

FINANCE COMMITTEE MEETING
held October 28, 2013
7:15 p.m. Conference Room

Present: Councilman Young, Councilman Clark, Councilman Tadych

Also Present: Finance Director Mahoney, Interim Police Chief Holliday,
Councilwoman Karen Lieske, Councilman Clete Miller
Councilman Steve Lee, Law Director Ebert

Mr. Young opened the meeting at 7:15 p.m.

Review of September Financial Reports (Exhibit A attached)

Mr. Young asked Interim Police Chief Holliday his expectation of the overtime banking for this year. Chief Holliday stated that patrol officers can bank 80 hours of their overtime hours. The patrol officers are officers with less seniority so they have less time off to take. They use that overtime as compensatory time off. As noted in the past, the Fourth of July holiday and Bay Days celebration accumulates the most amount of overtime. Therefore, the overtime accumulation to this point in the year should be somewhat in line of what is expected for the year.

Mr. Clark commented that the Police Department is down from a maximum number of officers. Interim Chief Holliday stated that 24 was the previous number. Twenty-three is the new number, and the department is actually at 22. There is one officer in training and the previous Police Chief has not yet been replaced.

Variance Report (Budget vs. Actual through September, 2013)

General Administration (Other) Expenditures are high. Mrs. Mahoney explained that all transfers have been completed which is why the amount is so high. Mr. Clark stated that it might be helpful to align the transfers with the budget for comparison purposes.

Building (Other) is over budget by \$3,294.00. Mrs. Mahoney stated that the main problem is they keep charging a cell phone to Building Department, and it should be charged to the Service Department. The outstanding encumbrances of \$35,369.31 need to go away. There should not be any other expenses for Building other than fuel from the beginning of the year.

Total General Fund - \$10,936,590 was appropriated for the year. \$8,039,308 has been incurred or 71% through September for General Fund. Mr. Clark noted this is a positive variance on a linear relationship.

Recreation (230.400) Parks (234.401) Community Gym (231.404) (235.405) Bay Family Services. These accounts were reviewed by the committee and noted that payments are made monthly for the Bay Family Services obligation.

Accrued Benefits Fund – Mr. Young noted this is a major item in a supplemental appropriation ordinance being prepared.

Salt Garage Capital Improvement – All of the funds are yet to be expended.

Public Improvement Capital Improvements – This money is in the account for the payment of roof replacements.

Health Insurance Personal Service - \$1,054.069 is shown as the year to date expenses.
Health Insurance (Other) is for the consultant.

Mr. Young asked that the variance report be included in the monthly financial statements going forward.

Adjustments to Appropriations (October 25, 2013 Memorandum from Director of Finance Mahoney) (Exhibit B attached)

Community Services - \$1,000 to be appropriated for the purchase of a projector (Donations received from participants).

Rose Hill Museum- \$2,000 to be appropriated for new control board in one of the HVAC units.

Sign Shop Computer – Transfer appropriation from Service Engineering to Service Equipment Replacement to provide for a new computer in the Sign Shop.

Recreation Department - \$4,000 for background checking equipment- Reallocation of Funds

Fire Department - \$1,000 for I-pads for the EMS- Reallocation of Funds.

Reclass Walker Road Park Appropriation from Capital to Other – Payment of Property Taxes.

Discussion followed concerning the payment of property taxes for Walker Road Park. Mrs. Mahoney stated that this may be for (\$210.00 per half) sewer or water charges. Mrs. Mahoney will investigate.

Reclass Fund 600 Health Insurance from Personal Service to Other- Mrs. Mahoney stated that health insurance is paid from a Contractual Service line (Other), instead of a Personal Service line. Each department is charged for health insurance based on the number of employees in each particular department. That has been going to the Personal Service line. When Medical Mutual is paid they are paid out of the Contractual Service Line. Mr. Clark suggested more definition to the account than using the word “Other.” Mr. Young added that he would like to see it reported in a way that shows it is a health care cost. Mrs. Mahoney stated that the only place she is changing the classification is on the appropriation ordinance itself. Mr. Young stated that this is acceptable.

Additional \$60,000 Legal Fees – Mrs. Mahoney did not budget for legal fees related to contractual negotiations and mediation. Mr. Clark stated that funds were budgeted for negotiations, but not mediation. Mr. Young noted that the expenses in Workers Compensation are \$69,000 year-to-date. Mr. Ebert stated that the administration is attempting to address the Workers Compensation issue with the Industrial Commission with implementation of rules and

regulations of the City and involvement of the Workers Compensation administrator who directs and controls defending or contesting claims.

Mr. Ebert noted that mediation, fact finding, and arbitration fees are expected. The \$32,779.96 for mediation is the cumulative cost for Jim Budzik, Mansour Gavin, and Nels Nelson to date. Mr. Clark noted that it was represented to Council that Mr. Budzik's cost would be about \$15,000 for the work, noting that mediation was expected. Mr. Ebert received a bill today from Mr. Budzik, showing \$3,965 additional through September 30, 2013.

Mr. Tadych asked if additional legal costs are being expected for the Ohio Citizens Action Group litigation. Mr. Ebert stated that mediation is coming in two weeks on damages/attorney fees. The insurance company will pick up all costs which may not include damages and attorney fees. Mr. Tadych asked what the costs could be. Mr. Ebert stated that they are demanding \$50,000 at this time. The city could be liable for this in a worst-case scenario. At this time, the city's obligation for this case is \$10,000.

Accrued Benefits Fund – An additional \$45,000 is expected in expenses which will require an additional \$69,000 in appropriations to cover this and the already over-appropriated amount of \$23,811.

Mr. Young asked if the absence of the payment of salary for a police chief covers the excess in the Accrued Benefits Fund. Mrs. Mahoney stated that she has not calculated that but probably the entire salary for the year was paid when including the salary paid and the accrued benefits paid. There have been 8 or 9 employees who retired this year and collected accrued benefits. One more retirement in the Service Department is expected this year. Mr. Clark stated that he would like the transfer made prior to the end of the year. Mr. Tadych stated that it would be good to include all the expected expense in this fund in the supplemental appropriation at the next Council meeting.

Bradley/Naigle Intersection Project- An appropriation of \$108,000 is needed to Fund 493, Bradley Naigle. Mr. Galli did not know there was a 14% match for the grant and loan for Westlake and Bay Village. Bay Village's 7% of the amount is \$108,000. Mrs. Mahoney stated that the only way to pay for this is to turn the \$108,000 from the advance to a transfer and not pay back \$108,000 to the Infrastructure Fund. The City of Westlake has been billed for \$144,510.89 which includes their 7% matching of \$107,976.39 and \$36,534.50 interest loan. Mr. Clark commented that it would be advisable to receive the \$107,976.39 as soon as possible. The \$36,534.50 can be collected as payments. Mr. Tadych noted that he would like to see this project closed out by year's end.

The amount of \$400 to be appropriated from the Community Diversion Fund is to pay for assistance at the Community Diversion meetings. This will be paid from the fund balance.

2014 Budget

Mr. Tadych asked if work has been done for the 2014 Budget. Mrs. Mahoney noted the absence of a Service Director and a Police Chief. She has started on the wage portion of the budget. Mr.

Minutes of a Meeting of Finance Committee
October 28, 2013

Clark asked if there could be any headway made on the Capital side. We have schedules from previous years that would give an idea of needed expenses. Law Director stated that Assistant Service Director Sears is planning on doing the Service Department budget for 2014. Concern was expressed by Mr. Clark and Mr. Tadych about budget preparations for 2014.

The supplemental appropriation ordinance will be presented at the Regular Council Meeting to be held Monday, November 4, 2013.

There being no further business to discuss the meeting adjourned at 7:55 p.m.

Mike Young, Chairman

Joan Kemper, Secretary