

FINANCE COMMITTEE MEETING

held January 9, 2012

6:30 p.m.

Present: Councilman Michael Young, Chair
Councilman Dwight Clark

Absent: Councilman Tadych, due to the death of his father

Also Present: Mayor Sutherland, Councilwoman Lieske, Councilman Miller, Finance Director Presley, Service Director Galli, Operations Manager Landers, Police Chief Wright, Fire Chief Lyons, Police Lieutenant Mark Spaetzel, Detective Jay Elish, Detective Kevin Krolkosky

Audience: Jerrie Barnett, Karen Dade, Nancy Brown

Chairman Young called the meeting to order at 6:30 p.m.

Fire Department Overtime

Mr. Young advised that the supplemental appropriation ordinance passed by Council on December 28, 2011 included an appropriation for fire department overtime in an amount over \$120,000, and \$40,000 toward paramedic overtime. The Council is attempting to better understand the breakdown of those two amounts, having been informed that there is a variety of overtime that can be accumulated. Mr. Clark noted that the scrutiny is critical in the construct of the budget issues that the city is dealing with going forward. The council is trying to eliminate supplemental appropriations at the end of the year.

Mr. Presley noted that with the current way the city is budgeting to the nickels, unfortunately there will continue to be supplementals at the end of the year. The total result of the supplemental appropriation on December 28, 2011 was an increase in the General Fund of approximately \$60,000. Of that \$60,000, \$45,000 is an advance to the Public Improvement Fund which will come back after the grant monies flow back through the Public Improvement Fund. The increase to the General Fund was \$15,000.

Finance Director Presley provided the following information concerning fire department overtime in 2011:

Fire Department Overtime:	\$84,940.00
Emergency Overtime	\$34,842.00
Deferred Overtime	\$69,285.00
Squad Pay	\$12,818.00
Holiday Pay	\$15,921.00
Squad Acting Pay	\$ 8,560.00

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Executive Officer	\$ 2,400.00
Fire Inspector	\$ 2,400.00

These figures define the extra pay that was part of the \$120,000 increase in the appropriation in December.

Fire Chief Lyons stated that there are various types of overtime in the fire department. The major block of overtime is if the department falls below staffing of 5 members per shift and has to fill that missing slot with a member to come in on overtime. A 24 hour shift is broken into two 12 hour blocks. An overtime equalization list is consulted to offer overtime to department members not scheduled that shift.

The bulk of emergency overtime is earned when there is a last-minute run in the morning. Shift change occurs at 7:30 a.m. There are numerous calls early in the morning and a fire department member may have to stay for a squad run, causing the overtime accumulation. Other types of emergency overtime is caused by fires and call-ins, either in Bay Village or one of the mutual aid cities.

At the present time, there are three 8-member shifts in the Fire Department. Typically what is allowed to happen is to have two members to schedule off on any given day, for a vacation day, holiday time, etc. When that happens, there is still a 6-member shift, leaving an allowance if someone should call in sick that day to have the 5-man minimum shift. If there are exigent circumstances, such as this past year, when there were a number of retirements coinciding with a number of illness or injury leaves, then there is a situation where contractually it is still necessary to honor the days off (Kelly days, vacation days, etc.) and it becomes necessary to schedule for a 5-member shift. The 5-member minimum is based on a state/federal law. If there were only 4 members on duty and a house fire occurred, they cannot go in. They would have to wait an extra 8 to 10 minutes for mutual aid before making entry into the house to put the fire out. This is the reason for the establishment and maintenance of a 5-member minimum.

Deferred overtime is overtime, either regular or emergency, that has been earned and put away as deferred. A member may elect to postpone payment of the overtime for a minimum of two weeks. The benefit is that the funds are not pensionable, either to the member or the city. The city saves 24% on the overtime.

Squad leader pay is a more appropriate term than "overtime" which occurs when a captain or lieutenant is off duty and a firefighter is in charge of the squad and Truck 16 if there is a fire run. In recognition of his experience (taking the most experienced member to be in charge) it is a contractually negotiated item to pay squad leader pay. The firefighter gets the hourly difference between his firefighter's pay and lieutenant's pay.

Squad pay is acting leader pay. If a captain is off and a lieutenant has to be in charge of a shift he is acting as a captain and serving as the shift commander for that day and is given the hourly differential in pay.

Holiday pay includes a limited number of family holidays (Thanksgiving, Christmas, New Year's Day, Memorial Day, Fourth of July) which pay a premium time and one-half pay for being on duty on those days.

Mr. Young stated that in 2011 the dollar figure for budgeting overtime was \$40,000 for the fire department overtime and \$40,000 for paramedic overtime. Chief Lyons did ask for \$120,000 as opposed to the \$80,000, since he was expecting retirements in the departments. Mr. Young stated that in the past the attempt was to keep a six man minimum shift as opposed to a five man minimum shift. Mayor Sutherland stated that the 5-man minimum switchover occurred in February of 2008. A 5-man minimum has been maintained since then. Chief Lyons noted that fire department overtime in 2007 was about \$280,000 for both the fire department and paramedic unit.

Fire Chief Lyons stated that he went back through 2006 to review the overtime and the figures are consistent. There is always a certain amount of deferred overtime paid out at the end of each year. He suggested that the Finance Committee keep that option that is available to the fire department staff in mind when budgeting for future years.

Chief Lyons stated that as part of the Joint Implementation Committee he recently put together a presentation for the Finance Director and Mayors in the various cities comparing percentage of overtime budgets with surrounding cities. Bay Village falls just below the average.

City Vehicle Policy

Mayor Sutherland advised that the policy was changed in 2008 allowing certain positions to take vehicles home due to the nature of their jobs. Reimbursement for fuel for commute miles was also instituted. The Mayor stated that they continue to review this and evaluate the policy.

Mr. Young stated that the committee is bringing this up for budgetary reasons. The last couple of years there have been financial "hits", one being the cost of health insurance increasing by over \$400,000, an amount similar to that lost in intergovernmental fund revenue, and the loss of estate taxes to occur in 2013. Mr. Young stated that these losses cause the Finance Committee to look at all policies and expenses and ways to try to cut those expenses.

Mr. Young continued, stating that he was informed that the reason city vehicles are assigned and allowed to be taken home is for emergency response. Mr. Young stated that he can understand that as an idea, however, distance should be a part of the equation. He reiterated his comments at a previous Finance Committee meeting, that a friend who is a trauma surgeon and lives more than 10 miles from the hospital is required to sleep at the hospital when on emergency call. The rationale is that you cannot be an emergency responder and be a long distance away.

Mr. Young advised that some of the employees assigned take home vehicles live a long distance away and the total miles driven for commuting works out to be a little over 57,000 miles per year. This causes a replacement in a city vehicle once every two years, based on that mileage. Besides that there are maintenance issues that go with that mileage. If the rationale is that it is an emergency vehicle, is it really an emergency responder based on those distances?

Mayor Sutherland stated that this is a key question and a bit of a misnomer because the way she defines it is not necessarily as emergency responders. It is due to the type of job and emergency response may be a component of that. Mayor Sutherland called upon Detective Lieutenant Spaetzel to describe the use of the vehicles.

Lieutenant Spaetzel stated that the detectives do respond in emergencies for a variety of reasons. They are called in several times a month for burglaries, breaking and entering, felonious assaults, drug arrests, crimes in progress, suspicious deaths, sex offenses, and crimes against children. All of these things necessitate a quick response. These are all specialty areas which is why the detectives are trained the way they are to respond to those types of situations. The protocol for things such as child offenses and sex abuses call for the scene to be held until the detective arrives. There is a transient nature of evidence as well as testimonial matters which contributes to the reason why they have to get to the scene quickly. The only way to do that is to have the vehicle available to get to the scene quickly. All equipment is kept in the vehicles and the detectives can respond from their homes to the scene. Detective Krolkosky handles the crimes against children and if he is required to go to Fairview Hospital he can go right from his home to the hospital. If he were required to pick up a car at the station it would mean another one-half hour of time and time is essential in these types of crimes against children investigation.

Lieutenant Spaetzel stated that the detectives are also negotiators, members of the West Shore Enforcement Bureau negotiating unit, headed by Lieutenant Spaetzel. They can go directly to the scene from their homes. These situations require quick response in order to establish control. When arriving at the scene of a crime, they are the Officers in Charge (OIC) and responsible for the entire response.

The lieutenant noted that state law permits officers to live outside the city limits. To take dedicated and experienced officers and tell them they cannot take a vehicle home negates the purpose of getting them to the scene quickly to be of service to the public.

Detective Spaetzel noted that he kept his last city assigned vehicle in use for eleven years. Detective Krolkosky has had his vehicle for seven years, and Detective Elish has a car that was a used vehicle when assigned to him and he has had that car for six years. Excellent care of the cars is taken; they are run well over 100,000 miles, and for the value of the service received for the few extra miles is well worth it.

Mr. Clark asked the number of calls per month for these instances and Detective Spaetzel estimated that the responses occur four to five times per month. When Detective Krolkosky has to go to school in Columbus, Ohio, he goes right from home in Brunswick to Columbus, which obviously saves overtime. Runs to the Bureau of Criminal Investigation in Richfield are done regularly. These can be done on the way home. There are a variety of different ways the cars are utilized officially by taking them home, including court appearances whereby the officers can go directly to court from home. Suspicious deaths have occurred as frequently as six to eight per year, or as few as zero. Those calls require immediate response.

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Mr. Clark asked the options in the event of not having an assigned take-home vehicle. Detective Spaetzel stated that a personal car would have to be taken to the station and switched out to a police vehicle. That would take additional time, which could, depending on the situation, be detrimental. Police and detective equipment is stored in the trunks of the police vehicles.

Mr. Clark asked if the reimbursement fees could be brought up to date in order to have that information to make a decision. Mr. Presley stated that he does not invoice the employee. The employee reports the personal miles to him or to the Finance Department along with a check for the miles as an honor system.

Mr. Clark commented that the Finance Committee is not trying to question the legitimacy of what the detectives do. It is not an issue where they feel it is a personal grudge. It is an issue of basic finance for the next couple of years going forward. The Finance Committee is now uncovering many things that weren't necessary to talk about before because the revenue was there. It is a tough decision for everyone.

Mr. Young stated that while the right to live outside the City of Bay Village cannot be usurped, there is a component of distance. If it is so important to be here immediately to the citizens of Bay Village, he questions having someone live so far away.

Chief Wright stated that it is not a case where these three individuals in particular are interchangeable. It is a function of business. Officers are assigned according to skills and abilities. When there is an opening for a specialty such as the detective bureau or SWAT team, the individual is required to present what knowledge, skills and abilities he brings to the position and what he will do to be a part of the team to move the mission forward. The distance is not part of the decision making in choosing an individual for the slot.

Chief Wright referred to Mr. Young's example of the trauma surgeon required to sleep at the hospital when on call. The chief stated that the trauma surgeon is not on call every single day. The three detectives are basically on call every single day according to the agreement when accepting the position and accepting the vehicle.

Mayor Sutherland asked Detective Spaetzel if he ever makes arrests outside of Bay Village. Detective Spaetzel stated that most of their search warrants and arrest warrants do not occur in the City of Bay Village. They occur in Cleveland, Lakewood, and other places. Fraud cases take the detectives to retail establishments all over Northeast Ohio. Detective Spaetzel stated that he even considered pooling cars. Using today as an example, he stated that the detectives all went into different directions for different purposes.

Mr. Clark stated that the Finance Committee needs to have all the facts and information to make decisions and to avoid making decisions based on emotion. There are ten plus city vehicles that are used as take-home vehicles and there is a cost in doing that and that must be looked at objectively. Mr. Presley will supply the reports indicating the reimbursements paid to the city as soon as they are submitted to date by all the employees using take-home vehicles.

Mr. Young stated that the mileage figures given to the Finance Committee were based on Map Quest. These were given street-by-street.

Review of Finalized Revenues and Expenses for 2011

Mr. Young advised that this is how the Finance Committee looks at the budget. Mr. Presley has provided a different format to the report. He finds this format to be clearer, easier to read than the previous format used. Mr. Presley will use the 12-15-11 budget numbers as one of the columns, as well as the requested budget for 2012.

Mr. Young stated that he would like to have time to review this before the next Finance Committee meeting so the Finance Committee can take a first cut at making some possible adjustments.

Mr. Clark stated that the report gives a couple years of history and there are new members of Council who will find this information helpful.

Mr. Clark also noted that he likes the General Fund analysis laid out in the front of the report because this is where much of the review is done.

Mr. Young noted that there are six columns in the landscape column allowing the 12-15 column to be added in. Mr. Clark noted that there will be time as the year goes on to make formatting changes but at this juncture with budget work to do he would like to keep the format as similar as to what there is now. Mr. Presley stated the only change would be a landscape versus a portrait lay out and the addition of one extra column. Otherwise it will not change. Revenues will always precede the expenses to avoid flipping back and forth as is done with the monthly reports. Mr. Clark noted that Mr. Young, Mr. Tadych, and he will look at the produced report to see if it makes sense for them. Mr. Presley will run a draft and review with Mr. Young on Friday, January 13 at their morning meeting.

Review of Monthly Report dated 12.31.11 (Exhibit A attached)

Mr. Presley stated that the first page of the report is the cash balances of unencumbered cash and where the cash is located, whether it is checking accounts or investments.

The second page is a listing of the outstanding investments, indicating the interest to be earned and the type of investment. Mr. Clark noted that the listings under "City Treasury" are debt obligations that the city issues to themselves as opposed to bonding out into the marketplace for road improvements and equipment replacement. The self issued bonds stand at \$1.555 million at this point in time. This ties into a schedule that Mr. Presley produces for bond repayments. Mr. Presley stated that the Finance Department is preparing to do a tutorial book for the new members of Council and he will schedule a meeting with the new members of Council for review. He expects to have that report ready by the end of January.

Mr. Young asked about the unencumbered balance of \$28,242.27 in Youth Activities, noting that the program is no longer operating. Mr. Presley stated that the utilities for the Bayway Cabin

have been charged to that account. That can be cleared out, moving the money to the General Fund and taking the utilities under public buildings. If Bayway is not going to stay closed permanently the funds can be left in the account for utility payments.

Mr. Presley noted that the amount of municipal income tax receipts year-to-date of \$4,969,135.06 is 94% of the receipts. The remainder of the receipts are distributed to the Accrued Benefits Fund and the Equipment Replacement Fund as follows:

“All Municipal Income Tax receipts shall be apportioned with ninety-four per percent (94%) credited to the General Fund, four percent (4%) to Equipment Replacement Funds and two percent (2%) to the Accrued Benefits Fund. (Ord. 08-31. Passed 4-7-08.)”

Mayor Sutherland stated that she is putting together a budget book for everyone.

The next seven or eight pages of the report reviewed by the Finance Committee are the revenues of the various funds. Expenses are then listed, beginning with the General Fund, midway through the report.

Mr. Presley noted that percent of revenues collected are rounded and may not reflect the exact percentage due to rounding.

The Street Construction, Maintenance and Repair Fund indicates a permissive fee. Mr. Presley explained that the state permits an additional fee on license plate registration for counties and municipalities. The City of Bay Village has placed the maximum amount of permissive fee.

Refuse Collection Fee

Mr. Young advised that when the refuse collection fee was first instituted the Council did not want it to perpetual, but wanted the opportunity to review the fee on an annual basis. Mr. Young stated that the refuse fee is not scheduled for 2012 and will require the attention of Council at the next meeting of Council on January 23.

Miscellaneous

The next meeting will be held Tuesday, January 17 at 5 p.m. At that time, Mr. Young would like a variance report furnished by Mr. Presley for review by the committee.

Mr. Clark suggested reviewing a reserve fund analysis to size out what the needs are for borrowing next year for equipment and road improvements. Mr. Clark stated that the Finance Committee needs to get a consensus on this within the next two weeks. Mr. Presley stated that he has prepared a preliminary schedule for bonding and he will look that over to see if it needs to be adjusted.

Mr. Young asked if a fire truck ordered this year would be received during the year. Mr. Presley stated that he must have funds available or in the process of collection in order to issue a purchase order. However, when going to bid on one of these large items, someone may have a

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cancelled order or a demonstration model that is available. Before getting to the point of ordering the equipment, the method of payment must be determined as far as whether the bonds would be issued internally or externally, or taken out of other funds.

Chief Lyons stated that it is not uncommon for a specialized build-out such as a fire truck to take nine to ten months. Down payments are typically associated, but progress payments are not required.

Mr. Galli reported that reimbursement for the Bradley/Naigle Road Improvement Project in the amount of \$1.033 million has been submitted. The reimbursement for the Reese Park Improvement Project will be submitted when signage is completed. Reimbursement for the park project is expected at \$68,000.

The full reimbursement for the Bradley/Naigle Road Project may be delayed due to the necessity of finishing the traffic light installation. The \$1.033 million partial reimbursement is expected within the next thirty to forty-five days.

The Finance Committee will review the expenditures of funds for projects versus the amounts budgeted for projects at their Tuesday, January 17 meeting. Many of the projects have come in under budget.

Meeting adjourned at 7:20 p.m.

Michael Young, Chairman

Joan Kemper, Secretary