

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

November 6, 2023

Members: Mary Nichols-Rhodes, Chair
Mike Brillhart
Adam Miller

Ms. Nichols-Rhodes called the meeting to order at 6:56 p.m. All members were present.

Legislation Discussed

Temp. Ord. B-116

Temp. Ord. B-117

Discussion:

Temp. Ord. B-117

An ordinance consenting to the resurfacing of State Route 8 from the southern corporation limit to the northern corporation limit, within the City of Cuyahoga Falls, by the State of Ohio, authorizing financial cooperation thereof, and declaring an emergency.

Mr. Tony Demasi, City Engineer, presented Temporary Ordinance B-117 to Council. The State of Ohio has identified the need for and proposes the improvement of a portion of the public highway, including necessary ancillary work, in the City of Cuyahoga Falls, said portion of highway within the municipal corporation limits described as follows: The resurfacing of State Route 8 from the southern corporation limit to the northern corporation limit, including ancillary work. Ohio Revised Code §5521.01 specifies that the consent of this Council is required prior to the improvement of a state highway within the City's corporate limits.

Mr. Demasi stated that this will start at Glenwood Avenue in Akron and end at Graham Road. This section was last paved by ODOT in 2009. It was again resurfaced using a microsurface in 2006 by ODOT, and they came back in 2018 and did crack sealing. Any time ODOT does work within city limits, they request consent litigation. It is estimated at \$5 million and will be 100 percent paid by ODOT.

Ms. Nichols-Rhodes asked how long of a stretch this is and how long they anticipate this project lasting. Mr. Demasi stated that it is 3.4 miles. Mr. Demasi stated that it is currently scheduled to begin in April of 2025, but it could become a project for 2024, meaning if one or two of their projects next year get done early or under budget, then it might be done next year. If it begins in April, it will end in October of whatever year that it is done.

Mr. Miller moved to bring out Temp. Ord. B-116 with a favorable recommendation, second by Mr. Brillhart. Motion passed (3-0).

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Temp. Ord. B-116

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, 2024, and declaring an emergency.

Ohio Revised Code §5705.38 requires local taxing authorities to pass an annual appropriations measure classified so as to set forth the amounts appropriated to each office, department and division of the taxing authority. Article VI, Section 6 of the City Charter requires the Mayor to submit an estimated budget for the coming fiscal year showing the requested allotments of the appropriations and estimated income for each office or department for the calendar year.

Mayor Walters gave a brief introduction and listed some budget highlights. They have commercial investment and a lot of jobs. With inflation, the wages are higher and the City receives 2 percent of that, so that is helpful. Total appropriation for all the funds is a quarter of a billion dollars. That is the City's total revenue and that is what it spends on residents. Street paving, since 2015, has historically been \$1.5 million each year. They bumped that up to \$2 million in 2019 and has continually gone up each year. They are anticipating to do \$3.5 million in 2025. That's a necessity in Northeastern Ohio with the freezing temperatures. Front Street has been an entire success. The momentum is continuing. They are continuing to work on South State Road and the Bailey/Northmoreland Master Plan to give those areas a shot in the arm. There will be lighting upgrades on Portage Trail which will enhance that center of the City. They are rebuilding Cochran Road for more commercial activity and working to bring in more business that ties into the Industrial Park which drives the jobs and growth. They will be widening Wyoga Lake Road. They are finishing up West Portage Trail, and that will give a turning lane to eliminate congestion in that area. The Glens Town homes are starting. Going into 2024, they will see more people living downtown, and that is good for the economy as well. They are going to continue with the public art. There will also be a lot of work on infrastructure which is not really glamorous, but necessary.

General Fund Five-Year Forecast (Page 31)

Revenues

Property Tax – Significant increase in year 2024 (+30%), which coincides with a triennial update for 2023 tax year (2024 collection year). This increase is related to the significant increase in property values since reappraisal in 2020. Revenue category is flat again for 2025, and 2026, then increase of 3% for sexennial re-appraisal in 2027, then flat again for 2028.

Admissions Tax – We are conservatively projecting a decrease of 7%, as the continued recovery of Blossom Music Center from closure in 2020, seems to have flattened out based on revenue earned through 9/30/2023. Then 1% increase in subsequent years (2025-28). We are cautiously optimistic it will maintain small growth.

County Local Government – Decrease of approximately 5% in 2024 over adopted 2023 budget. On 8/7/2023, the County revised the 2023 estimate to \$1,610,694 on our “Certificate of Estimated Resources,” which was a reduction of \$74,010 from the original 2023 estimate of \$1,684,704. The 2024 budget follows that trend. An increase of 1% increase in subsequent years (2025-28).

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Charges for Services - Law, and Fire are an increase of 3% based on contractual agreements. Communications is no longer budgeted due to the creation of the Summit Emergency Communications Center Council of Government (COG). The Villages/City we previously served will become members of the COG and pay directly. Other notable items include an increase of 7% for Ambulance billing, and increase of \$38,400 in Building & Grounds associated with the sales associated with the new Columbarium we plan to build in Oakwood Cemetery.

Internal Service Charges - For 2024, total budgeted is slightly less than the current year, and not much change to the various categories, other than a percentage, or two. The allocation is a calculation which is based on departmental information from our last completed financial statements (12/31/2022).

Interest Earnings - A significant increase is expected in 2024, due to planned maturity of instruments, and rising interest rates (211%), with flat projection in subsequent years (2025-2028).

Income Tax Transfer In - 16% increase in 2024, with an increase of 2% in subsequent years (2025-2028).

Expenses

Personal Services – Current approved collective bargaining agreements and non-bargaining pay scales go through June 30, 2024; therefore salaries and wages are based on the applicable pay rates for employees through the end of the contract. Due to the current economic uncertainty of contract negotiations, no COLA increase has been included in the proposed budget. We will address appropriations by department if need be when negotiations are finalized. The current pay scales are based on cost of living adjustment (COLA) of 3% July 1, 2023 (first half of 2024 budget year). Modest increases were assumed in future years for planning purposes, and 2026 has a 27th pay. Therefore, an additional 1/26 was added. To plan for the 27th pay in 2026, we began encumbering 1/3 of the estimated cost of one pay period, and will do so again in 2024, and 2025, to lessen the financial burden of the additional pay in 2026.

Other Operations & Maintenance - 1% increase annually, beginning with an assumption of 2024 budget being spent per department (i.e. 85%, or 90%).

Personal Services

Salaries & Wages

Cost-of-Living Adjustment (COLA) Assumptions

American Federation of State, County and Municipal Employees (AFSCME): 7/1/23 - 3%.

Ohio Patrolmen's Benevolent Association (Patrolmen and Community Service Officers): 7/1/23 - 3%.

Ohio Patrolmen's Benevolent Association (Police Sergeants & Police Lieutenants): 7/1/23 - 3%.

The Fraternal Order of Police Ohio Labor Council Inc. (Dispatchers): 7/1/23 - 3%.

Non-Bargaining: 7/1/23 - 3%.

Utility Worker's Union of America AFL-CIO (Electric): 7/1/23 - 3%.

International Firefighter's Association: 7/1/23 - 3%.

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Benefits (Employer Share)

Pension: No change.

Medicare: No change.

Workers' Compensation: We have not had payroll related contributions to this fund since 2019. We are planning on a City contribution of 1% for all departments for 2024.

Medical Insurance: + 4.1%.

Dental: + 4.1%.

Vision: + 4.1%.

Life Insurance: No change.

City Council (Page 59)

Personal Services - \$3,956 increase. No Cost of living (COLA) increase forecasted for 2024. Increase in benefits is related to Insurance - Medical/Dental +4.1%, Vision +4.1%, and contribution to the Workers' Compensation Fund (706) +1%.

Operations expenditures – (\$12,021) decrease, which is mostly related to Furniture and Fixtures (53019) for one-time justification in current year for new tables and chairs for meeting room \$12,200. One-time justifications are removed from the budget in the following year.

Mr. Bryan Hoffman, Finance Director, stated that the City Council Department is very similar to last year. In operations, they did budget for new tables and chairs. In 2023, they do see an increase in the dollar figure there. That's really the only change other than the general increases to benefits and other things. That budget is Council's salary and benefits if Council chooses to collect for those benefits and the small amount that Council does not generally spend.

Mr. Ashton asked if Council needs to expand and improve the PA system for Council meetings, is that something that might be in this budget and is it possible that there is wiggle room for that in the future. Mr. Hoffman stated that that is something that they could look at and it would be in the Council Department budget, but would be included in the Capital Projects Fund if Council would want or need to replace or to do something to the system. Several years ago, they replaced the whole system.

Mayor's Office (Page 63)

Personal Services - \$7,107 increase. Longevity increase for Assistant to the Mayor, coupled with the Cost of living (COLA) increase from 7/1/2023 which is budgeted for the entire 2024 year, compared to half of year in 2023. Increase in benefits is primarily related to Insurance - Medical/Dental +4.1%, Vision +4.1%, and contribution to the Workers' Compensation Fund (706) +1%.

Operations expenditures - \$388 increase, primarily attributable to Other Operations category for small increases in various accounts, such as Office Equipment (53032) +\$150, and Postage +\$300.

Mayor's Court (Page 67)

Personal Services - \$25,409 increase. Merit increase for Mayor's Court Clerk, coupled with the Cost of living (COLA) increase from 7/1/2023 which is budgeted for the entire 2024 year,

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compared to half of year in 2023. Increase in benefits is primarily related to Insurance - Medical/Dental +4.1%, Vision +4.1%, and contribution to the Workers' Compensation Fund (706) +1%. Additionally, a portion of the increase is from employee health plan selection being different than what was budgeted in the prior year.

Operations expenditures - \$5,023 increase. Increase is mostly in the Computer System Support (54004) +\$3,051, for Brazos/Tyler program integration and maintenance associated with the Summit Emergency Communications Center Council of Government (COG) and Miscellaneous Contractual Services (54005) \$2,900 relating to an increase in the Traffic Diversion Program, which is offset with a revenue source in Miscellaneous Revenue.

Mr. Anthony Gomez, Clerk of the Mayor's Court, was present on behalf of the Mayor's Court.

Mr. Hoffman stated that the Mayor's Court is very similar from year to year. The increase to Personal Services is due mostly to the merit increases that they have for City employees. Those happen on yearly intervals for several years of employment and the employees in Mayor's Court are still on those steps. That is what is driving the increase in Personal Services and small increase in the operational side, but a very small increase.

Ms. Nichols-Rhodes stated that part of is in computer system support.

Finance (Page 75)

Personal Services - \$29,428 increase. Cost of living (COLA) increase from 7/1/2023 which is budgeted for the entire 2024 year, compared to half of year in 2023, coupled with merit (2), and longevity (1) increases. Increase in benefits is primarily related to Insurance - Medical/Dental +4.1%, Vision +4.1%, and contribution to the Workers' Compensation Fund (706) +1%.

Operations expenditures - \$27,221 increase. Increase mostly related to Miscellaneous Contractual Services (54005), due to a records archiving initiative between this department and Human Resources to preserve critical information, which is estimated to be \$25,000 each.

Mr. Hoffman stated they are busy and continue to become busier every year. The development in the City has increased, and that increases demands on the Finance Department, as well. It is easy to say that they just take numbers, crunch them, and put them in a book for Council to look at once a year, but it is so much more than that. They are the gatekeeper for expenditures throughout the City. They do reporting in house. Scott Fitzsimmons does the bulk of that. They continue to have clean audits and get awards for their audits and financial reporting, and that is no different this year as it has been in years past. What they are seeing in the Finance Department is similar to every other department, just the general increases to Personal Services and general items.

Service Director's Office (Page 197)

Personal Services - \$130,793 increase. Due to recent growth in the City we are requesting to add a second Deputy Service Director to help manage the department's workload. The salary of which is estimated to be \$97,545. In addition, cost of living (COLA) increase from 7/1/2023 which is budgeted for the entire 2024 year, compared to half of year in 2023. Increase in benefits is

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primarily related to the addition of another position and Insurance - Medical/Dental +4.1%, Vision +4.1%, and contribution to the Workers' Compensation Fund (706) +1%.

Operations expenditures – (\$3,680) decrease, which is mostly related to Office Equipment (53032) for one-time justification in current year for new desktop computers \$3,000. One-time justifications are removed from the budget in the following year.

Mr. Hoffman stated that the one change in the Service Director's office that is different in terms of the budget is an additional Deputy Service Director at the same rate of pay and the same level as the current Service Director position held by Ms. Teresa Hazlett. They have seen continuing expansion and many of the departments need to have continued capital projects and capital investment over a very long time. They have discussed how to manage all of that with operations continuing to expand. The way that they are looking at solving those problems is by adding an additional position for the Deputy Service Director.

Mr. Anthony Zumbo, Service Director, stated that they have an infrastructure that is going to get replaced in the very near future in Cuyahoga Falls. When they get this other position, if Council is so gracious to award it, he will set this person out at the Service Complex. The Electric Department is going to be moving out in a year or so, but they are still going to have Street and Sanitation and Water coordinating with electricity. As they get through these other departments, Council will surely see the heavy workload ahead of them in the next few years.

Ms. Nichols-Rhodes stated that many of them, for a long time, have wondered how the Service Department was going to keep this up. There is so much growth in the City. There is more business and they need infrastructure. They absolutely need another person to handle this workload in order to do it with the high quality that they have become used to.

Mr. Balthis stated that the way the City is structured with so many departments that work under Service, it is really shocking to think that two people are able to manage all those departments and all of that coordination. He is very excited about this and applauds the Administration for trying to do this. These are not things that people get excited about. The electricity needs to work, the water needs to work, and the roads need to work. Investing in this really matters. Having somebody over there whose job is to coordinate and deliver the best service to residents is a great addition. The key will be someone to find someone as great as Ms. Hazlett to be in the position, but he is confident they will be able to do it.

Engineering (Page 205)

Personal Services - \$41,984 increase. Cost of living (COLA) increase from 7/1/2023 which is budgeted for the entire 2024 year, compared to half of year in 2023, coupled with merit (4), and longevity (1) increases. Increase in benefits is primarily related to Insurance - Medical/Dental +4.1%, Vision +4.1%, and contribution to the Workers' Compensation Fund (706) +1%. Additionally, a portion of the increase is from employee health plan selection being different than what was budgeted in the prior year.

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Operations expenditures - (\$9,650) decrease. The decrease is primarily attributable to Non-operating expense group Reserve: Sick Leave (54875) (\$7,180), and Reserve: Vacation (\$3,390) for the department's share of contributions to the Compensated Absences Fund (707). Department allocation is based on the compensated absences liability in the City's 12/31/2022 audited financial statements. The decrease is due to a reduced liability for the department based on recent retirements. The current year one-time justification of \$50,000 in Miscellaneous Contractual Services (54005) for records archiving initiative between this department and Community Development, which went to City Council earlier this year will be budgeted again in 2024, as the project has not been completed.

Mr. Hoffman stated that the Engineering Department is about the same with general increases. There are still some changes to the staffing levels.

Mr. Demasi stated that he has had half of his staff retire over the last year and a half, but, nonetheless, he is incredibly proud of the staff that he has. They could not do what they do without them. Ms. Mackenzie Kaser, who is his civil engineer, is present tonight. She helps him out in incredibly efficient ways with the way they do their job. It is hard to find somebody and it is hard to retain them, but they try to do their best. This year alone, with the current staff, they managed over \$25 million worth of projects. His office is going to manage about 25 projects next year touching about every other department in the City. So, again, they work hard and he is extremely proud of them.

Law (Page 193)

Personal Services - \$27,471 increase. Cost of living (COLA) increase from 7/1/2023 which is budgeted for the entire 2024 year, compared to half of year in 2023, coupled with merit (1), and longevity (3) increases. Increase in benefits is primarily related to Insurance - Medical/Dental +4.1%, Vision +4.1%, and contribution to the Workers' Compensation Fund (706) +1%. Additionally, a portion of the increase is from employee health plan selection being different than what was budgeted in the prior year.

Operations expenditures -\$30,744 increase. Increase is mostly due to Legal Services (54009) in anticipation of union negotiations.

Ms. Nichols-Rhodes stated that all the departments are exceptional, but knowing the vast array of items that the Law Department handles in house is incredible.

Ms. Janet Ciotola, Law Director, stated that she is proud of her staff. They work with a myriad of issues, many of them are for the first time. No day is the same. Ms. Nichols-Rhodes stated that they keep Council within legal realms because all of its legislation has to be written just right. It might seem basic to other people, but it is not to Council.

Civil Service (Page 201)

Personal Services - \$108 increase. Related to the contribution to the Workers' Compensation Fund (706) +1% which hasn't been funded since 2019.

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Operations expenditures - \$380 increase. Increase in Advertising (53001) \$500, offset by a reduction in Utilities: Telephone (54225) -\$120.

Mr. Hoffman stated that their salary is fixed, so there is no increase to civil service salaries. Contractual service is also the same as 2023. That is driven by tests and review costs for open positions in the City.

Human Resources (Page 209)

Personal Services - (\$753) decrease. Cost of living (COLA) increase from 7/1/2023 which is budgeted for the entire 2024 year, compared to half of year in 2023, coupled with merit (1), and longevity (1) increases. This was offset by a decrease in benefits related to employee health plan selection being different than what was budgeted in the prior year.

Operations expenditures - \$51,175 increase. Increase in Property/Building Maintenance and Repair (53021) \$5,700 for one-time justification relating to replacement of carpet in front office, Computer System Support (54004) \$23,618 for estimated increases related to Electronic Employment Application software, Seamless Docs, and Adobe Pro Subscriptions, and Miscellaneous Contractual Services (54005) \$25,000 for the records archiving initiative between this department and Finance, as noted above.

Ms. Vicki Steiner, Human Resource Director, was present on behalf of the Human Resources Department.

Mr. Hoffman stated that this is very similar as in the past. On the operational side, that increase is the replacement of carpet in their offices. They also have a one-time increase to purchase a piece of software that they need for electronic employment application software, so that is driving the other operations budget to an increase of \$50,000.

Ms. Steiner stated that they had a three-year budget. This is the maintenance portion of the applicant tracking software that has been working extremely well. The other software that they are referring to is electric personnel files and forms. The Human Services Department has really strived to increase their technology in order to go paperless. They are accepting applications electronically and the storage and printing of that has been reduced for the department. The e-forms is another module of the software that they would like to add that will electronically scan and store personnel files and terminated files. There is a fee that they will be splitting with Finance and Payroll to get personnel files electronically scanned so they do not have the manual files in the office.

Self-Insurance Fund (Page 129)

Revenues - (\$153,774) decrease. This is mostly related to the anticipated decrease in prescription (Rx) rebates of \$462,854, with a corresponding savings in drug costs, which was offset by an increase of Medical / Dental (Hospitalization) department charges of \$294,489 based on estimated current enrollment, employee plan selections, and estimated plan rates.

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Personal Services - (\$247) decrease. The two full time employees in Human Resources department are allocated to this fund 50%. Decrease reasoning similar to the explanation in the Human Resources section above.

Operations expenditures - \$209,593 increase. Primarily from an increase in Non-Operating Category for Prescription Claims (54994) \$219,611; Administrative fees (54999) \$145,459 based on industry trends provided by consultant.

Mr. Hoffman stated that the revenue line item RX Rebate for prescription drugs is not in the numbers. They have changed the prescription drug third-party administration which is helping to keep costs down in certain areas. They have also instituted the PAP Program, trying to grab out dollars through prescription drug coupons and different areas where they are offers dollars from outside to blunt the increasing cost of prescription drugs. They would have probably had an increase to prescription drug benefits cost or claims cost if it were not for changing that. They are anticipating a decrease in the rebate and anticipating less of a gross on the expense side. With the Health Care Committee, they are continually looking at costs. This year, they are anticipating one premium holiday in December because costs have not been to the level they budgeted for. If they set rates and those rates are too high, they will keep costs down. It is all working well. With employees having more education on health care benefits, costs are staying in check and the benefits they are able to offer employees are helpful for retaining workers.

Workers' Compensation Fund (Page 135)

The City is in the Group-Retrospective Rating Program.

Revenues - \$353,556 increase attributable to Workers' Compensation revenue account (49413) where recording of employer withholding (department charges) of 1% of salaries and wages is made. As noted in the general narrative portion above, we have not funded Workers' Compensation through employer withholding since 2019, but feel we need to do so again. In recent years we have had some refund / dividend payments from the Bureau which helped fund activity, and created an unencumbered fund balance of \$2,116 million at the end of 2021. We are not aware of plans for more contributions from the Bureau, and unencumbered fund balance has dropped to \$1,473 million as of 9/30/2023.

Operations expenditures - \$12,077 increase, mostly from State Workers' Compensation (54885) in the amount of \$11,552 related to the estimated premiums owed to the bureau, as estimated by our consulting firm.

Ms. Nichols-Rhodes stated that they are going to meet for the next several weeks taking different departments. Next week, if anybody has any further questions or discussion, they can talk about these topics before they begin the new departments.

The meeting adjourned at 7:35 p.m.