

FINANCE COMMITTEE MINUTES
February 14, 2005

The Finance Committee meeting was held on February 14, 2005, at North Royalton City Hall, 13834 Ridge Road. The meeting was called to order at 6:30 p.m.

Present: Committee Members: Chair Don Willey, President of Council Robert Stefanik, Lisa Uffman-Kirsch, Council Members: Denise Bobulsky, Vincent Gentile, Tom Koch, Robin Zaccardelli; Finance Director Karen Fegan, Police Chief Paul Bican, Fire Chief Mike Fabish, City Engineer Clark Merdes, Wastewater Superintendent Charles Johnson, Law Director Tom O'Donnell, Service Director Skip Mayer, Interim Building Commissioner Rick Arrendale, Neil Price, Ivan Hack, William Sasse, Ken Wolnik.

Moved by Mrs. Uffman-Kirsch, seconded by Mr. Stefanik to approve the minutes of January 13, 2005. 3 yeas/0 nays. Motion carried.

NEW BUSINESS:

1. **Resident Mailbox Moral Claim**

Mr. William Sasse on Castle Drive addressed the committee requesting to be reimbursed \$79 for his mailbox. He asked for an equal replacement of his Step 2 style box. He is not asking for labor to put it up since he put up his own box. The box was destroyed by the snow being thrown, not the plow hitting it. He felt that \$25 replacement was not equitable and that the city should look at reevaluating the reimbursement amount. Mr. Mayer said that the \$25 would still cover replacement of a standard mailbox.

Discussion with all present was that the city should not be held liable when cleaning the streets if the mailbox was not actually struck by the snow plow. The city does not have control over the amount of snow we get and the weight of this snow. Mr. O'Donnell said he felt it is a reasonable city policy that we have had for many years to pay to replace a mailbox, but not an upgraded variety. If the person receiving the money wants to upgrade from a standard mailbox it is for them to do from here. It is not required to have a fancy mailbox.

UNFINISHED BUSINESS:

1. **Economic Development Report**

Mr. Willey said he spoke with Mr. Kosdrosky about supplying an updated report and it is not received yet.

2. **Tax collections: Status as of this date**

Mrs. Fegan distributed information.

3. **Costs of Master Plan. Review and discussion**

Mrs. Fegan supplied the cost through the end of 2004. There was discussion regarding downtown development and things resultant of the Master Plan.

4. **Monthly Finance Report**

Reports received. No discussion.

5. **Update and status of 2004 and year-end report of Capital Appropriations Budget items**

No discussion.

6. **2005 Budget schedule and process**

The 2005 budget has been distributed to Council. The Finance Committee will have a budget meeting on Saturday, March 5, 2005 at 9:00 a.m. Questions should be given to the Finance Director by the Wednesday or Thursday previous to the meeting. It would be appreciated to provide questions sooner if possible.

NEW BUSINESS:**1. Proposed Ordinance 04-183 Accounting for Labor and Material**

Mr. Stefanik said that the Law Director provided an alternate version of this Ordinance. Mr. O'Donnell said he tried to narrow the issue Council was trying to address regarding public construction projects. He tried to create criteria to help define when it would apply. The previous draft appeared to be broader than what the scope was intended.

Mr. Stefanik said that the Service and Wastewater Departments felt that they were being singled out so it was decided to amend to include all departments. Mr. Johnson said he has not seen this legislation until a couple of weeks ago and was not aware of this. Mr. O'Donnell said he narrowed it to Service and Wastewater Departments because it was his impression that those are the departments that would provide the labor. Chief Bican said that he felt this started with the animal shelter job. He provided history regarding the project.

Mr. Stefanik said he still felt that it was proper to remove the item from the animal shelter bid. He felt that the accountability of what was spent is what is being asked for future projects. He said Council wanted to see an actual breakdown of cost savings on projects to show that money was saved.

The Police Chief said he felt that there would be additional man hours and work trying to account for the savings.

Mr. Gentile said that the point is to not create something new. It is just that some on Council feel there is a responsibility to have a final cost on a project. If it is done in house and cheaper that is great. It is not intended to create a new bureaucracy. Taxpayers have a right to know exactly what a project costs.

Mrs. Fegan said if the Service Department employees come to finish windows at City Hall when there is no snow to be plowed, or if the Animal Control Officer was painting the Animal Shelter, these tasks were not being done instead of the employees doing their regular duties. These are jobs that are being done in down time where wages would be paid. That is not taken into account in the proposed legislation. As the Fire Station nears completion, the Firemen will be working there as well. If there are employees that have a particular talent, why would we not want to utilize them? In the proposed reporting Council will see time being spent on a project, but this is time that the city would have to pay anyway. It is not time that is being taken away from normal duty.

Mr. Johnson said that it is discouraging. Managers should be trusted to use people efficiently. There are some departments that are currently overburdened and Council wants to add to the burden. He questioned the reason for this if there is no cost to the city and the job is getting done. It is a gain any time an employee can be utilized for an off-time hour. This is what good managers do. He does not see what the gain is to know how much it cost to do a paint job. What will be done with the numbers besides spending more time of the managers for preparing them? He sees no value in it at all. People know what a paint job costs and it will require more time for someone to prepare those figures.

Mr. Willey said as he sees it that is what a manager does. They are accountable for what is done and for the money spent. Mr. Johnson asked if Council has reason to believe that they are not doing their job. Mr. Willey said that the Administration trusts them to do their work. Council is the watchdog. Constituents will ask what is being done. Mr. Johnson said somewhere along the line it should be looked at how many things are asked. Managers are spending a lot of time during work hours assisting Council with all kinds of things. They are spending a lot of time after hours for meetings. No one on Council is stepping back to say that they are at the point of asking too much as a whole. There is a lot put on them and job duties are increasing with each request and it does not seem necessary. Mr. Willey said perhaps it is time for an internal audit that Council pays for to analyze the information desired rather than having the department heads doing it. If department heads are being burdened then perhaps this would be an alternative.

Mr. Mayer wanted to address the down time. There is a situation where employees are injured on the job. They try to get them back to work on what is termed light duty or transitional work to keep premiums down. It will be too much to try to keep records of all this.

Chief Fabish said in a broad sense that we are trying to assign a value to a cost of a particular project and then looking to account for the hours of other people to do this. When you look at the budget for the entire year, the job was completed within the budget. He is not trying to say that things should not be accounted for, but if there was only a certain amount money to operate the whole city, look at all the things accomplished for the entire year within what was spent for the entire year without having to break them out to attach a specific price for that. He feels that we are not in a situation that would show any real value for what is being proposed to anyone.

Mrs. Zaccardelli said that she feels the purpose of the ordinance should be based on hours instead of dollars. It should be based on hours over 40 hours. Mrs. Fegan said that none of it is done on overtime hours. The jobs are done during normal working hours. If there is some down time, time between projects, or assigned light duty this is when the employee is utilized. Either way Mrs. Fegan said that the department head will still have to keep track of this information from the beginning because it cannot be certain if the project will exceed whatever will be requested, i.e. \$1,000, 40 hours, etc. That becomes a reporting hardship. Mrs. Zaccardelli said it is difficult to be accountable to the residents if it is being said that everything is such a hardship. This is where she gets annoyed. Chief Bican said that if residents have questions that they should call the Mayor or the department head. He feels that they would be able to explain to the residents. Council should not be expected to have an answer for everything. They should keep in mind what is good for the 30,000 people in the city overall generally.

Mrs. Uffman-Kirsch said it should be made clear that requests for information would have to be made before the start of any project. She asked department heads present if it is possible to reconstruct a request for either hours or total dollar amount if it came in after the start of a project. All present responded that would not be possible. She said that Council would then need to request that information on every project ahead of time in order that it is available if the project is over \$1,000.

Mrs. Uffman-Kirsch asked for clarification regarding the wording "non-performed". Mr. O'Donnell said this is a construction term as in the case of the animal shelter where a portion was removed from the bid and was done in house. That would be considered non-performing. Typically a bid package includes everything that must be done in a project. Some items will be removed and done in house. Mrs. Uffman-Kirsch said that language needs to be corrected in the whereas clause of the legislation. She said that she felt that the proponents of the legislation are looking for the final cost of the project. She does not support us doing this, but if the purpose of this is to get the final cost of the project then by Items (d) and (e) excluding administrative costs of labor, costs for inspections, safety, traffic control, etc., we are still not getting the total cost of the project. The numbers would be meaningless. She thinks if this is all added in, then it becomes a bigger problem.

Mr. Willey said he looks at Items (d) and (e) as being all inclusive. Whether or not part or the entire contract is done, there will be administrative costs whether or not those items are included. Checks still need to be written, inspections need to be done, etc., and those are included whether or not the project is done in house. He said if there is a project that the city does, that is excluded from the bid would there not be an idea of the man time that would be needed to complete the job. Should not the question be asked what we would be doing in house up front with our own resources? Department heads responded that it is not additional hours being asked; rather it is existing hours being utilized. The manpower is being used within regular hours. In order to assign if something is cost effective or not, how do you assign a value to someone doing a job during regular hours. Mr. Willey said that the jobs done in this way were not bid jobs. Those things would not apply.

Mr. Gentile said that it is to just understand what the cost of the final project was. He did not think anyone was questioning cost effectiveness if money was saved or if money was overspent. It is just to know what

the final dollar was. Chief Bican said by producing all the documents you could cause someone to say that there is someone who is worth more money per hour doing a job that could be paid to someone else for less. When in fact there was nothing extra being paid. Mr. Gentile said that this would be more pertinent to the Service Department because it hits that department the heaviest. Chief Bican said that there was more of an issue in that department with the transitional worker being efficiently utilized. Mr. Gentile said that money is being appropriated into the Service Department for the performance of service, but no one knows what the final cost of the project was. No one knows the amount of money saved; there is just a final cost of money spent. If the Service Department employees are being paid to finish a project then a final cost of the project should be available. Mr. Gentile used examples with his employer. Mr. Gentile said it is not intended to critique how city departments are run, or to create an inner bureaucracy. It is only desired to know the final cost on a project and having accountability.

Mrs. Fegan said that she could also see a problem if a comparison would be made regarding the wage paid to have for example someone in the safety forces that have a higher hourly rate perform in house such as painting and we could have hired someone from the outside at a less expensive rate; that could be a public relations problem. Those looking at it would not be looking at the fact that the hours would be paid anyhow; it would be that someone could have been hired for less and money was wasted when in fact that is not so.

Mrs. Uffman-Kirsch wanted to go back to discuss areas that are non-performed. To see if money was saved an estimate would be needed. If the part was not included in the bidding package it was probably because we felt we had the manpower to do it ourselves. So now if we ask for an estimate we add another layer to account for the time and/or labor. Mr. Willey said he is not asking for another layer. He is saying if the bid specifications are put together and the project is planned and some steps are going to be done in house they need to know what those steps are. He said they will know how much internal manpower it will take. If there is no idea how long it will take then an estimate would be something to get.

Mrs. Uffman-Kirsch said as she understands there is not a lot of time estimating how long an activity takes. It is that the activity needs to be done and a few hours are dedicated to completing it as they can until it is completed. There is not a lot of time that is spent in planning it out and putting it into a work schedule. It is done when the primary job is not being performed. She also wanted to say in response to the comment that it is pertaining mostly to the Service Department. She feels that with the fact we are down manpower in the Service Department she does not want them or the supervisors doing anything as far as paper work other than doing the jobs we need to have done. That is more of a priority, not creating forms and doing more paper work.

Miss Zaccardelli asked Mrs. Fegan what happens to the employees in the departments that are doing nonspecific work other than their job requirement if they get injured. What happens with Workers Compensation? Mrs. Fegan said that the injury would still be while the employee was working. As long as it is within the sphere of their work the employee would fall under Workers Compensation.

Mrs. Fegan said in terms of asking for estimates for example for painting, if we asked a professional painting firm how long it would take to paint a room we would get a different answer than if we were doing it internally. The firm would come with no other obligations and it would be done. If we do it internally it is an interrupted process.

Mr. Stefanik said he feels that we could take the word of the department heads when they feel they can piece off a part of the project to do in house and save money as with the animal shelter. The project was itemized and the amount was known. He said it is not being questioned that people are being put on a job; all that is desired is the final cost. Since it was done with the animal shelter, which was a large project, he doesn't understand why it could not be done on other projects.

Mr. Koch asked why this has to be done by legislation. He said that it could be recorded without being legislated.

Mrs. Bobulsky said she does not see this as really necessary because the employees are already being paid for their 40 hours a week, we are not paying overtime. It is an extra burden for a department such as Service that is short on manpower as it is and she does not want to take time away from them to require more paperwork be done. If they are already here we should use them.

Mrs. Uffman-Kirsch asked if the goal is to get the final cost of the project, what we are going to do with the information. We cannot compare it to anything because parts of it were not bid so we have nothing to compare it to. To know the final cost of the project sounds good, but why and what will we do with it?

Mr. Gentile said that the next big project might be the addition to the Service Center. There would be a lot that can be done with the skill of the employees to save dollars. He asked if Council would be able to count on the Service Director to account for the materials that need to be bought and the amount of man hours done to complete the job without the legislation. Mr. Mayer said that the work done on this project will be done by whoever bid the job. It is not going to be anything more than a shelter for the equipment.

Mrs. Bobulsky said in response to what to tell the residents about the final cost she feels that if the residents were told that the employees are being used during the down time to finish a project they would think that the time is being used efficiently.

Mr. Stefanik said that he would like to keep this latest version in the Finance Department file in the Council Office.

Mrs. Uffman-Kirsch said so you want to remove it from the agenda then and keep it in a file. Mr. Stefanik said yes. Mrs. Uffman-Kirsch made a motion to remove it from the agenda. Seconded by Mr. Stefanik. 3 yeas/0 nays. Motion carried.

Mr. Stefanik said there is the one that is on the Council agenda. Mr. Willey said that is 04-183. Mr. Gentile said that will have to have sponsorship withdrawn to get it off the agenda. Mr. Willey said we don't have to do this now; we can do that at the Council meeting.

2. **Bid Process, Board of Control**

Mr. O'Donnell was asked for a search for written bid procedures. One of the problems he found with the process was that the bids were kept in the department. For a long period of time the administration had a practice that all bids were maintained in the Mayor's office. Ms. Zaccardelli asked him to review the county bid procedures. He had already begun by asking some department heads to review a set of draft procedures he had prepared. He is waiting to hear from them and the Mayor as well. He looked at the bid procedures in the State of Ohio Administrative Code. He made some modifications and changes to fit the city. There are some things that the State of Ohio must follow that may not apply to our city. Regardless the procedures he has drafted are more extensive than the purchase policy currently in place. It describes the invitation to bid process. It will require that sealed bids be held in the Mayor's office until opening which would take place in Council Chambers by the department head and anybody from the public that wanted to be present. The critical issue being that the bid be sealed and this would be observed at the opening when the public could see whether the seal is still in place or not. He said some cities have a Board of Control. Statutory cities like Parma are required to have a Board of Control. Charter cities are not required to have one, but some do. It does not change the procedures. The procedures are the integral part. The city has managed to handle the bid process in a fair manner without having a Board of Control. He does not know that having a Board of Control will make it more or less fair. He recommends that Council require administrative policy that sets the competitive bidding procedures. The draft he has not only addresses this but also the request for proposal process. He prefers to see bid procedures developed and accepted over a Board of Control. The negative part about a Board of Control is that someone will need to take minutes; someone must keep the records, typically that is an administrative board so they will meet during the day. Someone may be appointed that cannot be there during the day. He has not gone through the county bid procedures completely, but he feels that there are a number of things they have that apply to

a county as opposed to a city. What he has drafted is more appropriate for the city. He has not distributed the draft yet as he is waiting to hear back from the administration. He will make it available for review by Council.

Mr. Koch said he is happy with the idea that new policy is being developed and feels that he would be satisfied with that. He does not feel it is necessary to have legislation regarding it.

Mrs. Fegan said that the purchasing policy of the city has been changed and distributed to all department heads and Council stating that all bids are to be received in the Mayor's office.

Mr. O'Donnell would like to see some standard procedure regarding the bid process. Once it is finalized he will see that Council receives the document.

The proposed legislation is removed from the agenda along with the Board of Control. The topic of the bid process will remain on the agenda.

3. **1045.02 (e) and (f)**

Mr. Gentile spoke with Utilities Chair, the Law Director and the Finance Director. He said that the Finance Director provided estimates of the amounts that could be collected from those noncompliant sewer tap-ins based on the usage of those in noncompliance. It has been discussed how this can be handled legislatively. Section 1045.02 (e) and (f) states that sewer charges may be assessed and collected for those who have sewers available but fail to tap-in within the required 60 days. This has been in our codes for quite some time. Mr. O'Donnell said there was a question about the 60 days which goes back to (d). Mrs. Uffman-Kirsch said there is legislation referencing this issue that has been adopted. Mr. O'Donnell said he was asked if we need to adopt the legislation that is currently being reviewed. He feels we do because we do not have a category for people who are not connected. Mr. Gentile asked if the entire piece is under consideration or paragraph (f) and 1045.01. Mr. O'Donnell said that the definition needs to be amended to include the property that has not connected that is supposed to connect and he wanted to look at the rest to determine what is necessary.

Mrs. Uffman-Kirsch asked Mr. O'Donnell if the Finance Director needs to create a procedure for how the fees would be charged as was discussed earlier and if this should go into the current legislation being considered or if another piece of legislation would be needed. The Finance Director provided her recommendation in a memo dated November 11, 2004. Mrs. Fegan said that in 1045.02 (f) she would like clarified what is being charged, the full rate or maintenance. Mr. O'Donnell will look at the section and determine what should be changed.

This item will continue to be discussed in the Utilities Committee.

4. Mr. Willey wanted to discuss the local government cuts that were discussed at the U.S. Conference of Mayors regarding safety issues.

Proposed Ordinance 05-13 regarding the minimum court costs. Mr. Willey asked Mrs. Fegan how will this effect SB 123 that is changing the fees in courts for our city?

Mr. Willey asked if we changed public accounting firms. Mrs. Fegan said yes that has occurred as was discussed at a previous Finance Committee meeting. We were required to seek bids and we have a new accounting firm.

Mr. Stefanik moved to adjourn the meeting, seconded by Mrs. Uffman-Kirsch. 3 yeas/0 nays. Meeting adjourned at 8:00 p.m.