrs. Klinger stated that amount is pretty significant and she asked for that to be looked into. Mrs. Colavecchio asked for an update on the profitability of Falls River Square. Mrs. Truby stated she did not have those figures with her but would get them to Council.

### Law Director

The proposed budget is \$892,364, which is a 3.36% decrease from 2012. The reason for the change is a decrease in personal services due to attrition and voluntary furloughs by most employees. Contractual other is increasing from \$43,000 this year to \$93,000 in 2013. Mr. Janis stated it is mostly for litigation, expert witnesses, and appraisers. They are gearing up for more in-house litigation in 2013. These are things that have never been outsourced.

### Civil Service

The proposed budget is \$27,480, which is a .40% increase over 2012. Mr. Brodzinski stated he will be making changes at the end of the year depending on who leaves. The only thing that changes is testing costs, etc.

The Committee will continue to hold A-114 and A-116.

The meeting adjourned at 8:40 p.m.