

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

July 18, 2016

Members: Carol Klinger, Chair
Russ Iona
Mike Brillhart

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

The minutes from the July 5, 2016 meeting were approved as written.

Legislation Discussed

Temp. Ord. A-57

Temp. Ord. A-58

Discussion:

Temp. Ord. A-57

An ordinance re-assigning the non-bargaining position of Juvenile Diversion Caseworker to the appropriate pay grade within the classification and compensation plan, amending Exhibit "A" of Ordinance 117-2015, and declaring an emergency.

Police Chief Davis stated that, over the years, their department has shrunk their Youth Diversion Unit down to one person. They have assigned more jobs to this person. This person teaches some of their drug education and does counseling, as well as the diversion program. A large portion of their salary is paid by the Summit County Juvenile Court through a grant. Their department contacted Human Resources, and they did a study to determine what classification their job should be under.

Mrs. Klinger asked what the pay grade was for this person before. Chief Davis stated it was 19. Mrs. Klinger asked Chief Davis what the annual dollar impact was on the budget. Chief Davis stated the difference was \$4,804. There will be more grant money available once this person completes training that will qualify them for the State grant for drug education. When they are doing drug education, half of their salary will be reimbursed by the State. Mrs. Klinger stated that, given the fact that the Police Department has a personnel budget of almost \$7 million, this is a pretty small change in that whole budget. Chief Davis stated that it was. They have added to this person's duties. Human Resources looked at comps from other people that performed the same duties in surrounding areas. It is by no means one of the higher pays, but it brings them in line with what others in the surrounding areas are making.

Mrs. Pyke asked Chief Davis if this person was doing drug counseling. Chief Davis replied that they are doing drug education through the schools. Mrs. Pyke asked if they were a psychologist or a social worker. Chief Davis replied that they have a Bachelor's degree in Social Work.

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Mr. Brillhart moved to bring out Temp. Ord. A-57 with a favorable recommendation, second by Mr. Iona. Motion passed (3-0).

Temp. Ord. A-58

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 the members of Council had received at their desks some details regarding the changes that we were given as an attachment to the ordinance last week. She then turned the floor over to Mr. Brian Hoffman, Finance Director, to walk Council through the details of this ordinance. Mr. Hoffman stated that this is legislation otherwise termed the appropriations piece, where they are just making some minor changes to the annual budget and appropriations for the year, bringing it in line moving through the year. He stated he would start at the top of the page and go through each of the categories, and then answer any questions Council may have.

Mr. Hoffman stated that, starting at the top, in the General Fund, General Administration, a transfer to the Capital Projects Fund of a negative \$50,000. This is some debt service interest earnings on cash in the City they have been transferring over to the Capital Projects Fund. They are going to lower that appropriation by \$50,000. One of the main reasons that is being done is, in 1965, there was an ordinance passed that designates interest for debt payments or capital-type expenditures. The auditors have stated that that ordinance doesn't have any weight or bearing, legally, on what can be done with interest. What the auditors have said is that interest should be directed by the Charter, and, if the Charter does not speak to it, it is directed by Ohio Revised Code. So, from an auditing standpoint, that can be lowered to pay for things out of the General Fund, but, in keeping in the essence of the 1965 ordinance, part of those funds for the \$50,000 that will be lowered in appropriations are going to be increasing in the Community Development line item. The transfer out is decreasing by \$50,000.

Mr. Hoffman stated that there are a lot of Personal Services line items. In Council Personal Services, they did retro payments on increases to wages in April and did not come back to Council to make appropriation adjustments for those, so, throughout this page, there are going to be some changes. Some will go up; some will go down. It varied among department categories. In the General Fund, \$250,000 was paid in retro payments for all of 2015. Appropriations will not be increasing by that much. Savings were found in some of those line items. Part of that savings comes from the changes to the health care and how health care had been budgeted. By making changes to the health care plans this year, more savings than were anticipated at budget time were realized. Mr. Hoffman stated that in Council, Mayor, Finance, Law, Service and Engineering listed on the sheet, those Personal Services are going up a little bit. In Finance, one of the main reasons it is going down is because of the medical budget for Finance. In Finance, there are adjustments to the other operations. That is because of the Innoprise Cloud contract brought to Council about a month ago. Some of those costs are being allocated to Finance. All the City's financials are on the Innoprise system, so that has pretty large proportional share of that. In Other

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Operations, under Engineering, there is a little bit to the Innoprise Cloud in credit card processing fees and gateway fees. Mr. Hoffman stated that Personal Services were being decreased by \$77,000 in Building and Grounds Maintenance. Part of the reason for doing that was there was some delayed hiring of some full-time positions that were put in the budget. One of the reasons for putting those full-time positions in the budget was to reduce some of the outside contractual costs for heating and air conditioning by hiring a person who could do some of those activities. They still had to contract some services for that, so they are requesting that amount be increased by \$23,000 in Other Operations under Building and Grounds Maintenance. Once those positions are filled, that contractual service line item will go down.

Mr. Hoffman stated that Personal Services in Police was being dropped by \$15,000. The Other Operations line item was being lowered \$1,200 for natural gas savings. They came to Council with an ordinance that allowed the City to go out to the financial market and manage natural gas on an individual basis, and they are seeing pretty substantial savings due to that. Mr. Hoffman stated that, in the Fire line item, they are asking for an increase of \$170,000 in Personal Services. The major reason for that was, at budget time last year, the Fire contract was not settled. In order to not hinder nor help the negotiating period for Fire, wage increases were not included and left flat in the budget. Because there were some wage increases in Fire, they are asking for some additional monies to pay for that. In the Other Operations line item, most of that is the natural gas savings. Under the Fire Pension line item, because of the increase in costs for salary, there is an increase in cost for pension, so they are requesting an increase there.

Mr. Hoffman stated that, under Tech Services, there is a minor wage increase. Under Other Operations, there is some Innoprise Cloud and natural gas savings. Those are very small numbers, \$1,500 and \$1,350 respectively. In Communications, they had budgeted for another full-time dispatcher. That was put on hold throughout most of the year, as there have been discussions with Stow about what they are going to do with dispatch in the future, so there are some savings there. In the Other Operations line item, the Internet Services account was only budgeted for three months, so they are asking for \$6,000 to correct that account. Mr. Hoffman stated that under the Riverfront Centre District, they are lowering Personal Services and Other Operations. That decrease is mostly due to benefits in Personal Services and natural gas in Other Operations. Under Parks and Recreation, Personal Services and Other Operations were lowered, for the same reasons, in the amount of \$5,000 and \$3,500 respectively.

Mr. Hoffman stated that, under Community Development, they have had an opening for an administrative assistant for some time that has helped with the savings there; plus, they had some medical savings in the Personal Services line item. In Other Operations, there is an increase there. Part of the \$50,000 that he spoke about in the transfer out of the Capital Projects, they are asking for an increase in the Community Development Department. More costs have developed since getting into discussions concerning Front Street and what is going to be done down there. One of the costs is the services of a retail broker. Nothing has been done yet, but part of the success of the development of Front Street would be to make sure that businesses have an opportunity to come down, see the spaces and be a part of that. They have been talking to Robert Gibbs, who has been a consultant for the City on the layout and the plan that most of Council has seen

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regarding the space downtown and the retail plan. They said it was a very good idea that they get a broker, someone who can help bring the businesses to the actual area, so that it makes it a success. There has been a pretty good public-private partnership thus far in that the private side has spent quite a bit of money doing what they're doing down there. The city is trying to help on the public side. It was decided that it would be in the best interest of the City to hire a retail broker service that would help out all of the property owners. They are asking for \$50,000 to help with that. There is an amount for credit card processing fees and gateway payments of \$100 and \$600. They have received a little bit of reimbursement from AMHA. There is a larger line item of \$30,600 for a professional to help with Historic District. Again, part of the success of Front Street was to have a Historic District there that helps to maintain the zoning integrity down there. They have asked for help on the Historic District, because it requires quite a bit of work to put that together. They are working on that now. Also, under Other Operations, there is \$11,000 for some contingency contractual services that was in the budget earlier this year and is being restored to that budget.

Mr. Colavecchio asked Mr. Hoffman if the amount of \$50,000 was for the retail broker and what exactly does that broker do. Mr. Hoffman stated that Mr. Fred Guerra, Planning Director, was present tonight and could better answer what a retail broker does, but a retail broker would be a professional agent for the City to bring businesses and property owners together. When attending a conference to talk to businesses and inquire as to whether they would like to relocate to Front Street, they are a professional that understands that business and can help bring those two together very nicely. Mrs. Klinger stated that most of them are under the impression that brokers are paid off of commissions, whether it's a commission on a lease versus a commission on a sale of a house. She asked Mr. Guerra to explain the difference between that and the flat fee they are paying the broker up front. Mr. Guerra stated it was the recommendation of Robert Gibbs not to pay on a commission and just to pay on consulting fee. Basically, what this person would do is go after national or larger regional retailers that they do not have the ability to go after. They would bring them to the city to work with local property owners and local brokers to get them here in the downtown. Mr. Gibbs is presently working on finishing up the merchandising plan that basically sets the pattern of how much retail they should go after, where that retail should go; how many restaurants they should go after and where those restaurants should go. In order to bring this all together to make sure they are more successful, it allows the City to have a national person dealing with national retailers on a one-on-one basis and bringing those deals back to local property owners. The City is also working with property owners and the partners it has been working with for almost a year. They are happy that the City is putting together this whole package. It is a needed use, because of the inability of local brokers or property owners to go after these larger, more successful retailers.

Mrs. Klinger asked if they are going to look for a national firm that specializes in retail. Mr. Guerra stated yes. Mrs. Klinger asked if there are going to be any benchmarks. Mr. Guerra stated that there will be benchmarks. They have three people that were recommended that they are going to be talking to. They actually met with one in Las Vegas. When they eventually get to that point, they will set benchmarks, and that person will hopefully accompany them to future ICSC meetings. Right now, they are in the beginning stages of this. They wanted to make sure they had the money.

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When Robert Gibbs was here two weeks ago, he told them that while it doesn't guarantee success, without a retail broker, it almost guarantees that they won't have that many national retailers, so it is a step they have to take. Mrs. Klinger asked if they were going to look to them to start the dialog with their developers locally. Mr. Guerra stated they already have. When they interview the three of these groups, they may include some of the property owners in the discussion with them. They want to be comfortable with this national broker, and the national broker is going to be working with the group. They have been working with Testa's brokers over the last two months, and the national broker will work with the brokers that Testa has. Testa will do the local work and the national retail broker will do the national work. Mrs. Klinger asked when they plan on putting out the RFP for this. Mr. Guerra stated that, in the month of August, they are going to request or apply for qualifications. Then they will take at least three, and will review it, interview them probably by phone and then make a decision, so they can get started. It needs to get started as soon as possible, because they are already making deals for a team, so they're a little bit behind. Mrs. Klinger asked Mr. Colavecchio if that answered his question. Mr. Colavecchio stated yes and thanked Mr. Hoffman and Mr. Guerra.

Ms. Nichols-Rhodes asked if the \$50,000 is for this year, do they anticipate that it will be the same amount in future years, or would it be a decreasing amount. Mr. Guerra stated that they are going to enter into a contract this year. The goal is that they, will hopefully have success and then, possibly, the broker would work individually with the developers and property owners after that. Mr. Iona asked Mr. Guerra if they used a national broker for Portage Crossing. Mr. Guerra stated that Stark has his own brokers and uses some contacts they have nationally. It is much easier when it is one developer and one project. In this case, there are multiple property owners. There are older buildings that potentially will need to be renovated. They have talked to the property owners about that, potential buildings that are for sale. It is a much more complicated situation than a developer going in and doing a Crocker Park or Portage Crossing, where they have a formula of who they're going after and they go after a couple anchors. In this case, they are not going to have a large anchor. There might be some medium-size anchors. It is a little bit more complicated, and they need somebody who is experienced to bring these people to them. Mrs. Klinger stated that she would follow-up on that comment to say that Mr. Testa is probably the only one who is used to going out and recruiting any type of retailers on any level. All the rest of the property owners down there are really not engaged on a national level doing development, so they are really behind the eight ball. Even if they would decide they wanted to do it, it's a long process to get national retailers engaged and even talk to them. Mr. Guerra stated that was correct.

Mrs. Klinger asked Mr. Hoffman to continue. Mr. Hoffman stated that, on the next page, under Mayor's Court and Personal Services, during budget time, they had put in for a full-time position and a part-time position in Mayor's Court. They did that at the end of 2015 for a little bit of time. They were looking at trying to save some costs there, but that didn't work out, so they are asking for a little bit of an increase in Personal Services in Mayor's Court. In Other Operations, credit card fees are the reason for the increase there. Under Information Services, in Personal Services there is a small amount there due to the retro payments. In the Street Construction and Repair and Maintenance line item, they are decreasing that fund by \$100,000 mostly due to the mild winter last year. They are leaving the other line items alone. Fire Pension of \$57,000, that's the second

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half of the Fire Department that was talked about. The money is spent and then sent to the Pension System from the Fire Pension Fund, but is put in from the General Fund, so it is a two-step process.

Mr. Hoffman stated that, under CDBG, Personal Services is set to increase in overall wages. In Other Operations, he listed out the increase there of a little over \$763,000. In CDBG, this would be also considered the carryover appropriation. He put it into one piece and listed out the amounts that they are carrying over from last year. A big portion of it is in revolving loan funds from monies gotten from loans. Parts of it is from Entitlement funds. It was expected that they were going to receive \$572,000 for the year and got \$599,000, so they are increasing that. The amount of \$160,000 is coming from those two economic development loans that had to be paid back. As reported on the Report 21, those were paid off. NSP funds, those were neighborhood-stabilization type funds. There was the amount of \$178,000 in balance for those. The true carryover from 2015 Entitlement funds was about \$123,872. That all totaled up to \$763,481 to be expended in the CDGB fund.

Mr. Hoffman stated that in the Capital Projects Fund is a reclassification. They did a lease to the street sweeper this year. They are just moving it from one account and putting it into the other account. In the Utility Billing Fund, there is \$200,000. Utility Billing credit card payments were solely you-pay last year. That was anticipated at budget time, and they increased the processing fee. It was anticipated that all of the dollars would be put into a separate account, and then all the processing fees that the credit card companies charge would be taken out, and they would get the rest of the payment in the utility billing accounts. At the beginning of 2016, accounting-wise, it was decided to revert back to the previous way it was done, which was taking all the fees and all of the bills and then pay out the processing fees from the City and keep the rest of the payment in the City. The fees then would need to be appropriated into the fund. Mr. Hoffman stated that is what they are asking for in this. Utility Billing is the largest department that has fees, and this would be the largest amount that they would need to increase. The fees in the other departments, such as Community Development and Mayor's Court, are minimal. Mrs. Klinger stated that because they are only looking at the expense side of the budget, they would see a \$180,000 increase in the income side of the budget. Mr. Hoffman stated that was correct. They would see an offset on the income side. Mrs. Klinger thanked Mr. Hoffman and Mr. Guerra.

Mr. Iona moved to bring out Temp. Ord. A-58 with a favorable recommendation, second by Mr. Brillhart. Motion passed (3-0).

Meeting adjourned at 7:07 p.m.