

Cuyahoga Falls City Council
Finance Committee Meeting
November 17, 2003

Members: Mr. Gorbach, Chair
Mr. Schmidt
Mr. Barnhart

Mr. Gorbach called the Finance Committee to order at 6:20 p.m. Mr. Barnhart was absent.

Legislation Discussed

Temp. Subst. Ord. No. B-137
Temp. Ord. No. B-151
Temp. Ord. No. B-152
Temp. Ord. No. B-159
Temp. Ord. No. B-160
Temp. Ord. No. B-161
Temp. Ord. No. B-162
Temp. Ord. No. B-163

Temp. Subst. Ord. No. B-137

Mr. Gorbach read B-137. Mr. Gorbach stated that this ordinance concerns health care coverage for retirees. When it becomes necessary to increase costs that affect people's health care, elected officials have to make difficult decisions. The City is faced with a \$200,000 cost that will be jumping to over \$600,000. Administration has prepared what they feel is their best way to handle the situation. It is a difficult position for the City and a difficult one for the retirees. He stated they are empathetic to the retirees and will make the best decision they can.

Mr. Arrington stated the current ordinance before Council is the third draft. Both Police and Fire are under a strict deadline so he felt it was important to keep something before Council. The prior draft showed the City paying 75% of various costs up to a certain maximum. Those numbers were set assuming we could get the Fire Unions on board. They met with Capt. Durkit and Lt. Witner and came up with what they all felt was fair. Unfortunately, the fire union did not accept the proposal and, because under the union contract the City must continue to pay 100% to the firefighters for their deductibles and premiums, Administration had to cut somewhere else in order to pay that. What they did was looked at the total cost paid on retiree health care and divided that total by the number of retirees to come up with \$1,300. They then decided to increase that amount to \$2,060 per retiree. What this does is treats all retirees equally regardless of their situation.

What this also does is breaks the link between the City and the pension system. If the pension system raises its rates, Administration will not need to come back to Council with another ordinance. Our costs will be fixed. The only thing that will change is the number of people who retire. He feels this is the most fiscally responsible way to resolve the situation. This amount is more than 98% of the retirees are getting throughout the State. It also will not matter which plan the retiree is enrolled in. He realizes it places a heavy burden on police and fire retirees but the City needs to determine what it can afford to help people out.

Mr. Brodzinski stated they need to look at Fire's budget to see if they can take any more money without diminishing City services or putting a firefighter at risk. Mr. Gorbach stated this issue deals with health care and we need to focus on the facts that we know. Cutting something out of the Fire budget is another way to come up with more money. Mrs. Hummel asked what the cost would be for 2004 paying 100% of Fire. Mr. Brodzinski stated it would be approximately \$346,000. Mrs. Klinger asked what amount of the \$346,000 would be for Fire. Mr. Brodzinski stated Fire is projected at \$190,000 for approximately 31 retirees.

Don Smith, 3388 Kellybrook Drive, stated when the City passed the ordinance in 1991, the retirees were assured by Administration that they would not be harmed. Obviously, Fire looked out for themselves and left their health care in their contract. He felt that the October 20 draft of Substitute B-137 was a fair compromise and that it should be the one adopted. Retirees do not have anywhere to make up the shortfalls either. He would never recommend harming any department or citizen in the community but there must be some leeway.

Mrs. Klinger asked if the \$190,000 was covering 31 fire retirees, how many retirees were covered with the approximately \$156,000 balance? Mr. Brodzinski stated it was 73. Mrs. Klinger stated that we are talking that today Fire and Police pay nothing and what we are doing is asking them to pick up a portion of the health care cost. Mr. Brodzinski stated that the reason the other proposal would have worked was if everyone was in the mix. With Fire out of the mix, we need to do this. Mrs. Klinger added it is never fun to make these kind of changes. What we have done is request that a portion of the retiree's health care costs be picked up by them. Mr. Gorbach stated we are talking about \$156,000 for Police and PERS which total 103 people for an average benefit of \$1,500 per retiree. Fire breaks down to \$6,129 per retiree. If Police and PERS were covered at the same rate, it would cost the City \$631,000. This current proposal pays Fire retirees four times as much as Police and PERS. With the situation we have, the numbers are still the numbers and we need to do something to mitigate that.

Richard Hichens, 2291 27th Street, wondered if the best deal has been made with the insurance companies in order to cut costs. Mr. Brodzinski stated the City is not dealing with the insurance company. They are just dealing with the Police and Fire pension system and PERS pension system. Those systems have

contracts with various insurance companies. All we are doing is reimbursing employees. We, as a City, have no say so or control over those costs.

Capt. Durkit read a prepared statement. He said he worked hard with Administration to address the rising costs and had many meetings to address concerns. Through discussions, they agreed on some issues but there were still other issues which remained a stumbling block. The Executive Board met with the membership but by a close vote, the membership elected to keep the previous benefits. This is not an attempt to shut the door. They would like to request the City look at benefits for all employees, not just the retirees. Mr. Gorbach stated Capt. Durkit's comments stand true insofar as looking at long term but there does need to be a change in the short term. We are paying these with taxpayer's money. We have "X" amount of money to decide how to spend. We are charged with the task of making decisions that the majority of constituents would want us to make. Do they want us using their money to pay for improvements in the City's system or to pay triple increases of health insurance.

John Sim stated he did not get notice of this new amendment until he arrived home from work this evening. He was concerned that the new proposal has done away with reinstatement if something happens to the pension system and also with disability. They understand it is a problem for everyone. They would rather not go the extra step in taking the issue to Columbus. Mr. Gorbach stated that the Fire union decided not to open their contract. That is why the change was made.

Mrs. Hummel wanted to confirm that the latest draft is the legislation that Administration wants Council to vote on. She wanted to make sure that further discussions were not going to take place. Mr. Arrington stated there would be no further discussions. They have been negotiating with the Fire union because they have to. The meeting they had with Mr. Sim was not a negotiation with the Police Department. He does not want to give the impression that the City reneged on a deal with the Police union. There has been a lot of talk about what happened in 1991. The City did not convince the Police union to do something in their contract and the Fire union did not do that. Mr. Bauer asked what the cost would be if we kept it as it is. Mr. Brodzinski indicated it would be approximately \$645,000 a year. Mayor Robart added that no one in 1991 could have speculated that health care would have skyrocketed as it has. The City is not the culprit. It does not control the Police and Fire pension fund. If there is a culprit, it is the Police and Fire pension fund. The City has not mismanaged anything, but it needs to react in a fiscally responsible manner. Mr. Brodzinski added since 1991, excluding reimbursements, the City has paid over \$6 million for police and fire healthcare and has reimbursed retirees on top of that. Capt. Durkit added that they've had benefits in their contract since 1969. They understand costs have gone up and recognize that something needs to be done. Mr. Sim stated that benefits are not in the police contract because they were told it was not

allowed to be in there. He wondered how much difference 18 months would make. Mr. Arrington stated the City has no assurance they will get the firefighters where the City wants them in 18 months. There is no assurance they will ever pay the firefighters less than 100% of their cost. Mr. Schmidt asked about the retiree who is going to suddenly be paying \$400 a month. He thinks that the retirees need to talk to the people in Columbus to come and explain why this is happening. He does not think it is fair to ask a retiree, who is on a fixed income, to pay \$400 a month. He thinks there is room for compromise. This is harsh and unfair to the taxpayer and retiree. Mr. Brodzinski suggested the average citizen be asked if the police and fire retirees should have the same benefit as 98% of the State. The City would pay zero in that instance. Mr. Arrington stated they presented a compromise but it was rejected. Now there is nowhere else to go. He pointed out that the City will be reimbursing approximately \$170 of the \$400 a month, even for the police officers. The City is not in a position financially to pass the 75/25 ordinance so Administration came up with something it can afford. Mrs. Klinger stated there are a whole range of options of costs for retirees, and the retiree can choose a less-costly option. There is also a 30% discount for retirees of low income. We need to take all components under consideration. Mr. Schmidt stated he doesn't disagree. He was just saying it seemed harsh and rushed and that we need more time to think about it.

Debbie Meganhart stated it is unfortunate that the Police & Fire pension system is where it is. It us up to Council to put retiree benefits in line with residents of the City. There are so many who do not even have health care.

Don Smith stated the discount for low income is if you make less than \$13,295 for one person or \$17,910 for two people. There are not a lot of retirees below that. The people in his neighborhood have health care coverage. He was concerned if the Police and Fire pension discontinues coverage, the City will not pick the coverage up. He also wanted to point out that the pension board has been paying 88% up to this point. Mr. Sim stated there were two proposals that came out but since the fire department said no, it seems the City is going to hammer the police department. They pay a higher percentage so they can retire early.

Mrs. Hummel asked Mr. Brodzinski if he had an annual cost for proposal 2 dated October 20, adding 100% of the firefighters cost being paid. Mr. Brodzinski gave a ballpark figure of \$496,000 through 2010. Mrs. Hummel confirmed that it is basically between \$496,000 for the second proposal with 100% of fire and \$346,000 for this current proposal. Mr. Brodzinski stated yes. Mrs. Pyke asked if the 31 retirees were younger than 65. Mr. Brodzinski stated all numbers are based on age under 65.

Committee recommended holding Subst. B-137.

Finance Committee recessed at 7:30 p.m. and came back at 7:40 p.m.

Mr. Gorbach stated he was going to deviate from the normal course of business and recognize Ryan Pruett of the Division of Environmental Health. Mr. Pruett gave a summary of the County's proposal for an operational maintenance program of household sewage treatment systems. It is a life-cycle approach to home management. The health department already does some but more needs to be done. They began by sending notification to homeowners to pump their septic tanks once every three years. The operation and maintenance program will include inspections and monitoring, making corrective actions and improving record keeping, inventorying and reporting. They propose to improve the program in two stages. The first stage will be to inventory existing home treatment systems and monitor water quality in ditches, creeks and streams. They estimate this will take three to four years. The second stage will continue to monitor surface water but will begin regular inspections of individual home treatment systems. The Ohio EPA is proposing a general NPDES permit for home treatment systems that will require periodic monitoring and sampling of water that drains into roadside ditches. The program will benefit the citizens by improving public health, water quality and property values. Mr. Gorbach asked if the County would be working with City officials. Mr. Pruett stated they would. He added that there are 800 home treatment systems inside the City. As far as funding, water sampling will cost in excess of \$100,000 per year County-wide. They have not finalized anything yet because the Ohio EPA is still discussing it. Mrs. Hummel pointed out that the first two items on the pamphlet which state New Ohio EPA storm water regulations require septic systems be located and checked and The Clean Water Act requires regular monitoring and testing of septic systems is something that impacts our community. Mr. Brodzinski asked for a copy of the presentation. Mr. Pruett stated he would provide one. Mrs. Pyke asked what would happen if a resident does not get a permit. Mr. Pruett was not sure. Mrs. Pyke asked who the people would get a permit from. Mr. Pruett stated the Health Department will issue the operational permits. The County will be sending a post card to residents. They could also assess property taxes for nonpayment of fees per the Ohio legislature. Mrs. Pyke asked if the County would do its own water testing or if they will send it out. Mr. Pruett stated right now they send it to an EPA certified lab. They are hoping to eventually do field monitoring themselves as a screen. Mr. Gorbach stated the City could help in the notification process of residents through our utility billing.

Temp. Ord. B-151

Mr. Gorbach read B-151 (second reading). Mr. Arrington indicated the Johnstons were present. This legislation is the result of a meeting they had and he indicated he had informed the Johnstons that he would be speaking against the ordinance. This claim came in several months ago from a sewer back-up claim. Typically, a homeowner will call the City or a plumber to test to see if a clog exists in the lateral or the sewer. The plumber will usually call the City if it is in the sewer. The City will come out and the homeowner ends up with a \$200 bill. In this case, the plumber came out, did not find a blockage and started to do

some work. In the meantime, the City discovered that the line was frozen. They had a plumber come out to fix the problem. The Johnstons plumber's bill was for \$2,750. If this had been a typical claim, the City would have paid \$250. But because the plumber did a lot of work, the City is paying \$2,750. Mr. Christopher had told them to document any bills they have and that the City would pay them. Mr. Christopher said he was talking about the City's plumbing bill and not the Johnstons. Mr. Arrington was not concerned with what Mr. Christopher said as much as he was with when he said it. Whatever was said, it was said after the plumber was doing the work on the property. They did not make any decisions based on John Christopher's comments. Moral claims recommended paying the claim at \$500. They felt they should do as much as possible realizing the resident was asking for more than what the City normally pays. The Johnstons have been very persistent. We are here at their request to pay more than the \$500 approved by the claims commission. He does not feel additional money should be paid. Mr. James said the Johnstons were more victims of circumstance than anything. The plumber they called did not follow proper procedure. He just started taking care of the problem. The Johnstons felt it was the correct thing to do. They did not know the correct procedure. All they knew is they had sewage coming into their home. Technically, there is only so much money the City should pay but he felt these people were victims and he does not think it is their fault. He was asking everyone to consider this legislation. Mr. Arrington added he was not suggesting that the Johnstons' plumber did anything wrong. He was suggesting the work done was not necessitated by the City's frozen line. He was not suggesting that the plumber ripped them off. Mr. Gorbach stated he remembered this claim when it came into the claims commission. He felt there was definitely some ambiguity on the whole plumbing work process. Both the City and the plumber were there at the same time. He said Mr. Christopher did not feel it was his place to talk to the Johnstons' plumber and send him home. Mr. Gorbach stated he would have like to have seen more communication by the City to let the Johnstons know the problem was being taken care of. He has an issue with the entire bill. He would like to move to approve half of it. He wants to be fair but he does not feel the whole amount should be paid. Mr. James added that this sewer line had a history of backing up in the early 80's. The pipe is 18" down which is above the frost line. He would much rather the Johnstons get reimbursed for the entire amount.

Mr. Johnston stated they snaked the drain to the street and the technician thought the problem was due to broken tile. He agreed with him because one of the street plows had plowed over the driveway on December 25 and they thought maybe it had broken through. The technician was borderline as to whether the problem was in the main line but none of the neighbors were experiencing a problem. As soon as they found out the problem was in the street, they called the City. They have not benefited from any work that was done. Their lateral is in worse condition than before. The plumber did not replace anything, they just repaired what they tore up. Mr. Schmidt asked what work was done. Mr. Johnston stated they dug up the driveway, broke into tile, found out where it was

frozen, and put it back together. Mr. Johnston stated they were there for three days and had two to six people there. It was Friday, Saturday and Sunday and was also very cold. The did not replace the sanitary sewer line from the house. Mrs. Johnston added that as soon as they called the City, the plumber stopped working. No one from the City told them to send their plumber home and no one from the City told them that the City would take care of the problem. Mr. Johnston said their lateral is 18" below the ground and the sewer is two feet below the ground. If you call the sanitation department, they will tell you it must be four feet. The County said sometimes the rules get tweaked. This bill is a good chunk of his annual income. Mr. Schmidt asked how far the sewer line was set in the street. Mr. Bell stated he would check. Mr. Arrington stated however deep it is, the City's line was frozen. Mrs. Carr added that what the City did is typical of what it does whenever they arrive to find a plumber has started work. They would never finish private work. Mr. Bauer asked Mr. Bell if \$2,700 seemed exorbitant to pay for the work that was done. Mr. Bell stated he has not seen the bill but felt it was high. Mr. Walters asked the Johnstons if they felt the work done would amount to that bill. Mr. Johnston stated they were there a long time. They knew what they were doing. They also had brought in a backhoe. Mr. Gorbach pointed out they are also talking about the time of year this occurred. The bottom line is the Johnstons have a bill that they paid. Mr. Gorbach stated he stands by his comments. He will make a motion to pay half of the amount. He thinks there is enough ambiguity regardless of what comments were made or when they were made. It could have been handled better. He is not saying the City's people were wrong only that there was enough confusion to warrant something be done. Mrs. Klinger stated having sewage in your home is horrible, but it makes her nervous seeing we have 100+ claims from July 21 if Council deviates from what the claims commission recommended. She feels we would be looking at an exception for every one of the claims we have. She said the Johnstons could always sue the City. Mr. Arrington added that the \$500 moral claims recommendation was unanimous. The \$500 was based on \$250 plus an extra \$250. Mr. Flinn stated that the Johnstons arguments should be heard in the claims commission and not at Council. He is also concerned about changing what was done in moral claims. Mrs. Hummel asked Mr. Bell to verify the depth of the sewer in the street. She asked Mr. Bell to verify whether the sewer is only 24" down. Mr. Bell stated he would look at what they can do. He added that the residents could let their water drip to keep the line from freezing. Mrs. Hummel asked if the residents were told to let their water drip, were they given some kind of break on their sewer and water bill. Mrs. Carr stated this was the first she's heard of it and said she would check into it.

Committee recommended bringing out B-151.

Temp. Ord. No. B-152

Mr. Gorbach read B-152 (second reading). Mrs. Truby stated this was for the former Tally Ho site. The CIC wanted to bring in new business that was not

already located on State Road which would then bring in new dollars. It will be a 2,200 ft. facility with a couple of drive through lanes. This legislation is only to approve the sale of the property.

James Brill of Charter One stated they would like to build a prototype bank and would like to locate it in the City. Mr. Schmidt asked if there would be a problem with him voting on the legislation if his mortgage was through Charter One. Mr. Arrington stated if Mr. Schmidt felt there was a problem, then he shouldn't vote. Mr. Gorbach stated something there is better than the vacancy.

Committee recommended bringing out B-152.

Temp. Ord. No. B-159

Mr. Gorbach read B-159 (second reading). Chief Conley stated this would be for the purchase of six new vehicles for the detective bureau. They will be trading in seven other cars. The purchase price is based on the lowest State bid. Mr. Gorbach added that the seven trade-in vehicles had high mileage. It had been determined that the annual maintenance costs would average between \$10,000 and \$11,000. The money for these new vehicles, which are the Ford Taurus, is in the budget. Money will come from mobile replacement which is on hold because of something the County has done. The total price is \$68,950 with trade-in. There will be some expenses insofar as upgrading the vehicles. Chief Conley stated it would not be a large expense because they would be swapping equipment out. Mrs. Klinger asked if the GPS system would be placed in these vehicles. Chief Conley stated the GPS system is only going in 25 of his police cruisers and not in the detectives cars. Mrs. Pyke asked how many detectives there were. Chief Conley stated they are looking at 12 counting the supervisors and narcotics. Mr. Brodzinski suggested making an amendment to change "general fund" to "capital projects fund" in line 25. Mrs. Klinger asked if the detective bureau also rented vehicles for undercover. Chief Conley stated they did. Some are driven by him and other captains, supervisors and certain functions of the detective bureau. Mrs. Klinger asked if these cars would be marked. Chief Conley stated they would not.

Committee recommended bringing out B-159.

Temp. Ord. Nos. B-160, B-161, B-162, B-163

Mr. Gorbach read B-160, B-161, B-162 and B-163 (second reading). Mr. Brodzinski stated B-160 was for \$750,000 that was issued in 2001. They have added to that amount for a total of \$2 million and plan to pay it off in 2007. B-161 is for the natatorium where they issued \$5.3 and are now rolling it over and adding to it for a total of \$13 million that will carry us to February 1, where they have an option on an old bond where they are looking to go to Moody's. B-162 is for Falls River Square that was issued at \$1.9 million last year. They want to roll

it over and add \$2.1 million for a total of \$4 million. They will pay in 2004 and will pay down over the next four years. B-163 is for Hudson Drive which was issued for \$400,000 in 2002. They have added to it for a total of \$2,250,000. Mr. Schmidt questioned the reference to 6% interest. Mr. Brodzinski stated that is standard. That is in there as a rate that will not be exceeded. Notes right now are around 1.5% to 2%. Mr. Schmidt asked if there was any way the City could roll the Buckingham Gate improvements that Mr. Newman is paying assessments on. He has wanted to pay it off but can't because the City is locked in. Mr. Brodzinski stated they can look at it in February and see what the potential is then. Mrs. Hummel asked if there will be fiscal officer's certificates which need to be read into the record before the legislation gets passed next week. Mr. Brodzinski stated they will have those.

Committee recommended bringing out B-160, B-161, B-162 and B-163.

Finance Committee adjourned at 9:00 p.m.