

FINANCE COMMITTEE MEETING

held March 8, 2013

6:00 p.m.

Present: Chairman Mike Young
Councilman Dwight Clark
Councilman Dave Tadych

Also Present: Finance Director Mahoney, Law Director Ebert, Police Chief Wright,
Assistant Service Director Sears, Community Services Director Bock,
Operations Manager Landers, Detective Mark Spaetzle, Fleet Mgr. Scott
White

Audience: Susan Fink

Civil Service Testing

Mr. Young asked Mr. Ebert if it is necessary to have civil service testing done for the police and fire departments because the eligibility lists will expire. Mr. Ebert stated that historically it has been done, and it is a good policy to keep the eligibility lists current. However, it is a valid question relative to the budget. Mr. Ebert will check the state statute. The application fee of \$35.00 per applicant covers the cost of the test.

Police Vehicles

Police Chief Wright advised that Police Interceptor Vehicles get 17 miles per gallon mileage. Police Interceptor SUV gets 16 miles per gallon mileage. Both are rated 20% over the Ford Crown Victoria. The grant application for the Police Interceptor SUV is pending approval or disapproval.

Mr. Tadych noted that the grant dollars (\$28,000) would not cover the outfitting of the SUV with the police equipment, estimated at \$18,720. Chief Wright stated that when the SUV is no longer usable the equipment can be stored for usage at a later date.

Mr. Tadych and Mr. Clark recommended the purchase of two vehicles this year – one SUV Police Interceptor Vehicle and one Police Interceptor Vehicle (Sedan).

Service Department Vehicles

Street Sweeper: Mr. Clark stated that the sweeper in the version it has been presented is a needed item. Fleet Manager White stated that the sweepers have a 7 year life span. The model currently being used is a 2003; the city has been getting 10 years of use from the equipment. Cost is \$30,000. Purchase Recommended.

Leaf Vacuum Leaf loader

This equipment is driven behind the truck. New emission controls are coming out in 2014, with quite a price increase. Purchase Recommended.

Fire Department Vehicles

Fire Inspector Vehicle: This will not be included in the budget due to a decision not yet made regarding the position of Fire Inspector.

Fire Chief's Vehicle – The SUV being used by the Fire Chief is in need of major repairs. Fleet Manager White stated that it is rusted out, has age issues, and needs the front end rebuilt. It was recently towed twice due to breakdowns on the road, most recently when the rusted out torsion bar collapsed while the car was being driven by the Chief. Scrap value of the vehicle is estimated at \$2500.

Mrs. Mahoney stated that the summer project for the Finance Department will be registering with Govdeals.com to auction off old equipment on-line.

Estimated budget for a new Fire Department Chief's vehicle is \$26,000.

Mr. Clark commented that the Reserve Fund has been exhausted. The Estate Tax Revenue has been lost. The administration of the city has done away with reimbursement for fuel for staff with take-home vehicles. We cannot continue to spend money on cars for people for commuting. He recommended finding an existing asset in our vehicle pool that could be used for the Fire Chief.

Fleet Manager White will look for a vehicle that would be usable for the Fire Chief. He noted that the Chief does have specific needs. There are certain things he carries that he needs to keep with him. He recommended the Finance Committee discuss this further with the Fire Chief.

Finance Director Mahoney stated that another reason the Fire Chief is permitted to take the vehicle home is so that he can respond to emergencies. Mr. Tadych noted that he is responding from quite a distance.

Mr. Clark reiterated that the decision last year was to no longer seek reimbursement for commuting mileage. The cost is \$5,000.

Mr. Young stated that the only way he would approve the purchase of a vehicle for the Fire Chief is if there is not a vehicle in the existing pool of vehicles that could work for the Fire Chief.

Fleet Manager White stated that all of the other vehicles are aged. The Fire Department Van is on its last legs.

Decision Pending based on whether or not something else is available from the vehicle pool for the Fire Chief to use and further discussion with the Fire Chief.

Rope Rescue Equipment Replacement: Mr. Clark suggested sizing what can be taken on as Equipment Replacement based upon the debt schedule for the year. The Committee can then back into the various items requested. Mr. Clark would like to give priority equally to all departments. Mr. Young noted that there may be long term capital plans that will have to be postponed in order to afford more important things such as police vehicles. Mr. Clark stated that this feeds into the discussion about laying out all of the capital expenditures going forward and layering it in. A three year capital plan will be put together.

Mr. Clark noted that it is important to start planning the budget in September of 2013. Director Mahoney agreed.

Community Services Department

Chevrolet Impala Vehicle (2008): Fleet Manager White stated that an eight or ten year life on these vehicles is not possible. The Van is a 2010. The bus is a 2004. Mr. White estimated that the cost of a new bus is approximately \$55,000. There may be a decent trade-in value for the old bus.

On the Impala, Mr. White stated that the vehicle is becoming challenging. Mr. Young suggested the possibility of giving the Impala to the Fire Chief and purchasing a new vehicle for senior transportation. Mr. White noted that the Community Services Department is unhappy with the Impala for the type of use it is receiving, but it is the only vehicle that is being offered through state bid for that purpose. The cut-off date is March 21 for purchasing. Mr. Tadych stated that a new Impala is coming out with a whole new design. The new model will not be available until the fall. Mr. Clark recommended the purchase.

Mr. White stated that if the car is not purchased this year the car and bus will both need to be purchased in 2014. Mr. Clark stated that Community Services does not take up a large part of the city's budget.

Mr. Tadych commented that the Impala has 79,000 miles and should be able to be used in another department.

Parks and Recreation

Parks Mower: \$18,000 Approved

Building Department Vehicles

There are three vehicles assigned to the Building Department: two Ford Crown Victorias and a Ford Taurus. The Ford Taurus will be kept for the secretary at the Service Garage to use for transportation back and forth from the garage to city hall. It is estimated that the two Ford Crown Victorias will realize \$3000 to \$4000 in resale.

2013 Budget Review

A draft of the City of Bay Village Budget (Exhibit A attached) dated March 7, 2013 was reviewed. The draft shows an end of the year (2013) balance of \$985,992. Mrs. Mahoney stated that the Equipment Replacement Account is now negative.

General Fund: Municipal Income Tax allocations have been changed to 98% to the General Fund and 2% to the Accrued Benefits Fund. The Real Estate Revenue takes into consideration the \$17,500 refund to be received from Cuyahoga County. An ordinance will be prepared for the March 11, 2013 Special meeting of Council for the change in Municipal Income Tax allocations.

Licenses and Permits have been reduced to \$213,000, reducing the anticipated revenue of \$412,000 from the Building Department. Mr. Tadych asked if anyone has reviewed what has come in so far this year to be sure we are in line with what is budgeted. Mr. Young stated that this will be addressed on Monday, March 11, 2013.

Estate Tax – Mr. Ebert stated that the estimate of \$400,000 is based on information received from an attorney that the City of Bay Village is receiving \$210,000 from one estate that was completed.

Civil Service – If testing will be done, \$10,000 will be added in revenue, and \$10,000 in expense (\$5,000 police; \$5,000 fire and \$5,000 police).

Fire – Mr. Clark noted that the reduction in Personal Services for the Fire Department is due to the shifting over of personnel to the Emergency Paramedic Unit of millage because of the reallocation of property tax. Chief Lyons has suggested including his salary in the EPU fund since he does not get paid overtime.

Building – Personal Services has been reduced from \$392,568 actual in 2012 to \$125,498 Budgeted for 2013 due to the contract with SAFEbuilt. The \$125,498 represents the wages for one-third of the year. The SAFEbuilt contract will begin May 1, 2013. Mr. Clark asked if it is felt that the city will feel the full effect of the savings in this department in the first year of the contract. Mr. Young stated that it will not increase costs for the city. Revenue side, the amount has been reasonably calculated. Mr. Tadych noted that the contractor reports to Mr. Galli. He asked if there are any other expenses that could come up at that end. Mr. Ebert stated that SAFEbuilt is hiring a director of the department, at their cost.

Total Transfers Out: Mr. Clark stated that the transfers to Parks and Recreation and Street Construction need further discussion. Mrs. Mahoney stated that the question is how much the city wants to fund in street improvements compared to bonding out.

Mr. Young stated that there are funds to be captured as follows:

Bay Family Services – There is an excess balance of \$13,000 that has been sitting in the account. Detective Mark Spaetzel explained the Bay Family Services diversionary program to

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Director Mahoney. The contract is \$80,000 per year with the costs split between the city and the schools. The excess balance will be decreased by \$6,000.

Community Services – We started with a \$4,000 plus amount, added in the appropriate amount in and will end up with \$4,000.

Youth Account – There is \$3,700 in the account that is not being used.

Street Lights – Approximately \$6,000 can be captured.

Mr. Clark stated that the corpus of some of these funds may want to be used when the revenue of the Estate Tax is lost to fund for the year 2014.

Mr. Clark noted that in Public Utilities – Street Lights, a significant increase was budgeted this year of about \$12,000 over last year. (Account No. 100.311.53100) Mrs. Mahoney will lower that for the 2013 Budget.

Mr. Tadych suggested reducing the budget for Repair or Maintenance of Street Lights and Signs.

Accrued Benefits Fund: Mr. Young stated that there will be a deficit in the Accrued Benefits Account, even at \$240,000, due to the Building Department change and also the number of people who retired and were rehired last year. Those rehired retirees have 75 days to file for payment of their accumulated benefits as of their retirement date. Mrs. Mahoney stated that the need is \$185,000 now including the rehired retirees, the Building Department employees, and the one firefighter that will retire.

Mr. Young suggested an additional \$20,000 be added to the Accrued Benefits Fund.

Federal Emergency Management Association Reimbursements: There is approximately \$100,000 that may be able to be captured. Mr. Ebert stated that he and Service Director Galli met with First Energy Corp. and they have listed \$106,000 as possible reimbursement. First Energy Corp. is also willing to pay labor associated with the overtime for the Hurricane Sandy. First Energy Corp. has stated that as long as it can be justified they are committed to make the city reimbursable. Mr. Ebert noted that he would rather get the funds from First Energy Corp. then worry about what can be received from FEMA because there are other cities involved with the FEMA situation. There is a two-week turn-around from First Energy Corp. Mr. Ebert noted further that First Energy has acknowledged they have a problem regarding the pump station and are ready to reimburse the city. Mrs. Mahoney noted that FEMA reimbursement is only 87 ½%.

Purchase of New Fire Truck: Mrs. Fink asked if there will be residual funds left on the old fire truck since a new fire truck will be purchased this year. Mr. Clark stated that the contract price for the new fire truck is \$445,000 with \$20,000 to be received for the old fire truck reducing the price to \$425,000. The question is that the truck was included in the debt schedule last year but it is unsure when the purchase order was issued. Mr. Young stated that the purchase order was

prepared in 2012, but not entered until 2013. It does not be added to the debt line because it is already there.

Sewer Reimbursements: Mr. Clark stated that the committee must determine what capital projects are currently open, what anticipated sewer projects are going forward, how those will be funded, factoring in how much money we will have as a loan from the Ohio Publics Works Commission, how much we have to carry in our own funds before the loans are bridged, if a capital sewer charge will be instituted, and how much is to be paid out of our own Infrastructure Improvement Fund. We took \$800,000 out of the Infrastructure Improvement Fund to pay for the Lake Road Interceptor Sewer Project in 2012. We felt we had enough money in the fund to be able to do the project without bonding for it. That is the only project we have come out of pocket with. The clarity will come in when we close out and reconcile the Bradley/Naigle Project, the Cahoon Road Sewer Project, and the Aerial Sewer Project.

Mrs. Mahoney stated that she would like to meet with the Auditors. Mr. Clark stated that the Finance Committee would like to have a discussion with them because they are new auditors this year.

Mr. Clark stated that before doing the third reading of the budget all of the capital and debt information must be fully understood. Mrs. Mahoney wants to see the advance repayments that will need to be budgeted.

Health Care Fund: Administration employee contributions for health care are \$52.83 for single plan, and \$142.64 for the family plan. This represents a 10% contribution.

Expenditure Budget 2013

Outside Legal: The 2013 budget will be changed from \$96,000 to \$125,000. Mr. Ebert will provide reports to Council either monthly or quarterly. He noted the confidentiality of the cases is jeopardized when submitting bills prior to the cases being closed. Mr. Ebert noted that an increase in the expenditure budget is necessary due to labor negotiations in 2013. It is expected that all of the labor unions will go to Fact Finding. Arbitrators will be paid. Bond counsel expenditures were placed in debt services. Mr. Ebert has cancelled the updating of his law books at city hall to save the expense to the city, approximately \$5,000. He will use the resource of his law office in Westlake for that updated information.

Police and Fire Training Budgets: The Police Department has reduced their training budget by \$6,000 but the Fire Department training budget has been increased by \$3,000. A discussion will be held with the Fire Chief.

Police Department: Part time wages were reduced in the budget by almost \$30,000. Overtime wages were reduced by \$17,000. Mr. Young asked why more would be dropped out of part time as opposed to overtime. Chief Wright stated that there are three new officers and he is anticipating less of a need to schedule part time help. Within the next week the first new officer will be ready to work on his own. Two officers are in basic training now. By the end of the year the more full time people on staff, the less demand there is for the part time help.

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Mr. Clark stated that police and fire pension is based on wages plus overtime. The thought that we could have more people working part time and less in overtime would be less expensive in terms of paying pension. Mr. Young stated that it is 70% more for every dollar spent for overtime wages compared to part time wages. Chief Wright stated that when the department is fully staffed it reduces the load on the overtime. Overtime to fill shifts is an 8 hour block versus overtime for court appearances for training. When the department is fully staffed, that reduces the demand on part time and also on overtime. Chief Wright stated that he uses the five year average on money actually spent when requesting overtime or part time budget figures.

Mr. Clark stated that on top of that we need to be aware that through the process of wage negotiations, unless the Council feels comfortable, there will be no wage increases at all.

Mr. Young stated that when the budget is finished the funds should be ok. The problem is if there is a salary increase, the budget will not balance. We are taking money out of every fund to make the budget work. Mr. Ebert noted that the offset is going to have to be some sort of additional revenue source.

Mr. Clark stated that the three options are 1) find additional revenue; 2) terminate employees 3) not fill a position that is retiring. Mr. Young stated that it may be a combination of the three options. This position has been placed on the city due to the changes made at the state level.

Fire Pension Fund: Mr. Clark asked why \$119,000 had to be appropriated additionally for Fire Pension in the General Fund. Mr. Young stated that the percentage for Fire Pension was not accounted for correctly by the Finance Committee when the change was made in the allocations between the Fire Department and the Emergency Paramedic Unit. The \$56,000 increase for the one payment of the year also affects the difference. Mr. Young went through the figures with Mrs. Mahoney in depth and confirmed that they are correct.

Rocky River Wastewater Treatment Plant: Mr. Clark asked if the additional budgeted amount (\$70,000) has been confirmed as the amount that will be needed. Any amount for capital improvements at the Rocky River Wastewater Treatment Plant is unknown at this point in time. Mrs. Mahoney confirmed that the amount budgeted for the Rocky River Wastewater Treatment Plant for 2013 is the correct number. The OPWD Loan (Account No. 580.330.58101) amount of \$72,835.00 will be checked. Mrs. Mahoney stated that it is interesting that this is paid out of Sewers instead of Debt Service. She suggested a transfer out of Sewers to Debt Service for this line item.

Mr. Clark noted that the Aerial Sewer Project must be carried through September. There would not even be a note payment in 2013 for that project. He asked why this would even be in the budget. Mrs. Mahoney will investigate further.

Nixle Communication: This expense (\$5,500) has been included in Fire Equipment.

Health Insurance: The Administration fee of \$200 per person has been placed on one line. The Actual Claims are included on another line. Mrs. Mahoney changed the format so that each

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department is not broken out in the budget. The consultant fee of \$17,400 is budgeted because it has not been paid yet for 2012.

General Insurance: General Liability Insurance went from \$50,000 to \$85,000. Mr. Young asked if there would be a reduction in General Liability Insurance due to the contract with SAFEbuilt. The contract is due for renewal June 30, 2013. Mr. Ebert will check with the insurance company to see if there will be a reduction.

The meeting adjourned at 8:30 a.m. The next meeting of the Finance Committee will be held at 6:30 p.m. on Monday, March 11, 2013 in the Council Chambers. The January and February, 2013 revenue and expenditures will be checked to see if those numbers will have an effect on the budget. Mr. Clark asked that the variance reports that have been supplied in the past be continued.

Mr. Young asked why the health insurance ordinance prepared to eliminate the Law Director receiving health insurance was not considered for passage. Mr. Ebert stated that it will be done when the labor contracts are finalized. Mr. Young would like to include the fact that part time employees shall not work more than 28 hours. (Section 151 of the codified ordinances).

Mr. Clark stated that he pulled the ordinance off the agenda because there was an agreement that Mr. Ebert was going to leave the health care policy as an employee. It will have to be revisited at some point in time. There was also a very full agenda that evening.

Mr. Tadych stated that he would still like to see the bids for the contracts for the new telephone system. Mrs. Mahoney stated that the only written bid was from Warwick Communications. Mr. Young would like to see three quotations. Mr. Presley received verbal quotations from the other two parties. Mrs. Mahoney will request two other written proposals. The motion will be included in the Council agenda for Monday, March 11, 2013.

Mr. Clark would like to go through the list of capital improvements, such as the Columbia Road Park steps, improvements at the Dwyer Memorial Center that need to be done, and the need to step back on the improvements at the Community House until the fire detection system is installed. These discussions should move forward. Mr. Ebert added the need to discuss the useful life of buildings before putting in additional funds. Mr. Young stated that these are discussions for the Public Improvements Committee.

Mr. Tadych asked Community Services Director Bock if any grants can be sought for improvements for the Dwyer Memorial Senior Center. Director Bock stated that she did not have time to research. Mr. Tadych asked if anyone else can research this possibility.

Discussion followed on the insurance reimbursements to be received. Mrs. Mahoney stated that if the funds are not spent on roof repairs the city will lose about \$60,000. Mr. Sears stated that his biggest concern is that the work can be done with the funds being received.

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Mr. Sears noted that a land lease may have to be obtained when doing the work to improve the stairs at the Columbia Road Park. Repairs can be done, but full replacement may be delayed due to the necessity of securing a land lease from the State of Ohio.

Mike Young, Chairman

Joan Kemper, Secretary