

FINANCE COMMITTEE MEETING
held December 9, 2013
6:30 p.m. Conference Room

Present: Councilman Young, Councilman Clark, Councilman Tadych

Also Present: Mayor Sutherland, Finance Director Mahoney, President of Council Paul Koomar, Councilwoman Karen Lieske, Councilman Clete Miller, Councilman Steve Lee, Fire Chief Lyons, Police Chief Spaetzel, Recreation Director Enovitch, Assistant Service Director Sears, Operations Manager Landers, Building Official Cheatham, Foreman Gordon Evans

Audience: Tom Henderson, Paul Vincent, Suzanne Graham, Conda Boyd, Lydia DeGeorge, Jeff Gallatin, Dick Majewski

Mr. Young opened the meeting at 6:30 p.m.

A review of the pending items from the Finance Committee meeting held December 2, 2013 was held as follows:

- Sewer rental fees
- Overtime report for the Safety Forces and projections for banked overtime
- Fire Pension rates
- Bay Family Services – Verification of contract fee
- Police Seasonal Wages – Crossing Guards
- Election Expense

Overtime Report – A report through November 30, 2013 was distributed by Mrs. Mahoney. (Exhibit A attached) She noted that the Fire Chief has informed her that the banked overtime of \$6,033.47 will be paid at the end of the year. The total overtime of the Fire Department will end the year within the budgeted amount of \$124,300.00 for 2013.

The Police Department overtime is at 84.49% of budget as of the end of November. Seventy-five percent of banked overtime will be carried over to 2014. It is expected that overtime costs for the Police Department will not exceed the budgeted amount of \$100,000.00 for 2013.

Fire Pension- The Fire Pension Fund will receive a transfer from the General Fund of \$114,000 to finish the year. The Police Pension Fund will not require a transfer since the rate of police pension is lower than the fire pension rate. Total Fire Pension is approximately \$450,000 for the year, plus \$114,000 in the transfer. Director Mahoney noted that payments went from one-quarter behind, to being paid monthly. As of April, 2013, the employer and employee portion has been paid monthly. The January, February, and March, employer portion from this year is divided out over this year and the next two years. The amended appropriation ordinance to be passed at the end of this year will include the \$114,000 transfer.

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Bay Family Services – The amount previously reported was corrected to indicate the total contract portion paid by the city as just under \$40,000. The other half of the contract amount is paid by the Board of Education.

Police Seasonal – Mrs. Mahoney explained that additional crossing guards were hired. Instead of allocating the hours to the new crossing guards, she added them as the same hours as the crossing guards that had been working. This has been corrected and the amount is correctly shown as approximately \$65,000.

Election Expense – Mayor Sutherland stated that a bill for this year's election expense will not be received until February of 2014. A ballpark figure will be received by the Mayor on Wednesday, December 11. The city will pay for the entire primary election and an allocation for the General Election. There will not be an election expense for 2014. The election expense for 2013 will be paid in 2014.

Budget for 2014 – December 9 version

The Police Department will replace only two officers instead of the originally intended filling of three vacancies. Total complement of the Police Department will be 23, including the Chief. The Chief has agreed to delay hiring until April for budget purposes.

Service Department – There are two openings. One has been removed, with one remaining in the budget.

Mr. Clark asked Director Mahoney to include footnotes for the changes in each draft of the budget, in order to follow the adjustments during the many renditions that will be presented prior to receiving a final version.

Mr. Clark asked if the diesel fuel surcharge is still included in the budget as part of the refuse collection contract. Assistant Service Director Sears explained that the \$20,000 is included in the budget. He stated that it is there as a safeguard in the event of accelerating diesel fuel costs. The amount must be 10 cents over the Department of Energy's fuel index rate of \$3.90 to \$4.00 for the city to get charged an extra 7 cents per household, or it has to be 10 cents under to get a rebate.

Street Construction Maintenance and Repair Fund – Mr. Clark stated that each year the overlay projects are typically bonded out. We also spend money on patch work each year. The number of \$360,000 is included in the budget for 2014, but there has been discussion as to whether we will spend the entire amount this next year. This discussion will be included in the Capital planning discussions. Mr. Sears stated that all of the funding for in-house projects is included in Fund No. 270 (Street Construction, Maintenance and Repair). The crews have been working very hard on these projects. Mr. Clark noted that former Finance Director Presley, approximately one year ago, had increased that number significantly, from approximately \$200,000 to \$360,000. Mr. Clark stated that there is a difference between the funds that are set aside for the in-house projects and those that are bonded out for the major road repair contracts.

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Last year the Lake Road project and the work in Ward 1 was about \$650,000. If you add the in-house projects, the total expense is almost \$1 million. Mrs. Mahoney stated that everything flows through Fund 270, Street Construction Maintenance and Repair. Mrs. Mahoney stated that she spoke with Mr. Sears about lowering the amount to \$500,000 each year which would allow the transfer to be lowered significantly. \$1.7 million is being transferred, and \$1.4 million is the expense. The transfer can be greatly reduced if it is agreed to budget \$500,000 per year. Mr. Young commented that this would be done as a note that it is a temporary measure. These numbers will be refined further at the Finance Committee meeting to be held Friday, December 13, 2013 at 4:00 p.m.

Mr. Clark asked Mr. Sears if Osborn and part of Wolf Road will be included this year as part of the annual mill and overlay program. Mr. Sears stated that Osborn is included in the plans. Estimated cost is approximately \$350,000 for Osborn Road, not including engineering and inspection. Wolf Road has about 12 or 15 spots where the road buckles. It has reached the point where a full depth repair is needed with an outside contract. Mr. Koomar asked if the county could be approached for funding since it is a county road. Mr. Sears will have further discussion with Assistant Service Director Scott Thomas. Mayor Sutherland stated that the county rates the roads and Wolf Road may not qualify for funding by the county for another five years.

Mayor Sutherland stated that this was a difficult year for personnel because of all the projects and personnel dynamics. She would like to work through what is on the list and evaluate how much can be done in-house. The Mayor noted further that even though projects are contracted out they must still be managed in-house.

Mr. Young suggested including one project in the budget as opposed to two or three. If more funds become available, additional projects can be added. Mayor Sutherland stated that it may be that it is not the money but the personnel.

Master 2014 Wage Spreadsheet for full time employees (Exhibit B attached) was distributed by Mrs. Mahoney. Mr. Clark stated that some employees were removed from the Service Department into the Parks category. He asked if this should be reflected in a decrease in Service Department wages. Mrs. Mahoney stated that the allocation has not changed. Adjustments have been made for Mr. Sears' wages and a move of one employee from Sewers to the Service Garage.

Sewer Connection Fee – Mr. Young reiterated the need to increase the sewer connection fee from the present \$150.00 per connection. Mr. Cheatham noted that the least expensive in the area is \$750.00. The amount of \$1,500 seems to be the common denominator.

The Rocky River Wastewater Treatment plant increase for operational expense has not been finally determined. The latest report ranges from \$287,000 to \$387,000. Mrs. Mahoney is using a \$300,000 increase for budget purposes.

Mr. Young stated that any increase in revenue sources must include the Council, including those elected to serve next year, and constituents. For the years 2009 through 2013, the only sewer increase to residents has been small step-ups in the sewer rental fee.

Mr. Greytak of CT Consultants will address Council this evening concerning work needed at the Huntington/Longbeach and Walker/Nantucket Pump Stations, and the flow metering study of the Rocky River Wastewater Treatment Plant.

Fiber Optics and contract with Bailey Communications for IT-Service

Mayor Sutherland stated that a three year proposal for the contract with Bailey Communications is proposed in an annual amount of \$25,000, a reduction in the original quotation of \$31,000 due to negotiations by Finance Director Mahoney and Assistant Finance Director Popovich. This will be discussed further at the Council Committee session this evening.

Kris, representing Bailey Communications, addressed the Finance Committee regarding Fiber Optics to provide faster technology out of the Service Garage. This would provide the Service Department the ability to become involved in an electronic work order system. Kris explained that Time Warner offers fiber that is owned, installed and regulated by them. There is a monthly charge dependent upon the amount of bandwidth. The second option is to install our own fiber optics. This would range between \$30,000 and \$50,000. This second option is recommended by Bailey Communications. Mayor Sutherland noted that the city owns fiber that goes to the Police and Fire Departments. Mr. Young asked Mrs. Mahoney to calculate the cost to the city per month if the entire cost was done as a bond issuance.

Mr. Tadych asked if the lines can be buried. The lines can be buried. Mayor Sutherland stated that the lines will not be buried.

The next meeting of the Finance Committee will be held Friday, December 13, 2013 at 4 p.m. in the city hall conference room. Projected sewer expenses and revenue for 2014 will be reviewed at the meeting. Planning for the finances for Equipment and Public Improvements for 2014 will also be reviewed.

There being no further business to discuss the meeting adjourned at 7:25 p.m.

Michael A. Young, Chairman

Joan T. Kemper, Secretary