

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

December 5, 2016

Members: Carol Klinger, Chair
Russ Iona
Mike Brillhart

Mrs. Klinger called the meeting to order at 6:38 p.m. All members were present.

Legislation Discussed

Temp. Ord. A-89

Discussion:

Temp. Ord. A-89

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, 2017, and declaring an emergency.

Mrs. Klinger previously submitted a list of questions to all Departments. That list of questions and the responses given will be attached to the Finance Committee minutes. There were no additional questions from Council concerning last week's meeting. Mrs. Klinger stated that, tonight, Council was handed out some replacement pages by Mr. Hoffman. She asked the Finance Committee will allow her to yield the floor to Council President Pyke so she can explain what those changes were.

Mrs. Pyke stated that she had contacted Mr. Hoffman today and asked him to add into Capital Projects \$30,000 for a new sound system for Council Chambers. This sound system would be used for any committee or commission using the chambers in a public meeting. Mr. Pallotta was good enough to go out and get estimates. He had an estimate of \$26,000, and they left a small buffer in there. The other change Mrs. Pyke asked for was appropriations to be set under Council so that new mats could be placed at everyone's station. Mr. Hoffman, Finance Director, stated that he had asked the City Engineer, Mr. Demasi, to get an estimate on those. The cost would come to about \$26 to \$28 per mat, so he put in the amount of \$350 for replacement mats.

Mr. Iona moved to bring out Temp. Ord. A-89 with a favorable recommendation, second by Mr. Brillhart. Motion passed (3-0).

The meeting was adjourned at 6:40 p.m.

2017 Budget Questions; (responses in blue)

- Overall

- What are the assumptions for the five year general fund forecast?
 - Property Taxes: 3% re-appraisal in 2018, 3% re-appraisal in 2021
 - Local Gov't County – 1% annual increase
 - Outside Service Services: 3% increase for known contracts
 - Internal Service Charges: 2% anticipated annual increase for Indirect Cost Allocation
 - Interest Revenue: 3% annual increase
 - Income Tax Transfer: 2.5% annual increase
 - Personal Services: 2% annual increase
- Property Tax assumption
 - Assume 98% collection of taxes generated from County assessed valuation, plus \$270,000 of delinquent taxes
- Income Tax assumption
 - Assume 2.5% increase on withholding taxes only. All other taxes projected flat from 2016 anticipated collections
- Wage increase assumption
 - All scheduled union and non-bargaining pay increases are budgeted. They are as follows:
City Council, Mayor (MSG), and Senior Cabinet (ESG) – 1/1/17 2%.
AFSCME - 1/1/17 is current rate, 7/1/17 2%.
Non Bargaining - 1/1/17 is current rate, 7/1/17 2%.
Police Blue - 1/1/17 is current rate, 7/1/17 2.5%.
Police Gold - 1/1/17 is current rate, 7/1/17 2.5%.
Firefighters - 1/1/17 is current rate, 7/1/17 2%.
Dispatchers - 1/1/17 is current rate, 7/1/17 2%.
Electric - 1/1/17 is current rate, 7/1/17 2.5%.
- Benefits assumption
 - **Wage based benefits: Pension** - OPERS 14%, OP&F Police 19.50%, OP&F Fire 24.00%.
Medicare 1.45% for all but a few employees hired before April 1986. **Workers' Compensation** 1%. **Other Bi-weekly benefits: Medical, Dental and Vision** is based on the plan the respective employee signed up for in open enrollment last November with an increase of 6.8% to Medical, no change to Dental and a 11.7% reduction to vision rates.
Monthly benefits: Life insurance generally .0145 per \$1,000, with a cap for some unions.
- Please provide an update 2016 Debt Schedule and projected 2017 Debt Schedule
 - Completed 11/3/16. To be handed out 11/14/16.

- Revenues

- Why are liquor permit fees down in 2016? Is this a timing issue?
 - This is a timing issue. The final distribution is sent by the State in November. As of 10/31/16, we received \$18,225.26 compared to \$14,346.23 at this point in 2015 and \$9,526.30 at this point in 2014.

- Self Insurance Fund
 - Per last year's budget discussion, Miscellaneous Contractual Services was mostly for wellness services with Vitality Wellness IQ. Is that still the case, and is there an issue with billing that it is so far below the 2016 budget with an increase for the 2017 budget?
 - The expenses associated with Vitality Wellness IQ were moved to 705-1200-54999 when the Purchase Order was issued. As of 10/31/16, we paid \$21,054.00 for these services. Due to an oversight, these costs are included in the budget under account 705-1200-54005 in the amount of \$25,674.00
- Worker's Compensation Fund
 - 706-1200-49204 No refund this year and \$121k budgeted for 2017, why?
 - We transitioned to the Group Retro Pool in 2015. The first evaluation of our group performance is in 2017 for the 2015 PY plan. This is the estimated rebate that will be received in June 2017.
 - 706-1299-54009 Why are we budgeting for legal expenses when we haven't had incurred them?
 - Historically, we budget \$5,000 as a contingency for the potential of incurring legal expenses.
 - 706-1200-51111 Last year we discussed the increase due to some individual large claim payout? Is this projected down for 2017 because we have changed pools?
 - No, this is the "tail retro claim payments" for 2006-2015, during the period we were self-insured.
- Compensated Absences Fund
 - Why was there such an increase in Sick Leave Cash Out (combine 032 & 033) from 2015 to 2016? What is the rationale for the 2017 amount?
 - We have experienced an increase in the number of employees that are eligible to start drawing down on their sick leave balance by one-third (9 in 2016 vs. 3 in 2015). We also experienced an increase in employee retirement/termination that met the eligibility requirements to receive their sick leave (13 in 2016 vs. 9 in 2015).
 - Given the recent increase in employees who received their first distribution, it is very likely that these same employees will request a second distribution in 2017. Turn-over and unknown retirements are always wild cards, but we feel confident that our amount of \$362,151 is a conservative estimate for 2017.
- Information Services
 - 101-5800-53021 Last year this was \$5k for maintenance to the fiber network as needed, which would continue. However, \$2,500 was for a specific fiber connection between Tech Services and the Service complex, so why is this cost repeated for 2017?
 - We didn't upgrade/replaced the fiber in 2016. Projects were postponed due to other projects.
 - 101-5800-53037 Why the increase in 2017?
 - The capital lease for city wide copiers ends in February 2017. Based on analysis, we anticipate entering into a maintenance agreement rather than replacing copiers. Because of this, there is a decrease in the capital lease line item.

- 101-5800-54005 Why the increase in 2017? I thought the cloud computing would lower our overall costs.
 - A majority of the savings going to a cloud based system is the need to purchase capital equipment in future years.
- Income Tax
 - 201-3100-54005 What is this for?
 - Total budget request \$7,400. An amount of \$1,400 is requested for legal research services (LexisNexis) for tracking noncompliant taxpayers. An amount of \$6,000 is requested for data processing of zero returns to allow staff to work on compliance and collections.
- Police
 - 101-1500-53015 Why did this decrease?
 - The decrease was due to us using the 222 (Law Enforcement Assistance Special Revenue Fund) which may only be used for training purposes
 - 101-1500-53021 Why did this increase?
 - Increase is for some electrical work to provide a means to charge the SWAT truck.
 - 101-1500-53032 What are we buying?
 - We are purchasing monitors, PCs, a laptop, and a HDMI from VGA switch for our camera system.
- Communications
 - Are you assuming the staff will not move to the regional dispatch center in 2017?
 - We are still anticipating the switch to a COG in 2017. Appropriation changes will be made once legislation to create and fund the COG is approved.
 - 101-1800-53032 We said we were purchasing 5 PC's in 2016, is this going to happen?
 - Information Services Department was able to do some upgrades to the computers instead of replacing them so we will not be purchasing them in 2016.
- Fire
 - 54004 Computer System Support – Did we implement the FireHouse software in 2016? If so, it this the on-going cost?
 - We moved FireHouse to cloud in 2015. This manages all fire department needs other than electronic charting. It has been a recurring cost since then. We implemented FireHouse medic in 2016. We were reimbursed the cost by AGMC- Cleveland Clinic. The product under performed. We are going with an electronic charting called ESO. This will be reimbursed by AGMC also.
- Human Resources
 - 54004 Computer System Support – Why did this increase?
 - This is related to the support fees for Innoprise: Payroll / HR module. This was expensed entirely to Finance Department (0400) in 2016 in the amount of \$16,683. We felt we were better served splitting this function in half to record some maintenance fees in the Human Resources cost center. Both Finance and Human Resources are budgeted \$9,655 each for these fees in 2017.
- Sanitation
 - Revenue – Are there any proposed rate changes?
 - No planned rate changes in 2017.

- 52041 What is the plan for purchasing refuse containers this year?
 - The plan is very similar to year's past. 1000 Yard Waste carts (\$55,000), 1500 replacement carts (\$82,500), (1) 20-yard roll off container (\$4,800), and the rest is to purchase various size front load containers to replace boxes at all the City buildings since we are switching from rear load trucks to front load trucks.
- Capital – please be prepared describe the office renovation at the meeting. Do you have a quote for the work?
 - Chuck will describe the renovation. The design would be in 2017. At this point, we do not have a quote.
- Sewer
 - Revenue – Are there any proposed rate changes?
 - We are in the final stages of negotiating a multi-year master meter rate with the City of Akron. At this point, all indications are that we will need to increase the Sewer Treatment portion of our rate by roughly 9% in 2017, with no projected increase in 2018 and 2019.
 - Budget Fund Balance – Is it enough?
 - There are some projected retro-active costs that will be paid in 2017, but will be made up in collections during 2018 and 2019.
 - Capital
 - Isn't Beau Ravine a newer subdivision? What happened to cause this expenditure? The pump station was put into service in 1999. In recent years, the pump has not been running as efficiently and has failed on occasion.
 - At the meeting please explain the "Sewer Dig-up Material in Well Field" project. John Christopher will address this project.
 - 53021 Property/Building Maintenance and Repair – Why the increase?
 - \$6,000 more for root foaming, \$25,000 more for manhole castings, and \$15,000 for sewer dig material removal. This will be necessary in the well field to make room for future dig-ups.
 - 53047 Tools & Equipment – Why the increase?
 - The purchase of sewer pumps to have on hand and installed by the department.
 - 53048 Tools & Equipment Maintenance & Repairs – Why the increase?
 - Repairs at the 21 sewer pump stations as necessary.
- Water
 - Capital – Oak Park Water Tank – Last year we said it was inspected and only needed painting, what happened?
 - During preliminary plans to pain the tank, the retaining ring inside the tank needed to be replaced. This issue was studied and the best route forward was to take the tank out of service.
 - Revenue – Are there any proposed rate changes? Since Residential is slightly down from 2016 budget it doesn't look like it.
 - There is no projected rate increase in 2017.
 - 52013 Meter Supplies – What is the plan for 2017 with meter replacement?
 - Older water meters will continue to be replaced as necessary.
- Electric
 - Revenue – Are there any proposed rate changes?
 - The increase in 2017 is 1.5%. It was approved by City Council in 2014.

- What is the projected debt service based on the 2017 budget? Are you projecting we will be below the requirement in 2016?
 - The projected 2017 debt service for JV5 and JV2 is \$1,886,900. Based on calculations, we will meet the debt coverage covenant. We anticipate meeting the requirements in 2016 for two reasons: 1. Implementation of GASB 62, and 2. The rate stabilization loan.
- Capital – During the meeting please explain the Peaking Generation project \$1M.
 - Mike Dougherty will discuss this at the meeting.
- Utility Billing
 - 54005 Misc Contractual Services – What is the \$26k for?
 - The \$26k is the combined amount of per record cost for SmartBill to do our bill print annually.
- Community Development
 - 54005 Misc Contractual Services – What makes up the \$121k, please round to \$(000).
 - \$50,000 - Miscellaneous contract services to support planning and economic development activities throughout the city, including, but not limited to, appraisals, grant application assistance, environmental assessments. \$3,000 - Reimbursable fees associated with providing the AMHA environmental review assistance per HUD. Fees will be reimbursed to the City. \$20,000 - Consulting fees with Deb Sanborn to assist with various DHRB-related activities. \$48,000 - Broker fees to assist the City with retail recruitment for the downtown redevelopment project.
- CDBG
 - What land are we buying and the purpose?
 - Funds will be used to purchase property for the creation of additional surface parking on South Front Street. Several properties are currently under consideration at this time.
- Rec Levy
 - 54002 Architectural/Eng Services – What are we doing with the \$20k?
 - The 20k will be used for the design work on the Kelsey Creek shelter replacement that we received a grant from ODNR in the amount of \$59,114.00, construction to take place in 2018. Also we hope to use some of the funds for documents needed in grant applications for future Keyser Park development.
 - 54301 Refunds – What is the \$750k?
 - This is an accounting correction. Based upon State Audit recommendations, the “transfer” from the Rec Levy Fund to the Leisure Time Fund cannot be classified as a true transfer. It can be classified as a reimbursement, and you will see a subsequent revenue reclassification in the Leisure Time Fund to address this correction.
- Leisure Time
 - Are there any rate changes planned in Leisure Time?
 - We are providing the rate changes for the Parks and Recreation Department which were approved by the Park Board on 11/10/16.

11/21/17 - 2017 Budget Questions; (responses follow each question)

- **Water Fund**

- Why was there a budget amendment to Computer System Support (Account #602-5100-54004)?
 - Original Budget: \$77,715.00, Amended Budget: \$197,154.51 - The reason for this budget amendment is the carryforward appropriation associated with open prior year Purchase Orders. PO #14-0785 & #15-2085 to Johnson Controls for the Water Fund's portion of the annual AMR Maintenance. You will see similar activity in Sewer, Electric and Sanitation.
- What makes up the budget for Computer System Support (Account #602-5100-54004)?
 - Time Keeping software maintenance; \$579
 - Water Treatment Plant Computer support maintenance; \$1,000
 - AMR software maintenance; \$70,157
 - E-mail software maintenance; \$1,410
 - Innoprise software maintenance; \$5,699

- **Sewer Fund**

- What is the activity in Refunds (Account #601-5000-54301)?
 - There were four separate instances of customer refunds owed due for the following reasons:
 - One instance of incorrect input into the software
 - One instance of a customer making duplicate payments and requesting a refund
 - Two instances of payments for estimated bills prior to the calculation of a final bill, which resulted in a net overpayment and subsequent refund.
 - A refund was issued for sewer fees associated with a construction permit that was paid for in 2015, then cancelled in 2016.
 - An accounting correction associated with a permit that had fees incorrectly assigned to the Sewer Fund instead of the Water Fund. The fees were paid in 2015; as a result, the correction was processed as an expense to the Sewer Fund.
- What makes up the budget in Refunds (Account #601-5000-54301)?
 - The amount is a contingency budget for issues similar to what we experienced this year