

FINANCE COMMITTEE MEETING

held April 16, 2012

6:30 p.m.

Present: Chairman Mike Young
Councilman Dwight Clark
Councilman Dave Tadych

Also Present: Finance Director Presley, Councilwoman Lieske, Fire Chief Lyons,
Police Chief Wright, Operation Manager Landers, Lead Mechanic Scott
White

Audience: Susan Murnane, Bruce Geiselman

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

Removal of Finance Item listed under Matters Pending Before Council Committee

Mr. Young recommended that the item “Budget for Fiscal Year 2012” be removed from the list of matters pending before Council Committee. This motion will be included on the agenda for the special meeting of Council of April 23, 2012.

Vehicle Purchases on Council Agenda of April 16, 2012

Mr. Young stated that there are many vehicles scheduled to be authorized for purchase at the Council meeting to be held this evening. Mr. Young noted that of the two police vehicles that are listed, one is an all-wheel drive and the other is a front wheel drive vehicle. Mr. Tadych noted that the ordinance states it is a four wheel drive vehicle. The ordinance will be amended by reading.

Mr. Presley explained that they would like to have one of each type of the drives in order to see how they operate and if there is a difference in fuel mileage and maintenance. He noted that the Ford Crown Victoria is no longer being made for the police interceptor vehicle. The Taurus model is replacing the Crown Victoria and is primarily front wheel drive but all-wheel drive is also available. The base engine is specified. These vehicles will be a little more expensive for the first two or three years as they have to be fitted with equipment that doesn't transfer over from the Crown Victorias. Until the entire fleet is comprised of the Taurus model, there will be additional costs to outfit the vehicles.

It is expected that the vehicles will be delivered, equipped, and on-the-road for the Fourth of July.

The existing two vehicles being replaced will be either sent to another city department, depending on the serviceability, or sold to auction.

Mr. Tadych commented that when traveling in Florida, he noticed in some of the smaller cities an empty police car is parked to deter speeding. He suggested that the Bay Village Police Department consider this alternative to getting next to nothing for a used police car through auction.

Chief Wright stated that most of the time that works well until people get used to seeing the car with no one in it. Sometimes the car gets “decorated” because there is no one to watch it. He noted a situation in Florida last week where an empty car was vandalized by shooters. Chief Wright stated that the strategy of parking an unattended police vehicle is a marginally effective intervention.

Mr. Young stated that tonight’s purchases also include a full sized van for the Recreation Department. Mr. Presley stated that the van the Recreation Department currently has is on loan from the Service Department. The original Recreation Department van went in for service and it was found at this point it wasn’t worth putting more money into; further inspection revealed that the actual frame of the 2000 van had rusted through.

Mr. Clark asked if the van to be purchased is primarily a vehicle for hauling supplies for the recreation programs. Mr. Presley stated that the van will only have two seats and will be used for carrying equipment.

Mr. Tadych asked if the current vehicle assigned to Recreation is empty so that things can be put in and out of it. Mr. Presley stated that it may have football gear in it because at this time there is no place to store football gear. Mr. Clark noted that much of the Recreation Department equipment is stored at the Community Gym. Mr. Tadych commented that the basement of the city hall is empty. He stated that if we are buying a van to store things we should find a home to store the items and not have to buy the van. Mr. Presley stated that storage is not the primary function of the vehicle.

Mr. Clark asked if it is fair to say that the existing cargo van has been in use for twelve years. Mr. White stated that the van they are using now, borrowed from the Service Department, is a 1998 model. The Recreation Department Dodge Van is no longer in use and has been auctioned. The van had approximately 70,000 miles. Mr. White stated that the mileage is not what is the cause of the deterioration; it is the time factor and because they are stored outside subject to weather conditions.

Vehicles to be purchased for the Service Department

Mr. White stated that the 5-ton truck scheduled for purchase will replace Truck No. 33, a 2000 Freightliner used for ice salting and leaf pick-up. A small dump truck will replace a year 2000 vehicle which has frame damage and has been assigned to trash pick-up at the swimming pool.

Mr. Clark stated that as the Council went through the budget process last year they reallocated some of the municipal income tax receipts to go from the Equipment Replacement Fund to the General Fund in order to provide a balanced budget. The allocation to the Equipment

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Replacement Fund was reduced from 4% to 2%, which means there is less money for equipment replacement this year. The Council must be judicious in how the remaining funds are prioritized this year. Tonight's purchases total approximately \$190,000 and there will be additional purchases this year. Mr. Clark expressed concern about getting out of kilter with this year's budget.

Mr. Presley stated that before the allocation adjustment from municipal income tax receipts was made, the total resources available in the Equipment Replacement Fund were considered. The year started with \$235,000 in cash and the amount scheduled for purchase can still be approved without increasing the amount of borrowing that will be necessary, as long as the vehicles to be purchased and the Fire Department Pumper truck come in very close, or within reason, to the original budget scheduled. Mr. Clark noted that the budget for equipment replacement was set at \$550,000 for 2012 if everything planned was purchased. Mr. Presley further noted that at this point he does not think they will be bringing forward the replacement for a detective vehicle for the Police Department, unless one becomes completely unusable. Mr. Tadych stated that the police vehicles are very important and he wants to keep those moving.

Mr. Clark asked Mr. Presley his comfort point with the carry over in the Equipment Replacement Fund, considering that at this point it is \$235,000. Mr. Presley stated that it has been as low as \$15,000 or \$20,000. This is not a situation similar to the General Fund where it is desirable to see a sixty to ninety day carryover.

Mr. Clark stated that the change in how the municipal income tax receipts allocation to the General Fund goes through 2012. On January 1, 2013, the allocation will return to the 4% to the Equipment Replacement Fund.

Mr. Young asked the budget item for the cost of switching accessory equipment from the old police vehicles to the newly purchased police vehicles. Mr. Presley stated that the cost comes out of the Equipment Replacement Fund as part of the cost of putting the vehicles into service. He noted the cost of \$300 for a Service Manual that comes with the new vehicles as a necessary item for the mechanic. Mr. Young asked if the manual is a CD or a paper copy. Mr. White stated that it is a paper copy. The manual is available through CD at an extra cost.

Mr. Clark asked Mr. Presley when the next equipment replacement items will be presented for purchase. Mr. Presley stated that the soonest will be the Fire Pumper. A backhoe was to be purchased from the Street Construction Fund. Mr. Clark noted that an additional Service Department unit was included in the budget. He also asked about the vehicle scheduled for the Community Services Department. Mr. Presley advised that the Building Department vehicles, the detective vehicle, and the Community Service Department vehicle would be lower priority items and will require comparison to the budget before going forward, unless there are unusual and extraordinary expenses for repair. Mr. Clark stated that he would strongly support equipment for the Community Services Department. Mr. Tadych noted that the important thing to remember is that a vehicle is needed that the seniors can get in and out of easily. The one that they are using now, the 2008 Chevrolet Impala, is presenting difficulty for the seniors in that regard. Drivers are not permitted to offer assistance.

Mr. Young asked Mr. Presley about the possibility of charging the purchase of paramedic vehicles to the Emergency Paramedic Unit as a way of showing that it is a cost for paramedic services as opposed to fire service. Mr. Presley stated that one year the paramedic fund was increased for the purchase of an ambulance. He considered that, from an accounting standpoint, this was not matching assets to liabilities. Residents who are here that one year are all paying for the ambulance. In talking to the administration at that point in time, it was decided that the paramedic fund would be used just for the personnel and normal equipment expenditures, not of a material nature, and that all vehicles would come out of the Equipment Replacement Fund.

Mr. Young stated that he would like to consider if that is the way we want to continue before next year's budget work. Mr. Clark agreed that some of those Emergency Paramedic Unit funds could be set aside for reserve so that when it comes time for an ambulance it could at least be self-financed.

Administrative Compensation Ordinance

Mr. Young advised that the Council voted down the administrative compensation ordinance at the last City Council meeting. Changes have been made and it is back before the Council again this evening. The effective date is March 18, 2012 for the compensation for the Administrative Assistant to the Mayor. The date of March 18 corresponds to the payroll ending date and the date that the former assistant to the Mayor left the position. The ordinance that was defeated set the pay rate at \$41,000-\$42,000. The ordinance on this evening's agenda has been changed to \$41,000. Mr. Tadych commented that it is important to note that the \$41,000-\$42,000 was never in effect. The item that was in effect was the previous Mayor's assistant compensation of \$42,884.00. Mr. Tadych questioned what salary the person holding that position is getting since she started in the position. Is she being paid under the amount of \$42,884.00? Mr. Presley stated that the current position holder is being paid the amount of \$42,884.00 annually. The new ordinance is dated March 18, 2012. Upon adoption, Mr. Presley will be required to recalculate the individual's salary and make an adjustment to what has been paid and reduce the salary from this point to the end of the year. Mr. Tadych noted that this would be backdating legislation, which he dislikes.

Health Insurance

Mr. Young stated the Finance Committee has been attempting to determine a way of hiring a consultant to work in conjunction with the Council and the union representatives to devise a better health care plan for the employees of the City of Bay Village. Mr. Clark sent an email on April 11 to the members of Council about working with Rocky River's human resource professional to get some ideas on what their city has done in the past. Mr. Presley noted that there is also a human resource person in the City of North Olmsted that would also offer good insight. Mr. Clark stated that as many municipalities that intelligence can be gathered from would be a good start. He noted that they have time to do this before the renewal. Mr. Clark agreed that the committee speak with the human resource representatives of Rocky River and North Olmsted within the next two weeks. Mr. Presley will provide scheduling information for those meetings.

Assigned City Vehicle Use Policy

Mr. Young asked for comments concerning the last policy proposal dated February of 2012.

Mr. Tadych stated that the committee discussed using the 55 cents per mile IRS reimbursement rate and allowing that to build or decrease as dictated by the IRS. There was a second choice of basically charging \$125.00 per month reimbursement for every five miles away the employee assigned the vehicle lives from a fixed point in the city. Mr. Tadych noted that to him the fixed rate seems to be the less difficult way of handling the reimbursement to the city, both for the Finance Director and the person using the city vehicle.

Mr. Tadych distributed a revised assigned vehicle policy adding an additional tier of five mile increments. He does, however, think that the policy should conclude after Tier IV and simply say \$125.00 per month for each five mile increment past the twenty miles of Tier IV.

Mr. Clark stated that the Finance Committee has touched base on the adoption of a policy a number of times, and reviewed it with the Committee of the Whole. Reimbursement to the city during the year 2011 was approximately a total of \$4,700 from all employees, which equates to a little less than \$400 per month for nine company cars. Mr. Presley noted that this is for fuel only.

Mr. Clark noted that a reasonable and fair policy is what is desired, taking into consideration that the city is paying insurance and maintenance costs for those vehicles. He stated that the policy needs to be addressed and finalized sometime soon.

Mr. Clark stated that what seems to be the consideration here is that anybody who lives outside the City of Bay Village would be subject to the reimbursement. He asked if this is the same policy for the 55 cents per mile reimbursement rate, as to whether it is for those who live in Bay Village or adjacent communities. Mr. Presley clarified that the 55 cents per mile rate is for any personal mileage, whether the city lived in is the City of Bay Village or another community. There is no authorization to exclude anyone who lives within the City of Bay Village limits. The per month reimbursement policy does offer an exclusion for those who live in the City of Bay Village.

Mr. Young stated that his personal opinion, after discussing this with people from other communities, is that there are IRS regulations and taxes that have to be followed regardless of the rate being charged. The vehicles are assigned for the purpose of emergency response. Mr. Young stated that he would grant deferment for reimbursement to those living within the city, or even extend that to those living in a city whose boundaries touch the boundaries of the City of Bay Village. Beyond that, the vehicle is no longer a first response emergency vehicle. At that point it is a perk and a benefit because it is not for someone who would qualify as a first responder due to the distance.

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Mr. Tadych commented that when discussion about this policy first began he did a study that indicated the mileage over a three year period of use equates to the purchase of a new vehicle. The mileage of use totaled approximately 125,000 miles.

Mr. Tadych noted that Mr. Young's suggestion of a person who lives in a community whose boundaries touch the boundaries of the City of Bay Village as a qualifier for free use of a vehicle presents a problem if the neighboring community has a large geographical area.

Mr. Clark stated that a decision must be made as to who will be excluded from having to reimburse the city without being discriminatory, and a decision must also be made as to whether the reimbursement should be a flat dollar amount per month or a per mile reimbursement charge. Mr. Clark encouraged moving ahead with the policy and using the 55 cents per mile IRS allowable rate.

Mr. Tadych expressed favor with the per month flat rate policy.

Mr. Clark stated that the committee is in agreement that a change must be made. The policy now is too liberal. We want to make it fair but understand that the time that is carved out for emergencies and work-related transportation is not subject to the mileage reimbursement.

Mr. Young expressed agreement with moving forward, and leans toward the policy suggested and favored by Mr. Tadych of a per month flat rate. He noted that in his personal occupation the charge is one-tenth of the mileage for his car each month. Based on historical data, he is charged ten percent of the value of the vehicle. Mr. Presley stated that Mr. Young's policy is based on a new vehicle every three years and it is easy to know the leased value of the vehicle and calculate ten percent of that value. That is not the situation with city vehicles. One individual has a ten to twelve year old vehicle; another uses a vehicle that is only one year old. Mr. Young noted that he is not advocating that policy for city vehicles; he is in favor of the monthly fee for ease of reporting purposes.

Mr. Presley stated that Mayor Sutherland is working on formulating a policy. Mr. Young stated that he is hoping to make a final proposal on April 23, 2012. If the Mayor is interested in presenting a policy, he would encourage her to try to get this done as soon as possible.

Mrs. Lieske stated that in this day and age the policy makes sense. She noted that when turning in mileage at her place of employment she has to attach Map Quest and that could bog down the employees in record keeping. The flat rate is a cleaner approach.

Mr. Presley noted that he does not audit what the individuals turn in. Based on the fact that they are using a piece of city equipment that is very valuable, with insurance provided, and they recognize the value of the vehicle to them, the trust has to be there so what they submit as their records are accepted.

The policy will again be discussed at the Finance Committee meeting to be held Monday, April 23, 2012, at 7 p.m. in an effort to come to some agreement before bringing it to Council as a whole. If Mayor Sutherland wishes to submit something, Mr. Young suggested it be sent to the

members of the Finance Committee via email. Mr. Tadych stated that he provided a copy of the policy he distributed this evening for Mayor Sutherland's information.

Mr. Clark summarized that Mr. Presley will reach out to the human resources directors at North Olmsted and Rocky River in an attempt to schedule a conference with the Finance Committee the week of April 23, if possible.

Miscellaneous

Emergency Notification to Residents

Mr. Tadych reported having calls from residents about the City of Bay Village's ability to handle crises such as the tornados that are occurring all over the country. Mr. Tadych stated that he does not know what the ability is of the city to notify residents. Many years ago Council voted to put in a Reverse 911 system. We did have sirens at some point. There is a concern within the city about notification. Mr. Tadych asked how long it will take for the Reverse 911 system, if it is still working, to notify residents of an impending, dangerous weather event.

Fire Chief Lyons stated that the Reverse 911 system ceased being technologically supported over a year and a half ago. The city purchased a new system known as Voice Shot, which is not functioning due to the inability of Bailey Communications to transfer the data from AT&T.

Mr. Tadych stated that his concern is for the residents. They are paying the salary of the city officials and employees and they deserve a method to be notified. The Safety Committee should be asked to begin to explore some urgency means of notification to residents of an impending problem in the city.

President of Council Koomar asked Chief Lyons if his work with Bailey Communications to transfer the data to the Voice Shot system is a work in progress. Chief Lyons stated that the work is out of his hands; it is through the Finance Department.

Mr. Clark asked Chief Lyons to expand further about the technology capabilities not being in place. Chief Lyons stated that the city purchased residents' contact data from AT&T with the idea that a new system called Voice Shot would be utilized. It is the system that the schools use to contact the parents of the children enrolled in the schools. Mayor Sutherland spoke with the Board of Education and they recommended the services of Voice Shot. Mayor Sutherland asked Chief Lyons to obtain the data from AT&T. He did obtain the data, and thus far Bailey Communications has not been able to import the data from AT&T into the Voice Shot because there is a problem translating the data.

Mr. Clark stated that a kick-off meeting was held today for collaboration with the schools and the overlapping of services. That might be something we can learn from their experience. The schools also use Bailey Communications for technology services.

Mr. Tadych stated that whatever way we proceed, we cannot afford a twenty minute gap in notifying city residents. The people in Texas that were notified of storms were notified through the old-fashioned siren system on poles.

Chief Lyons stated that sirens have traditionally been used in communities to warn of specific weather events, e.g. tornados. The type of systems such as Voice Shot can be used to warn people of a wide variety of events and provide specific information as to what is going on, preventing jamming of phone lines to the police department. Mr. Tadych stated that he would recognize the fact that if the weather is bad he would know that the siren sound might be something to try to save his life.

Mrs. Lieske advised that Cleveland State University uses an emergency notification system that includes notification on the office telephone, cell phone, home phone and email. Mr. Tadych stated that it probably can be utilized in that manner. When the Reverse 911 system was initiated in Bay Village, the city began collecting cell phone numbers.

Chief Lyons noted that two years ago in his budget proposal to Council he did extensive research on the issue of the Reverse 911 and included a proposal for replacement of the system. Chief Lyons will provide that information to the Finance Committee.

Mr. Tadych stated that the important information to learn for a system is how many calls can be made in a period of 60 seconds, how many calls would have to be made overall, and how long that would take. Chief Lyons stated that the Reverse 911 system purchased eight years ago had a twenty minute time frame for contacting all the residents. Newer systems can contact all the residents in the city in less than five minutes.

Mr. Presley stated that he will seek further information.

Advance Refunding of Police Station Bond Issue

Mr. Presley stated that he had a telephone conference with the rating agency on Thursday, April 12. He anticipates a confirmation of the city's Aa1 rating. As long as that comes in by the end of the day on April 17, he would anticipate the bidding of the actual sale on Tuesday, April 24 or Thursday, April 26.

Mr. Clark asked Mr. Presley to provide a breakdown of the expenses for the bond issues. Mr. Presley will provide this information in the Council kits of April 20, 2012.

There being no further business to discuss, the meeting adjourned at 7:22 p.m.

Mike Young, Chairman

Joan Kemper, Secretary