

Cuyahoga Falls City Council
Minutes of the Finance Committee Meeting
December 5, 2011

Members: Kathy Hummel, Chair
Don Walters
Carol Klinger

Mrs. Hummel called the meeting to order at 6:30 p.m. All members were present.

The minutes from the November 21, 2011 Finance Committee meeting were approved as submitted.

Legislation Discussed:

Temp. Ord. B-115
Temp. Ord. B-121
Temp. Ord. B-122
Temp. Ord. B-123
Temp. Ord. B-124
Temp. Ord. B-125
Temp. Ord. B-127
Temp. Ord. B-128

Discussion

Mrs. Hummel stated there was a Special Council meeting called to begin at 6:40 this evening. To keep things moving, she was going to go ahead and start discussing B-115 and then recess after that discussion so that the Special Council meeting could be held. She will then reconvene the Finance Committee meeting at the conclusion of the Special Council meeting.

Temp. Ord. B-115

An ordinance authorizing the Director of Public Service to enter into a contract or contracts without competitive bidding with Genuine Parts Company for the operation of an automotive parts shop in a City facility located at 2560 Bailey Road, and for the purchase of auto and truck parts, for a period not to exceed three years, and declaring an emergency.

Mrs. Hummel stated this was tabled at last week's Council meeting and referred back to Committee for further discussion. There was an explanation by Genuine Parts and NAPA that she did not understand because she did not have the contract to know what the ramifications were. After she received and read the contract, it appeared that the City would be paying, out of City funds, for the employee who was put in the City garage by NAPA. That was not her understanding two weeks ago.

Mrs. Carr stated that everyone should have received a letter from NAPA showing how the program saves money. She stated as long as the City is making its break-even point, which is approximately \$40,000 a month, it will not pay any additional costs. They have gone through their bills for the parts they buy. It is between \$480,000 to \$500,000 a year. They will be starting with garage and sanitation, and would eventually like to merge other departments in, such as Parks & Rec. The State of Ohio has been talking to NAPA and so was Summit County. She is hopeful that Summit County will be joining so that the City can merge its buying power with the County's for better pricing. She added that the City's current parts person has submitted his retirement papers so that is now for sure. Mrs. Colavecchio stated there would be no additional cost if the City meets its threshold and asked what would happen if it did not. Mrs. Carr stated they put in \$23,000 for next year as a safeguard in case the City does not buy enough parts. It

comes down to whether NAPA can make a 10% margin. Mr. Brodzinski stated if the City exceeds its threshold one month but is under the next, they will work with NAPA. It will be cumulative. If the City has sales of \$50,000 in a month, the extra \$10,000 will carryover. Mrs. Colavecchio asked whether the threshold would be adjusted if the program were expanded to include Parks & Rec. Mr. Brodzinski stated the break-even point will not change. The City would just guarantee it will exceed that threshold. If Parks & Rec. were included, the City would only do it if the parts it is buying are less. For example, if the City is currently buying sand for \$50 per ton and NAPA says it can get it for \$52, the City would not go with NAPA on that item. Mrs. Carr added that if NAPA goes over the 10% profit, that money would be refunded back to the City.

Mrs. Hummel stated she asked Mrs. Carr whether the \$40,000 was over an annualized basis, and she said that it was. The garage is looking at spending \$480,000 on parts. As long as it meets that threshold, it would not be adjusted on a monthly basis. She asked Mr. Janis if the contract reflected what Council was being told this evening. Mr. Janis indicated it did.

Mrs. Klinger moved to bring out B-115, second by Mr. Walters. Motion passed (3-0).

The Committee recessed at 6:45 p.m. and reconvened at 6:56 p.m.

Temp. Ord. B-121

An ordinance authorizing the Director of Public Service to enter into a contract or contracts for cleaning services at the Municipal Building, and declaring an emergency.

Mrs. Carr stated she put together a letter of facts (attached). She pointed out that the City has already made some external cuts to the leaf program and senior snow removal, but they need to look for more. In 2010, they did an apples-to-apples bid for cleaning services. The City's cost for those services was \$194,679.66. The low bid for those same services was \$52,500. At that time, AFSCME made some concessions to cover the difference in order to retain the employees. The City was very clear that this would probably be bid again in 2011. The City gave AFSCME an official notice to contract out the cleaning services on November 7. In working through the budget process, they realized that additional cuts were needed so they moved away from the apples-to-apples bid from a year ago and moved to a three-day-a-week cleaning contract for City Hall. The service complex opted out of any cleaning to save costs, and each department will be responsible for cleaning their own areas. The jail will continue to be cleaned by a regular part-time employee and the fire stations will continue to be cleaned by fire department employees. The cost comparison for this scenario is \$201,284.53 for the City's cost and \$34,320 for the low bid contract price. The City's price went up from a year ago due to raises and potential longevity. The contract bid went down because it moved to a three-day work week. Also, there would be additional savings through reduction of cleaning supplies, elimination of workers' compensation, no sick leave usage, and no medical claims. As far as market value, the wages for the current cleaning staff range from \$15.89 to \$16.41 per hour. That is over \$8.00 more than the 2012 minimum wage standard of \$7.70. According to U.S. Dept. of Labor Statistics, wages in our region for building cleaning workers ranged from \$8.10 to \$11.50 per hour. The City's lowest -paid cleaning personnel is still making \$4.39 more per hour than the highest paid cleaner in this area. This shows why the City's costs cannot compete with the outside market. In addition, the City's benefits package is significantly better than a minimum wage employee. She stated that AFSCME members were taking a vote tomorrow night on a concession package. While she does not know the details, the City will certainly consider any package presented. If the vote is for the concessions and it is acceptable and workable, the Administration will most likely bring down legislation to accomplish a deal. If the Union votes against the concession, however, she urged Council to allow the City to enter into this contract. They need to start making some unfortunate decisions. The public does not want to see more services cut.

Mrs. Hummel asked how many employees were affected. Mrs. Carr stated there are four, however, the City has been given indications that one of them would be retiring. Mr. Walters asked for an explanation on how bumping rights would work. Mr. Janis stated the first step is to determine whether there is a vacant job. If no position is available, then the employee can bump within his division into a position that is at an equal or lower pay scale and less seniority. If there are none in his division, the employee can bump City-wide. In this case, the cleaning personnel can only bump a laborer position. Mr. Walters asked about qualifications and whether the employee would be given a period of time to learn the position. Mr. Janis stated the contract requires that employees be qualified and does not require they be given a period of training. Mr. Walters asked about the service departments opting out of the cleaning. Mrs. Carr stated for many years, they did their cleaning internally. Then, the employee doing it was out on disability so the cleaning staff took over. Under the electric contract, the job description is fully defined so they have asked that the duties be returned to them. The complex departments wanted to opt out because they did not want to lose other things that were more critical. Mr. Walters asked about bringing someone new in to work around sensitive City documents. Mrs. Carr stated it is a performance contract, and it would be much simpler to replace someone who wasn't working out under this contract vs. replacing someone under the union contract. Mr. Walters asked what the labor cost was for laborers at the service complex and fire station doing the cleaning. Mrs. Carr stated that the laborers cleaning the service complex would be doing so in addition to their regular duties. Chief Moledor stated the firefighters do it currently. Mr. Brodzinski stated there would be no additional cost because the employees are already there. The City pays for the firefighters to be there and also pays them to sleep. Mrs. Colavecchio commented that this seemed to be an all-or-nothing approach. She asked if the union came to the City and said they would work three days a week, would the City consider that. Mrs. Carr stated she told the unions the Administration would look at all proposals, but the goal would be to keep the same savings. It is her understanding that moving to part-time has not been a decision. Through the budget process, they had employees who moved to part-time in some departments. She added that the union was voting at 6:30 tomorrow evening. Mr. Iula asked if all laborers had to have a CDL license. Mrs. Carr stated a lot of positions require it but not all of them.

Jeff Amburn, 673 Woodhaven, stated this is a two year contract that will do every task that is currently being done. It is apples-to-apples as a daily function but it is for three days a week instead of five. Mrs. Hummel asked if there would be any issues with water on the floors during inclement weather. Mr. Amburn stated the City has two full-time maintenance people who currently take care of the hallways and will continue to do so. Mr. Rubino asked if there was a list of all tasks that the cleaning staff currently provides. Mr. Amburn stated there was and he would provide that to Council. Mr. Rubino wondered whether there would be a reduction in the amount of service provided. Mr. Amburn stated there probably would be since they are going to three days. Mrs. Carr added that they felt if people in City Hall have to take their trash to a central area, then they will do that. Everyone seems to understand and accept that. Mr. Rubino felt it sounded like there will be less service provided. Mrs. Carr stated it would be similar to the leaf pick-ups that went from three pick-ups to two and the elimination of the senior snow program. The City has a responsibility to balance things. Cuts cannot just be made to external programs. Mrs. Hummel asked if there was a cleaning service at the Natatorium. Mrs. Carr stated that was handled by the part-time staff. Mr. Brodzinski stated there used to be a cleaning staff but it was easier to do it with part-time staff on a part-time basis. It doesn't apply to this situation based on the quotes and bids received. Mrs. Hummel asked if they were more satisfied with part-time cleaning vs. a cleaning service in terms of money and services. Mr. Brodzinski stated they were but Bill Lohan would be a better person to respond to that. Mrs. Carr stated that cleaning tasks were different between office and recreation.

Gary Lee, 377 Middlestone Way, stated it was his understanding that employees had to have a CDL license to bump a laborer. Mrs. Carr stated not all laborer positions require a CDL. He asked whether a cleaning person would need one to bump a laborer. Mrs. Carr stated it depended on where they wanted to bump. "Laborer" is a generic term for that first layer of employment.

Robert Phillips, 2574 23rd Street, has worked in both government and private sector. The private sector company also laid off staff and contracted out for cleaning services. The first year, they received a great deal but the rate increased after that. He asked what guarantee there was that the same thing won't happen to the City. Mrs. Carr stated that is the City's responsibility in managing the contract. If the City is not happy, they won't renew it. Mr. Phillips thought the City was using a fixed cost of an employee vs. the contract coming in and that the company was probably giving the City a low-ball number. Mrs. Carr stated that the numbers are pretty far apart so the City has a lot of room to negotiate. Mr. Brodzinski added that this is a two year contract, which means the price is the same for both years under the contract. The City is faced with a serious situation. When the State passed its budget, it cut several millions of dollars. The City's goal is to make the revenue equal expenses. In this year's budget, the City will be drawing down approximately \$1 million. In 2013 and 2014, it will be drawing down another \$2 million. The first thing they determined was what the biggest part of the budget was and found it was personal services. That is the only place money can be cut. They need to look at the personal services that has the least amount of impact on the general public. They decided to try contracting the cleaning for two years. If it doesn't work, they will re-evaluate. Mr. Phillips stated he understood. He just wanted to clarify the statements about costs. Mrs. Carr stated that all contracts are public record and that they could provide him with a copy if he wanted. Mrs. Hummel asked how many people under the contract would be cleaning the building. Mr. Amburn stated there are three people in City Hall right now, and the contractor anticipates having three people, as well.

Mark Walters, 112 Morrison Avenue, is a City resident, employee and president of the union. He reflected about when the meter readers' jobs were affected when AMR was implemented and about how the building department employees were transferred to the County when the City eliminated that department. He mentioned the concessions made by union members in 2010 to keep the cleaning people employed, and now the City is eliminating the stock keeper's position in Garage. The union has a proposal that includes more concessions, and the vote is scheduled for tomorrow evening at 6:30. The union has stepped up many times over the years to help the City and affected employees. Members have made more than \$2,500 in concessions in the last couple years. Of the four people who will be out of work, one of them can take an early retirement. Another has 18+ years seniority but is two years too young to be covered by her husband's insurance. The third is two years short of the minimum retirement age. She is single and does not have extensive training to do much else. The fourth person is a young, hardworking individual but has only seven years of service with the City so she will lose 500 hours of accumulated sick leave because she does not have the required ten years. This is a layoff, not a termination so vacation and sick leave will be held by the City for two years before it is paid out. Employees could terminate their employment in order to get their vacation and sick leave but then they would not be able to collect unemployment. He realized Council was bound to do what is best for the City but he hoped he made it a little more difficult by describing the people affected. He asked Council to hold the legislation until the union's vote takes place tomorrow.

Mrs. Carr stated she and Mr. Walters work well together, even though they have different opinions. She agrees that AFSCME has stepped up in the past. She didn't want anyone to think the Administration was trying anything tricky with regard to timing. She wanted to bring this legislation forward two weeks ago but heard there was talk about possible concessions. They need to keep things moving. She stated with regard to termination or resignation, the City is following what is dictated by the AFSCME contract. If the employees would like to terminate, the City would prepare a memorandum of understanding (MOU). The City is just following the union's rules. She added that even through termination, an employee can get unemployment benefits, however, AFSCME's leadership said that was not a route they wanted to take. It is her goal for people to not lose jobs. With regard to the comment regarding AMR, she pointed out that AMR affects the utilities and not the General Fund. This is a General Fund issue. If the City

does not enter into a contract this year, it will just come back before Council to be discussed again next year.

Mrs. Hummel thanked the Administration for its presentation. The numbers are compelling. She also thanked the people who spoke, including Mr. Walters. His remarks put four faces on this. She asked about holding the legislation for two weeks. Mrs. Carr stated she would be open to that and would like another committee meeting held. Mrs. Hummel stated that next week is a Council meeting. She didn't know how soon any of this can happen. Council wants to give everyone time to work it out. Mrs. Carr stated they would know tomorrow night. Mrs. Hummel stated if it needed to be discussed during a Finance Committee next week, that was an option. If that is not enough time, it can be discussed the following week.

Mr. Walters moved to hold B-121, second by Mrs. Klinger. Motion passed (3-0).

Temp. Ord. B-122

An ordinance authorizing the Director of Public Service to enter into a contract or contracts for the purchase of preventive maintenance and repair services related to specialized vehicles and equipment used by the Sanitation Department, and declaring an emergency.

Mrs. Hummel stated the Administration has requested that this ordinance be held. The bids are not yet in.

Temp. Ord. B-123

An ordinance authorizing the Director of Finance to enter into a contract or contracts without competitive bidding with Comdoc, Inc., for the lease of printers, copy machines, and facsimile machines for a period not to exceed five years, and declaring an emergency.

John Konich stated the City currently has 1-1/2 years left on a five year contract. He renegotiated the contract in order to save costs. This is for a new five-year term and reduces the cost by 20%. It also includes maintenance. The figure on the budget sheet represents last year's number. The new cost will be 20% less. Right now, the new contract is apples-to-apples to the previous one. He has been working with departments to see where the City can reduce the number of printers and copiers. Some departments have color printers but may not really need the color. He should know that number by the end of this week. Mrs. Klinger stated if the contract was negotiated one year early, would the new contract begin after the end of that one year or is it a straight five years. Mr. Konich stated this is a straight five years and also includes a buyout of the 1-1/2 years left.

Mrs. Klinger moved to bring out B-123 with a favorable recommendation, second by Mr. Walters. Motion passed (3-0).

Temp. Res. B-124

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.

Mr. Brodzinski stated this resolution focuses on real estate taxes and will allow the City to get advances. This has been done for years and is a standard ordinance. They would like to continue to get the advances.

Mr. Walters moved to bring out B-124 with a favorable recommendation, second by Mrs. Klinger. Motion passed (3-0).

Temp. Ord. B-125

An ordinance authorizing the Mayor to enter into a contract or contracts without competitive bidding with Finley Fire Equipment Company, Inc for weekly vehicle maintenance services, and declaring an emergency.

Chief Moledor stated this is for the department's weekly maintenance. They usually come in on Thursdays to provide maintenance on fire equipment that is above what the City garage can do. It is for maintenance only and does not include parts. Mrs. Hummel asked if the price has been the same for awhile. Chief Moledor stated it has not. This represents a 2.5% increase over 2011. They have used this company since 1999. In 2010, they gave the City a 6.25% decrease in cost, so the increase on this current contract means the City will be paying the same price it was paying in 2009.

Mrs. Klinger recommended bringing out B-125 with a favorable recommendation, second by Mr. Walters. Motion passed (3-0).

Temp. Ord. B-127

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. Hummel stated this legislation is for 2011. She asked Mr. Brodzinski if he had a date when he would have the final numbers. Mr. Brodzinski stated the City will be closed on Monday, December 26, and that he'd have the numbers and be ready to discuss B-127 on Tuesday, December 27.

Mrs. Klinger recommended holding B-127, second by Mr. Walters. Motion passed (3-0).

Temp. Ord. B-128

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, 2012, and declaring an emergency.

Mr. Brodzinski gave a global overview. The state budget cuts that affect the City the most are tangible personal property, local government funds, and elimination of estate taxes. With the current economy, numbers will be in the range of \$700,000 in the General Fund on real estate taxes. For next year, the difference compared to this year will be a \$1.5 million to \$1.6 million decrease in revenue. In 2013, it will be an additional \$1 million. They went to the departments early in 2011 and had them look at how they can make more reductions. Any savings they could come up with would be credited to the department and applied to 2012. The goal was to get \$1.3 million in sustainable cuts. Even with that, the City's fund balance will continue to go down. He currently projects a draw down of \$973,000. In 2013, with additional revenue being eliminated, he projects a draw down of \$2 million. They have bought some time to give the economy time to turn around but they cannot continue to bring Council a budget that is \$2 million less in revenue than what is being spent. It will take over five years to get back to today's levels. He does not want to run it down to the point where the City cannot borrow money or it goes on State watch. Mrs. Klinger asked Mr. Brodzinski to explain the change in IS that is affecting internal service charges. Mr. Brodzinski stated when people were looking at where they could save, departments decided they would no longer call IS to fix their equipment and would just do it themselves. This created more issues. They looked at eliminating internal service funds and decided if they were going to do that, this was the year to do it. So, they elected to put IS within the General Fund. As a result, departments will no longer have direct charges. They are also looking at eliminating internal charges for the office supply fund. Mrs. Klinger asked what date was for the numbers under YTD Actual. Mr. Brodzinski stated it was towards the end of November. Mrs. Klinger asked how much payroll is included. Mr.

Brodzinski stated it was everything except the last two pays. He also pointed out that there may be places where \$10,000 is budgeted but only \$2,000 has been spent and cautioned there may be an \$8,000 purchase order outstanding.

Council

The proposed 2012 budget is \$248,453, which is a 2.89% decrease from 2011. Mr. Brodzinski stated the reason for the reduction was a decrease in hospitalization/dental coverage based on retirement.

Mayor

The proposed 2012 budget is \$241,604, which is a .04% decrease from 2011. The reason for the change was due to a decrease in other operations and IS internal service charge.

Mayor's Court

The proposed 2012 budget is \$186,173, which is a 29.64% increase over 2011. The reason for the change was due to an increase in personal services due to converting a part-time position into a full-time position to assist with the Court's workload. This is offset by a significant increase in revenue. Mrs. Hummel asked about the amount under Rent/Lease. Mr. Brodzinski stated that is for printer and copy charges. They were not being charged a proportionate share for what they have. Mrs. Hummel asked how many people worked for the Court. Vickie Hughes stated there are two full-time employees and one part-time employee who works between 10-15 hours a week. She feels that is sufficient to handle the volume at this point. Mrs. Hummel felt it made sense to spend a little more because it is bringing in more. Mr. Walters asked what the information was based on for this year. Mr. Brodzinski stated there are different types of cases they are handling. He looked at the monthly volume and based his number on trends and the number of tickets. He pointed out that \$39 of each ticket is put into an agency fund which is then remitted to the State. He wasn't sure if the revenue from the Court would continue to grow but does feel it will stay consistent. If it were to drop, they would make shifts in the number of court dates and also the number of personnel. Mr. Walters asked if they were taking on any new types of cases. Mr. Janis stated they began taking DUI cases. Mrs. Pyke asked if the Mayor's Court was handling housing code violations. Mr. Janis believed they were.

Finance Director

The proposed 2012 budget is \$775,718, which is a 4.60% decrease from 2011. The reason for the change was due to a decrease in computer system support and IS internal service charges. The maintenance contract on the software was with HTE but then the City switched to a new finance system which was more user friendly. He stated in the capital projects budget, the new system will tie in with document imaging.

Income Tax

The proposed 2012 budget is \$18,893,213, which is a 3.60% increase over 2011. The reason for the change was due to an increase in transfer-out due to a "net increase" (estimated revenue less operating expenses) in income taxes available for distribution. There was also an increase in anticipated refunds. Mrs. Hummel asked if he was projecting an increase in revenue. Mr. Brodzinski stated he saw a 1% increase. He tried to forecast the remaining months and stated the City had a huge hit this November. Mrs. Hummel stated that general administration went up about \$9,000. Mr. Brodzinski responded that the General Fund took the biggest impact. They looked at the percentage of payroll that is within the General Fund vs. what is in other funds. Some percentages grew in some of the funds. Mrs. Hummel asked

whether that number was payroll allocation. Mr. Brodzinski stated the change is driven by the percentage in the General Fund vs. the percentage in the other funds. Mrs. Klinger asked where the revenues on income tax would be as a result of the income tax program the City entered into with CCA. Mr. Brodzinski stated it would be where it is allocated. If it is a withholding issue, or a direct tax, or delinquency, that's where it will show. Mrs. Klinger asked if most would be direct delinquency. Mr. Brodzinski stated it would. For example, people with home businesses will be caught and will need to pay. They will also be looking at getting things to a point for residents to file taxes online. Mr. Walters asked if there was a number for 2012 for construction income for Portage Crossing and 2013 for build-out with jobs. Mrs. Truby did not have the actual numbers. It was dependent on the project growing among other things. During discussion on Capital Projects, she will have a number based on Mr. Rubin's presentation next week.

Fire

The proposed 2012 budget is \$8,335,936, which is a 1.57% decrease from 2011. Reasons for the change is due to a decrease in personal services due to anticipated retirements throughout 2012 and a decrease in IS internal service charges. Chief Moledor stated they are trying to keep their budget as low as possible. Most changes are on the expense side. They did some adjustments and moved some money around to better fit their needs. For tools and equipment, they put some in maintenance and repair and took some from purchases. Mrs. Hummel stated that Council had a list of known or expected retirements for 2012 which includes four names from the fire department. She asked what that would do to staffing. Chief Moledor stated they are currently at 74 so the retirements would bring them to 70. Mrs. Hummel asked if this budget allowed for those positions to be filled. Chief Moledor indicated it did not but added that it did allow them to give entrance exams later in 2012. That figure is under contractual services. Mrs. Hummel asked if the fire stations will be able to be kept up and running with 70 firefighters. Chief Moledor stated he always tries to keep them open and staffed. He stated if there are times when they do not have enough firefighters to man a station, it would revert back to the old district set-up like before Station 5 was built. They may need to continue that if staffing does not stay up. Mrs. Hummel asked how many times that happened this year. Chief Moledor believed it happened twice. Mrs. Pyke asked if EMS went into the General Fund. Mr. Brodzinski stated that EMS goes into the Capital Projects Fund. Two or three years ago, an ordinance was passed where ten percent of the amount, after the 7% collection fee, would go to the General Fund. That information can be found on page 2 of Report 21. There is a budget of \$139,500 under transfers (capital projects). The total YTD amount for 2011 is \$1,287,982 in revenue. He thought it may be down due to the economy. Mrs. Pyke asked if the City was aggressively pursuing delinquent accounts. Mr. Brodzinski indicated they were and added they may step it up another notch. Mrs. Pyke asked if there were increases in EMS costs anticipated. Chief Moledor replied they did not need to. Calls have leveled off. There also have been no increase in fires. Mrs. Colavecchio commented on the condition of the fire stations and asked if it was projected that the City will have to rebuild any of them. Chief Moledor stated what they are looking at is doing a Phase I for the roofing on Station 4 on the two-story section because there is water leaking. They will see what needs to be done after that. Mrs. Colavecchio commented on the plan to rebuild Station 3 in 2016. Chief Moledor stated that is to start looking into what they can do. They just want to keep it on the horizon. He commented that the tornado that hit Station 1 actually helped by having insurance cover repairs on the areas that the City was going to have to address soon. Mr. Walters asked how workers' comp. was broken down. Mr. Brodzinski stated the pricing is on three percent of payroll and it is distributed proportionately across all departments.

Service Director's Office

The proposed 2012 budget is \$321,253, which is a 3.75% decrease from 2011. Reasons for the changes is due to a decrease in computer system support and IS internal service charges.

Engineering

The proposed 2012 budget is \$1,026,390, which is a 1.30% decrease from 2011. Reasons for the change is due to a decrease in IS internal service charges and a reduction in personal services due to a full-time employee moving to part-time status in the second half of the year. Mrs. Klinger asked what was incurring for bank service charges. Mr. Brodzinski stated it was from credit cards. Mrs. Pyke asked how many employees were in the department. Mr. Demasi stated it was himself, his assistant, eight inspectors, and one secretary.

Community/Economic Development

The proposed 2012 budget is \$729,103, which is an 18.36% decrease from 2011. Reasons for the change is due to a decrease in contractual services relating to the budgeting carryover EECBG federal grant expenditures in FY 2011.

Riverfront Centre District

The proposed 2012 budget is \$561,704, which is a 1.53% increase over 2011. Reasons for the change is due to an increase in personal services for cost of living increases in 2011. Mrs. Hummel commented on the difference between the budgeted amount under 2011 and what was actually spent to date under materials and supplies. She stated the number was close on YTD and asked why it was revised. Mr. Brodzinski stated that is what was budgeted for purchase orders that carried over from 2010 and were rolled into 2011. There also are some items that may have been revised during the year but the biggest reason was the POs from 2010. Mrs. Hummel stated there was an amount on page 42 listed under refunds but nothing has been budgeted for next year. Mr. Brodzinski stated it is the security deposits that are refunded back to people who rent City facilities when there is no damage or other reason to keep the deposit. They do not budget that. Mrs. Hummel felt that the goal would be to refund money so she did not know why it is not budgeted. Mr. Nace stated they haven't budgeted that in the past but they can revisit that. Mrs. Hummel stated from the revenues for this fund on page 19, it looks like rentals are up about \$11,000 from what was budgeted, yet that line is being budgeted conservatively in 2012. The difference between what the department is taking in in revenues and what it is spending is quite significant. The difference in 2012 will be \$461,000. She cautioned them to keep these numbers in mind. Mr. Walters asked whether the fee structure could be changed for individuals who rent facilities but are not nonprofit. Mrs. Truby stated that is a policy decision but they can look at it. She pointed out they increased the fees for Rockin' on the River and for Car Cruisin'. Mr. Walters stated anything that can be done to close that gap should be given serious consideration. If there is a successful venue, certain people may not be opposed to paying more. Nonprofit events are different. We would want to do it at cost for them. If the department is looking at losing money, it may want to look at tightening those costs.

Law Director

The proposed 2012 budget is \$923,410, which is a .71% increase over 2011. Reasons for the change is due to an increase in personal services for cost of living increases in 2011.

Civil Service

The proposed 2012 budget is \$27,372.00, which is a 0.007% increase over 2011. Reasons for the change is due to a small increase in utilities. Mr. Brodzinski stated this budget can ebb and flow depending on whether there is a surprise vacancy or retirement that would need to be backfilled. Money would be needed for advertising and potential testing.

General Comments

Mrs. Hummel wanted to make a final comment. She asked the Administration if any of them considered upper management cuts. These would be people who are making large salaries and would be classified as assistants. She wanted to know if consideration was given to cut hours and salaries. Mrs. Carr stated as far as the engineering department, Mr. Demasi's assistant is going part-time. There is also a retirement in the street department that she is not backfilling. She felt there was a misnomer out there that no one from management gets cut. Mr. Brodzinski stated that anytime there is an open position, they look at it. In technical services, for example, when one of the individuals left, that position was absorbed by Mr. Konich. Another example is that they cut out the Assistant Water Superintendent position. He pointed out that while the positions are salary, they require more hours of work. Mrs. Hummel stated the four positions that were discussed earlier are people who have jobs. She was asking if Administration considered their second-level employees, which would be their assistants. This is uncomfortable but they are big buck people. She did not feel she could take a position on the four positions without asking this question. Mr. Brodzinski stated each department came up with numbers to be cut. The City is looking at \$1.3 million in sustainable cuts and that number is going to grow. Next year, the City will have the same number in expenditures while revenue will go down another \$1 million. Mrs. Carr stated she did not budget Teresa down. The rules have changed and management is way more hands-on than it used to be. She is not saying the City can't look at those issues again. When you look at market comparisons, public sector positions are nowhere near the level that is paid in the private sector. When you take into consideration the number of hours that management works, their salary is not what it appears to be. It would be more difficult to get things done if she did not have a deputy. Mr. Brodzinski stated they looked at this City-wide.

Mr. Walters moved to hold B-128, second by Mrs. Klinger. Motion passed (3-0).

The Committee recessed at 8:56 p.m. and will reconvene at 6:00 p.m. on Monday, December 12.



City of Cuyahoga Falls

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December 5, 2011

Subject: Cleaning Contract Services

Dear City Council:

Tonight's legislation to enter into a contract to provide cleaning services has been a difficult decision. Unfortunately, this reality was foreshadowed last year and will continue to be a budget issue. This legislation would allow the City to enter into a contract for cleaning services, which in turn will result in the layoff of our cleaning personnel. The laid off employees will have bumping rights. The facts surrounding this decision are important in understanding our resolution.

Due to the large amount of savings and the fact that this is an internal service, meaning that it does not directly affect the public, we must take it under consideration.

2010 Bid Cleaning Contract Services for 2011 – Apples to Apples Comparison

Last year's cost comparison was the City cost vs. low bid contract of \$194,679.66 wages and benefits vs. \$52,500 cleaning contract price.

In 2010 AFSCME took concessions to cover the difference to retain employees in 2011. This included no raise until December 1, 2011 and 20 furlough hours.

Current Cost Comparison

The City was very clear with AFSCME that it was highly likely that we would bid again in 2011. Therefore a year's unofficial notice was given. The official notice to contract out the cleaning services was issued on November 7, 2011 to ASFCME.

Working through the budget process this year additional cuts were inevitable. In addition, we moved away from apples to apples bid from a year ago and moved to a three (3) day a week cleaning contract to cover City Hall. The Service Complex opted out of any cleaning again to save costs and each department will be responsible for cleaning their own areas. The Jail will continue to be cleaned by an RPT employee and the Fire Stations will also continue to be cleaned by Fire Department Employees.

This year's cost comparison is City cost of \$201,284.53 wages and benefits vs. low bid contract of \$34,320 cleaning contract price.

Additional Cost Savings Factors include:

- Reduction of Cleaning Supplies at a cost of \$2,500.
- No Workers' Compensation – our costs from 2008 to present that has been a cost of \$9,004.12 in worker's compensation claims.
- No sick leave usage – our costs from 2008 to present that has been a cost of \$23,832.93 in sick leave usage.
- No Medical claims.

Market Value of Type of Work

Our current cleaning staff wages range from \$15.89 per hour to \$16.41 per hour. This is more than \$8.00 over the new minimum wage standard of \$7.70 as of January 1, 2012. In our Ohio region, according to the U.S. Department of Labor Statistics, building cleaning workers earned at the high end \$11.50 per hour; and at the low end earn \$8.10. Again, our lowest paid cleaning personnel is still making \$4.39 more per hour than the highest paid cleaners in this area. Basically this is why our costs cannot compete with the outside market. In addition, our benefits package is significantly better than a minimum wage employee.

It is our understanding that the AFSCME membership will be taking a vote on a concession package tomorrow evening. Although we are unsure of the details we certainly will consider any package presented to us. If the vote is for concessions, and it is acceptable and workable, then most likely we will bring down legislation to accomplish such a deal. If the Union votes against the concession we urge you to allow us to enter into this contract.

Sincerely,



Valerie Wax Carr
Service Director

VWC/es