

FINANCE COMMITTEE MEETING
held December 14, 2015
6:30 p.m. Conference Room

Present: Councilman Dwight Clark, Chair
Councilman Tom Henderson
Councilman Dave Tadych

Also Present: Finance Director Mahoney, Mayor Sutherland, President of Council Koomar, Councilman-elect Marty Mace, Councilwoman Lieske, Councilman Vincent, Councilman Lee, Director of Public Safety/Service Thomas, Fire Chief Lyons, Police Chief Spaetzel, Director of Operations Landers.

Mr. Clark opened the meeting at 6:30 p.m. Mr. Clark thanked everyone for their attendance. This evening's meeting is dedicated to working through the Capital and Operating Budget for 2016, and the November year-to-date financial results.

2016 Operating Budget

Mr. Clark stated that the revenue side of the budget is considered to be complete for the 2016 Budget. It has been thoroughly vetted and looks encouraging for 2016.

On the expense side, there have not been any salary increases factored in, except for meeting existing obligations. There is also no increase in the health care premiums because both are part of the ongoing collective bargaining process. Director Mahoney stated that in this iteration of the budget she did increase the health care premiums because of the possibility of increasing to 11% employee contributions. Mrs. Mahoney and Human Resource Manager Demaline have been researching health care provider options and have decided to consider the Jefferson Group for a ten-month contract. They are lower than Medical Mutual, and it is the same Medical Mutual plan the employees have presently. They also can get the City on a yearly cycle. At the very least they would go with them for ten months beginning March 1, 2016. Mrs. Mahoney stated that they are still vetting the Jefferson Group. It is a consortium, but the City would still be self-insured. Jefferson Group will serve as the third party administrator ("TPA"). Mr. Tadych asked if the City would be divorced from contact with Medical Mutual. Mrs. Mahoney stated that this would not be the case since it would still be a Medical Mutual contract. However, all contact would be through the Jefferson Group. Mrs. Mahoney noted that the administration costs would be lower than Medical Mutual administration costs, and they are working at obtaining a lower stop-loss rate. The Jefferson Group Cobra rates are less than Medical Mutual as well.

Mr. Clark noted that major changes on the operating side of the budget would be the final determination on salaries, benefits, and health care costs for employees.

General Fund Expenditures

Mrs. Mahoney stated that the only difference between the 2015 Budget and the 2016 Budget for the Police Department is an increase in costs result from implementation of Civilian Dispatchers. All other items from the 2015 to the 2016 Budget remain the same.

In the Fire Department, two employees have been moved to the Emergency Paramedic Unit (EPU) from the General Fund, since property tax revenues have increased from the 2.25 mills dedicated for this purpose.

In the Service Department, two employees have been moved to the City Garage from the Street Construction, Maintenance and Repair Fund. Mr. Tadych asked if these two employees will stay at the City Garage for the entire year. Mrs. Mahoney stated that she does expect that to be the case.

Police Chief Spaetzel stated that the hiring process for Police Dispatchers has begun and interviews will begin in January. Employment for dispatchers should begin in the second quarter of the year, with an eight-week training period for two full time employees. After the full time employees are thoroughly trained, the hiring process of part time employees will begin.

Mr. Henderson asked how the hiring of dispatchers will offset the overtime for the Police Department. Chief Spaetzel stated that after the transition period, when the dispatchers are fully staffed, there will be at least a 25% reduction in full time overtime, and a 50% reduction in part time overtime. This would amount to approximately \$75,000, and can be expected to be seen in 2017.

Mr. Clark stated that there have been ongoing discussions about increasing the complement of Police personnel from 22 officers to 23 officers. The administration is in support of the increase. Providing the funding for that increase requires Council approval, and a decision on that by Council should be made soon.

The transfer from the General Fund to the Fire Pension Fund will be \$50,000 rather than the \$95,000 shown. The remaining \$45,000 needed will come from the EPU Fund.

There are 25 Fire Officers in the Fire Department, including the Fire Chief. Of that total number, 11.5 are funded by the EPU Fund and 13.5 by the General Fund.

Mr. Clark stated that we are looking to boost the amount of transfer from General Fund to the Street Construction, Maintenance and Repair Fund to fund the \$750,000 per year appropriated for street maintenance and resurfacing projects, including overlays. It is a significant change from last year, but less than the transfers made in 2011 and 2012.

Mrs. Mahoney will change the headers from 2014 Budget to 2014 Actual. The 2015 Budget amounts reflected are up-to-date as of the last appropriation ordinance.

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Based on the progress of negotiations with labor unions, it is hoped to move the 2016 Budget to first reading in January. As part of a future Finance Committee meeting, Mr. Clark would like to discuss the size of our annual borrowing program.

Mrs. Mahoney stated that every 1% salary increase for employees would amount to \$78,000 per year for wages, benefits, and pension for the 104.5 budgeted employees, presently at 103 actual employees, and dispatchers budgeted at 75% of expected annual costs.

November Financial Reports

The Special Meeting of Council scheduled for December 28, 2015 will include an agenda item of an Amended Appropriation Ordinance. The ordinance will address the negative balance in the Street Construction, Maintenance and Repair Fund.

The Community Garden has received their 501c3 status and will now be self-operating. The money in the Community Garden account has been transferred to the officers of the Community Garden.

Mrs. Mahoney stated that she can take funds within the General Fund to cover any revision in the Police wages. Mr. Clark stated that the question is whether resources should be transferred from one area to another. Mrs. Mahoney stated that if the desire is to keep the budget the same for the General Fund, then resources should be transferred. The appropriation bottom line number would remain the same. Mr. Tadych suggested keeping it the same. Mr. Clark stated, however, what if there are any cost material changes, how that would be addressed going forward? It is preferable to line up the expenses with the revenues, and do an appropriations amendment to cover the costs, as opposed to moving monies around. Mr. Henderson stated that it seems that would be clearer, and the document more accurate. It was agreed to increase the appropriations rather than move money around.

Outstanding City debt in the principal amount of approximately \$1.1 million has been paid down as of November 30, 2015.

The Building (Other) has had more revenue than expected which will result in an additional amount of 85% of the permit fees to be paid to SAFEbuilt, requiring an amendment to the appropriation ordinance. SAFEbuilt, Inc. is approaching the revenue threshold that will reduce their portion of the permit fees to 80% from the City, in accordance with the contract; conversely, the City's share of revenue would increase from 15% to 20%.

Sidewalk Improvements (Fund 245) are funded by reimbursements from residents, and has been under-budgeted for the amount of work actually done. There is \$50,000 in the fund. Initial billings are done and if the reimbursements are not received they are certified to Cuyahoga County for placement on the property tax bill.

Municipal Income Tax Receipts have been trending positively. The Regional Income Tax Agency (RITA) figures indicate a 10% increase over last year, but the Board of Education and

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the City are not included in the RITA numbers, and that usually brings down the total. Mrs. Mahoney is estimating a 7% increase in municipal income tax receipts over 2014 year revenues. In regard to Health Care, Mrs. Mahoney stated that the City has been withholding over \$50,000 in payments to Medical Mutual, which is why the Health Care Fund looks better than it is for the month of November. The negative amount should be about \$88,000. Mrs. Mahoney noted that the difference in the Jefferson Group, which is under consideration for the new contract, is a flat rate is paid per month and then trued up at the end of the year. Reports are provided to keep the City informed throughout the year. With the existing contract, the City pays actual claims as they come in weekly.

The Street Construction, Maintenance and Repair Fund is down approximately \$190,000 in encumbrances. Mr. Clark asked if this is due to products or services. **Mrs. Mahoney will provide further information.** Mr. Tadych stated that he would like to see detail on this negative balance. Mr. Clark noted that we are required at the end of the year not to have a negative balance.

The General Bond Retirement Fund reflects all the computations of debt repayments.

The payments to the Rocky River Wastewater Treatment Plant for sewer operations have been paid for the entire year of 2015.

Mr. Tadych asked if the Community Gardens is renting the property from the Board of Education. Mrs. Mahoney stated that she is not aware of any rental arrangement.

Mr. Clark asked about an encumbrance in the Finance Department for Equipment Repair in the amount of \$13,000. Mrs. Mahoney will research further.

Building (Other) encumbrance of \$32,891 is the anticipated amount to be paid to SAFEbuilt, Inc. SAFEbuilt, Inc. provides detailed billing.

Sewer Improvements has an encumbrance of \$53,000. Mrs. Mahoney will research this and provide further information.

Capital Equipment and Projects (Exhibit A attached)

Mr. Clark stated that there is a desire to look at a Capital Sewer Fee, and there still is much work to be done in this regard.

Information Technology - \$20,000 is scheduled for annual computer replacements. In regard to the telephone system, a blue print will be received for the existing system. A blue print for the new system will be forthcoming. It is hoped to receive this by the end of 2015. Mayor Sutherland noted that the phone system the City has now is no longer supported.

Community Services – There is a possibility of reconfiguring the kitchen at the Dwyer Memorial Center. Director Selig will be providing a business plan for the programs at the Dwyer Center. It is hoped to have more information by mid-January. The amount of \$20,000

shown is for the engineering services for the work. Mr. Tadych noted that Mrs. Selig may be researching the possibility of obtaining grant funding as well.

Fire – Mayor Sutherland stated that she spoke with the Fire Chief and he is willing to push the purchase of a ladder truck to 2017. The \$1.1 million for 2017 would be for the truck and the ambulance. Mrs. Mahoney will check to see if the ambulance can be moved to 2016. There is about \$1.4 million in projected debt and if something can be pulled out there would be room. One ambulance is a 2007 model and one is a 2008 model. A new ambulance is somewhere in the low \$200,000 range. There is a trade-in value for the old vehicle. Mr. Clark suggested that more information be provided.

Discussion followed regarding a filtration system for Fire Department vehicles. Chief Lyons explained that a diesel filtration is a ceramic filter that filters out all the particulates. It is important for firefighters' safety. The sleeping quarters are on the same floor as the apparatus floor. There has been a lot of research done in recent years on cancer in firefighters and the filter is for the protection of the firefighters.

Mr. Clark asked the Fire Chief to provide an inventory list of Fire Department Equipment and Vehicles.

Police – The CAD/RMS System for 2016 in the amount of \$14,575 is a continuation from 2015.

The Chief has received a grant for the live scan system which was originally in the budget for \$12,000. That line item request has been removed.

When new vehicles are purchased, the old, operable vehicles are passed down to other departments. Two new Ford Explorer, fully equipped vehicles are requested for 2016. **The Police Chief will provide an inventory list of Police Vehicles.**

The Mobile Forensics Analysis and Forensic Investigative Computer purchases were approved by the Committee.

Service - Director Thomas was asked to provide an inventory list of equipment and vehicles.

The Road Improvements are proposed in the amount of \$750,000. The Queenswood Bridge Improvements are estimated to be in the amount of \$130,000. The state and county have requested that this be taken care of within the next two years. The work will be a rehab of the bridge and will bring it up to the point of passing state and county inspection. Inspections are done every year. The Ashton Lane Bridge is passing inspection but will require work in the future. The Service Department will apply for a grant that is available for bridges in the State of Ohio. It is likely that the grant is meant for the large, major bridges in the state, but the Service Department will extend the effort to apply. It is requested that the work be done in 2016.

The estimates for the Building Repairs and Improvements are included in the original submission of the budget books to Council. The Osborn House and Community House will be painted. The Gazebo railing needs to be repaired and the railing and building will be painted.

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The Fire Station Rehabilitation Construction is estimated at \$150,000 for 2016, and \$170,000 for 2017. The Fire Station is 40 years old and has never had any major work done to it up to this point.

Light replacements for the Kiddie Kollege and the Police Department Garage will result in savings. The Police Department replacement will incur expense of about \$6,700, with \$7,500 allotted for Kiddie Kollege. Mr. Clark noted that \$13,000 is requested for the floor for the Kiddie Kollege. He noted that the \$20,000 requested for Kiddie Kollege is significant given the fact that this is a rental situation. The lease will need to be reviewed further with the possibility of factoring some of these improvements in the lease into larger rent payments. **Mrs. Mahoney will provide the particulars on the lease contract.**

Mr. Clark asked if there is a safety issue with either the light replacement or floor replacement. He was informed that there is not a safety issue. Dialogue will continue at a later date.

A Clear Span for Topsoil is budgeted for 2016 for \$15,000. Mr. Thomas stated that the Service Department would like to make all of their topsoil to save money when using topsoil for many projects. The Clear Span is a large cover with concrete barriers on the bottom. The tub at the Westlake Service Garage will be used to filter the topsoil by the use of a screening process. Mr. Koomar asked if the City of Westlake has signed off on this and Mr. Thomas stated that they have no problem with Bay Village using the equipment.

The Bay Lodge Floor, at \$13,000 budget for 2016, is the last remaining component for the Lodge.

Mr. Clark stated that he has corresponded with Mayor Sutherland and Director Mahoney about the possibility of finding some funds for the Play-in-Bay renovation project. Mrs. Mahoney stated that she thought there was fundraising going on for this project. Mr. Clark stated that he is thinking about the City stepping up to assist with this project. He asked for further consideration.

Service Department vehicles requests for 2016 includes replacement of a 2003 five-ton dump truck in the amount of \$170,000. The truck is used extensively with 1,430 leaf runs to Westlake Service this year. Mr. Thomas noted that the Ohio Department of Transportation vehicles that are kept 15 years do not do what City vehicles do. City driving is hard and there is a lot of stress put on the vehicles.

The one-ton 2006 Super Duty Dump Truck is marked for replacement at a cost of \$60,000. The truck is used extensively in construction and for moving stone, and snow removal. The truck has 3100 hours, which translates to 30 miles for every hour.

The remaining list of 2016 vehicle requests for the Service Department were reviewed. Mr. Clark asked if the vehicles being taken out of service are repurposed. **Mr. Thomas stated that he likes to sell the old vehicles, and he will provide the Finance Committee with a breakdown of what was sold this year.** Mr. Koomar noted that many of those items require an

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ordinance. Mr. Clark asked that Mr. Thomas provide this information. Mr. Tadych asked if there are additional outfitting expenses for these vehicles. Mr. Thomas stated that is built into the cost shown on the schedule.

The composter to be purchased jointly by Westlake and Bay Village has been sent to Westlake Council to review the bid specifications.

In regard to Sewer Improvements and Engineering, in a total amount of \$485,000 for the 2016 Budget, Mr. Thomas stated that it his belief that the engineering costs for the Bradley/Lake Sewer Improvement in the amount of \$20,000 and the Clague/Lake Sewer Improvement in the amount of \$20,000 are important for those areas of the City. Engineering for these projects will take approximately two months.

Mrs. Mahoney advised that the \$250,000 Calibrated Sewer System Model has been pushed out to 2017.

Mrs. Mahoney stated that work at the Huntington Lift Station in the amount of \$15,000 is not included on the Service Department Capital but has been requested to be added. The work is for a radiator repair that needs to be done and should last ten years. Included on the budget schedule is \$30,000 for CPU Design for the Huntington Pump Station.

Mr. Tadych commented that patching of lift stations has been going on for about three years. He asked if there is any way to make them last and work effectively. Mr. Thomas stated that the Walker Pump Station was totally redone and will last a number of years. Huntington Pump Station needs a total redo, but the electrical is a main concern and if addressed this year will last a number of years. When going to a computer base, they can check on line how the lift stations are performing, and this is part of the expenditure they are requesting.

Mr. Clark verified with Mr. Thomas that CT Consultants has the resources necessary to do the work for the Bradley/Lake computer model and the Clague/Lake computer model.

Mr. Koomar asked that an engineering timeline be provided for Council. Mr. Thomas will provide this information.

Mr. Henderson asked for further details on the reasoning for moving the Comprehensive Sewer System Model out to 2017. Mrs. Mahoney stated that this is set for 2017 in the hopes of raising the funds necessary through a Sewer Capital charge being instituted. Mr. Koomar stated that it is difficult for residents who have flooded to say we are going to increase your taxes but we are going to wait a year to begin work. Mr. Koomar stated this is an issue that must be tackled.

Mr. Clark thanked everyone for their input this evening. He asked Mrs. Mahoney to keep Council advised on the health care developments and the bargaining unit negotiations.

There being no further discussion, the meeting adjourned at 7:15 p.m.

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Dwight Clark, Chairman

Joan T. Kemper, Secretary