

FINANCE COMMITTEE MINUTES
MARCH 19, 2007

The Finance Committee meeting was held on March 19, 2007, at North Royalton City Hall, 13834 Ridge Road. Meeting called to order at 6:30 p.m.

Present: Chair Kurt McKee, President of Council Robert Stefanik, Don Willey; Council: Denise Bobulsky, Vince Gentile, Larry Antoskiewicz, Lisa Uffman-Kirsch; Administration: Mayor Luks, Finance Director Karen Fegan, Law Director Tom O'Donnell, Service Director Skip Mayer, Service Dept. Secretary Joyce Deacon; Other attendees: Don Harris, Nick Cinquepalmi, John Kohl, Ken Wolnik, Neil Price, Dan Kasaris, Pat Harris, Michelle Cinquepalmi, Rich Nagle, Linda Germano, Dale Germano, Jim Polacek, Laura Polacek, John Samec, Anna Samec, Mark Reinkober, Pat Jones, Bill Macko, Bob Ventura, Jarred Purcel, Philip Kozsey, Paula Recker, John Cossel, Russell Catanese, Ernie Fields, Phyllis Fields, Gary Petrusky, Richard Plantan, Ed Biesiada, Gary Sesreskes, John Wotowiec, Anthony Wuensch, Tony Santangelo, Gary Obenauer, Leroy and Joanne Cortright, Robert Wehager.

Minutes approval:

Mr. Stefanik moved to re-approve the minutes from July 17, 2006, seconded by Mr. Willey. 3 yeas/0 nays. Motion carried.

Mr. Willey moved to re-approve the minutes from September 18, 2006, seconded by Mr. Stefanik. 3 yeas/0 nays. Motion carried.

Mr. Willey moved to re-approve the minutes from October 16, 2006, seconded by Mr. Stefanik. 3 yeas/0 nays. Motion carried.

Approval of November 20, 2006, minutes: Mrs. Uffman-Kirsch said she submitted amendments on March 14, 2007. At the November meeting there was approval of the June 26, 2006, minutes to approve as amended with the attachment of her memo. That will be checked and the approval of the November 2006, minutes will be discussed at the next meeting.

Mr. Willey moved to approve the minutes from January 11, 2007, seconded by Mr. Stefanik. 3 yeas/0 nays. Motion carried.

Mr. McKee announced that the discussion will begin with the 2007 Budget and the other items on the agenda will be discussed at a later time.

UNFINISHED BUSINESS

1. 2007 Budget

Mr. Stefanik wanted to discuss the \$145,000 amendment proposed last meeting. He reviewed that there were five people in the Service Department and one in the Engineering Department to be hired in January. As of this meeting there have been two people hired in the Service Department and one in the Engineering Department. There is money not spent by not having hired these people to date. This money could be spent by having two employees working the recycling yard on overtime Saturdays from April 1st to the end of the year. No additional employees are needed to open the yard. Next year will be an opportunity to outsource the rubbish collection and free up six people in the Rubbish Department to work in the Service Department on roads and flooding. He does not want to hire people now and have to lay off next year when the rubbish is outsourced.

Mr. Stefanik said that since there is controversy with regard to a leaf pick-up program a compromise might be to scale back and make it a pilot program in certain parts of the city where the leaves are getting into the catch basins and drains. The equipment for approximately \$25,000 could be purchased or it could be rented for less. Some cities outsource this service at a lower price. He recommended keeping \$35,000 of the \$145,000 in the Storm Sewer Fund #33 for a leaf pick-up pilot program. The other \$110,000 would go into road repair and could address projects that were removed: Oaknoll Court, Hunters Creek and Saturn Drive. That is below the \$145,000 that would have been used for the five positions. We should see if the work can be done in a more cost-efficient leaner way.

Mrs. Uffman-Kirsch asked about money saved by not hiring employees until April 1st. Mrs. Fegan explained the amount variance and the difference in hours used in calculating part-time and full-time employees.

Mrs. Uffman-Kirsch asked why the recycling yard was not opened. Mayor Luks explained that there was a replacement hiring freeze due to severe budget constraints. We were down five people in the Service Department. There was no choice but to close the rubbish recycling yard on Saturday. The staffing of the yard was with a full time employee assigned to work Tuesday through Saturday. No overtime was used. That employee was needed in the regular roster and the yard had to close on Saturday. Mr. Mayer requested part-time employees in order to re-open the recycling yard that will now be cut by the proposed amendment.

Mayor Luks said that when Mr. Mayer began working for the city 33 years ago there were 20 plus employees in the Service Department. With all the growth, additional housing, roadways, and rubbish pick-up we are still at 20 plus employees in the Service Department. If the proposed employees are hired and rubbish is privatized there would still be need and work to maintain those employees. The amount put into the budget for the Service Department is less than the Service Director requested, but the best that could be done in order to meet the other needs of the city and present a balanced budget. In terms of adding street repairs as mentioned earlier, if the staffing level is cut to what is proposed in the budget there will not be adequate staffing to complete the projects that are already stated would be done. We need the staff to complete the in-house concrete projects in the timeframe given. Outsourcing the concrete projects was mentioned as being more cost effective. The cost to do one street, Goodman Circle, was compared and it was determined it will cost \$25,441 in-house, and using a contractor that has won bids in the city as lowest and best in the past, their bid estimate was \$39,629. It is evident to the administration that outsourcing concrete repairs will not save the city money. Without the added staffing the sewer main cleaning and I&I work may not all be completed.

Mr. Gentile said that \$1.1 million was rolled over from last year (unspent). Mr. Gentile said that he had an outside contractor look at what the city spends for concrete work and the figures he has show that it would cost more to do in-house if equipment rental and supplies were included. He feels that a concrete project that entails approximately 3,000 cubic yards should be outsourced.

Mr. Cinquepalmi who is a concrete contractor said he was asked to look at the Goodman Circle project. He said that the estimate of \$25,000 would not be enough to complete the project for the cost of concrete, wire and labor. Contractors consider part of the project cost as trucks, fuel, insurance, Workmen's Compensation, gravel and landfill fees for dumping dirt and concrete, safety barricades, permits and inspections and more than what was estimated for the \$25,000. Only a handful of contractors can do a job like this in six months. He estimates that the project would cost \$43,800 for the one street if the Service Department did the work. The Service Department estimated eight days, and he felt it could be done in three. After the eight days estimate for whatever reason the contractor incurs another \$1,200 in labor cost not counting cost of vehicles and maintenance. He feels that the city will not be able to complete the job this year. He said that the project should be bid with the city included as a bidder. He felt that a contractor would do it for less and save the city money and the employees could be better utilized on the other projects.

Mr. Mayer said that the \$25,000 price included the material. He feels the work can be done for less.

Mrs. Bobulsky said there are 27 employees in the Service Department. The proposal is to hire three full-time and 2 part-time employees. The Cost of Services study done in 2004 recommended that a city our size would need 30 employees for ongoing road maintenance. The employees are needed. New equipment is planned for purchase in the budget and manpower will be needed to operate it.

Mayor Luks said the budget was prepared to allow for the most amount of work to be done in a cost efficient manner by doing the work in-house.

Mr. Stefanik said that there have been two different sets of figures. He would like to bid out the project to see if there is a lower or equivalent price to free up employees to work on the flooding issues.

Mr. Gentile said that the Cost of Services study determined that if we continued to deliver the services with the income tax rate as it was that we would run out of manpower and money. We have some money now to begin solving some of the problems. He thinks if we continue to match our manpower in-house to the money coming in that we will put ourselves back to 2002 and will face the same crisis in years to come. He thinks the concrete work should be bid to free the employees to do I&I, retention basin work and road patching. He is concerned that the concrete work will not be completed this year and an outside contractor will complete the work needed. He does not feel that we need to increase the size of our bureaucracy. He does not feel the concrete work can be done for less in-house.

Mrs. Bobulsky said if we go with a pilot leaf program and outsource the concrete that we will not have the manpower or a plan in place to implement the program.

Resident Discussion

One recommended a form to compare exactly the numbers involved where it would show everything including profit. Programs should be listed by safety where a pilot leaf program would not be equal to the flooding resolution.

Mr. Kohl said the citizens have spoken with the tax vote that the roads and flooding be addressed, not other projects.

Tony Santangelo asked about the discussion of figures presented by the administration and by Mr. Cinquepalmi and the bid obtained for comparison. He would like to see figures comparing in the same square yard. He also asked for clarification of money spent and transferred.

Ken Wolnik is not in favor of the leaf program and would like to see the problem of road repair fixed first.

Bob Ventura said the vote was for roads and flooding and wants that done first. He felt the leaf pick-up is a luxury.

Gary Obenauer feels that the street and flooding should be done first. Having a leaf pick-up program is not realistic. He said it seems like the decision of outsourcing rubbish has already been decided and this should not be predetermined.

Rich Nagle has had flooding and wants that addressed along with the I&I.

Gary Petrusky wants to see the roads and flooding done first. He would like to see a fair comparison of figures in order to resolve the issues.

Richard Plantan feels that the projects should be done as the voters approved.

Russell Catanese said the levy was approved for street and flooding repair. It should be sent for this repair. The levy did not mention leaf collection. He expressed distress over the disagreement between Council and the administration.

Mr. Stefanik brought up past discussion of leaf pick-up in Streets Committee. This has been discussed for the last five years. There was disagreement over whether leaf pick-up would aid in the flooding issue with information presented from Parma who said it does not work and Broadview Heights and Strongsville who said it does work. Mr. Stefanik said he would like to try a program in areas experiencing flooding to see if it helps prevent it.

Mr. Mayer said while he obtained the information with regard to a leaf pick-up program, he is not in favor of the program at this point. Our priority right now is streets and infrastructure.

Mark Reinkober feels roads and sewers should be fixed first and that Council should stop arguing over the issue.

Mr. Antoskiewicz said that Council unanimously approved the temporary budget. He does not feel that Council is always at odds with the administration. He felt that the addition of employees was not discussed.

Mayor Luks said that the budget was analyzed and the needs of the various departments were filled as best as could be done.

Mrs. Uffman-Kirsch said that the minutes mentioned earlier regarding the leaf pick-up program included more information that was not mentioned. The subject was brought up at the request of a resident who also said perhaps the program could be done for a fee for those interested. It was not meant that it was a program being introduced. She said before anyone can be able to vote upon it she would like specific information and wants to know what the plan is. Some of the questions posed were what are we going to get, who will do the work, how many people it will take, what will not get done during the weeks the program will be run.

Mr. Willey said if it is being looked at as a pilot program that it be referred to the Streets Committee and the plan would be put together through that committee. If it does not look like it will work then the money can be reallocated. Mrs. Uffman-Kirsch questioned the funding of the program before the plan for it is presented.

Mrs. Bobulsky said that there was deviation with the discussion of outsourcing concrete. The basic issue is that what was voted on last November was for storm water improvements and road repair. She has a greater number of residents opposing the change of what was approved on the ballot. She has only five that are in favor of leaf pick-up. While she is in favor of a leaf pick-up program, it is a luxury item at this time. The voters have stated what they want done. The income tax failed in the past because it was said that there was no plan. To have an idea without a substantiated plan is ludicrous.

Mr. Willey said that he disagrees that leaf collection has nothing to do with storm water flooding. There is a legitimate problem of flooding in certain neighborhoods because of leaves.

Mrs. Bobulsky said that the citizens flooding report does not address leaf pick-up.

Mr. Willey said that there is flooding in many areas of the city yet a great deal of money will be spent in only a small area.

Mayor Luks said the Citizens Flooding Oversight Committee was working to discover all of the problems in the city and residents were asked to report their problems to them. The information was turned over to the committee. Council was asked to work with the committee as well to bring forward problems they had. If it was not studied, it was not made known to this committee.

Mr. Mayer said that the Service Department already picks up bagged leaves and branches in the city. The pick-up program is something that can be looked at in the future. Right now it is not a priority.

Mrs. Uffman-Kirsch said that there is currently legislation that says drainage ways cannot be obstructed. We need personnel to enforce it.

Mr. McKee said that for \$30,000 a leaf pick-up program could be another means to try to solve the storm water flooding problem and he is in favor of trying all means necessary. He thinks it is preventative maintenance.

An unidentified member of the audience said that the preventative things can be done once the emergency things are completed first. We have big problems and they should be addressed first.

TAPE 2 FAILURE B SIDE

Mr. Stefanik said the leaf collection will be removed from the discussion. It is requested that we advertise for bids on the concrete work.

Mrs. Uffman-Kirsch said we are going to pay someone to prepare the bids and compare costs to the in-house cost. If the bids come in higher than doing it in-house will we not use the bids and use that.

Mrs. Uffman-Kirsch asked based on the proposed list of concrete repairs how long will it take to prepare as a bid estimate.

Mayor Luks said she would have to check with the Engineering Department because they are involved with the bids for asphalt work but estimated that the process would be at least 60-90 days.

Mr. Willey moved that the \$145,000 that was discussed as wages be transferred to the SCMR Fund for road construction.

Mrs. Fegan asked if this full amount is going to streets or is this to include the \$35,000 for recycling staff.

Mr. Stefanik said it is intended that the recycling yard be staffed so then \$134,000 should go to streets and \$11,000 go to the fund needed to operate the recycling yard on Saturdays.

The Law Director advised a motion is needed to reconsider the previous motion from the last Finance Committee meeting.

Mr. Stefanik moved to reconsider the previous motion, seconded by Mr. Willey. 3 yeas/0 nays.
Motion carried.

Mr. Stefanik asked Mrs. Fegan to review that motion from the previous meeting. It was to transfer \$35,000 from the General Fund and \$110,000 from SCMR Fund to the Storm Water Fund #33 and a corresponding increase in Storm and Sewer Drainage Fund and Capital Outlay of \$145,000.

Mr. Willey moved to approve the motion restated above, seconded by Mr. Stefanik 0 yeas/3 nays.
Motion defeated.

Mr. Stefanik asked Mrs. Fegan what the amounts would be as determined by the discussion at the meeting tonight. Mrs. Fegan said it would be to reduce the General Fund Recycling Department for Personnel Services category of \$24,000 and in the General Fund transfer out an increase of \$24,000 and in the Street Construction Maintenance and Repair Fund (SCMR) it would be a reduction in the Personal Services category of \$110,000 and an increase in the SCMR Fund and Street Reconstruction Capital Outlay of \$121,000.

Mr. Willey moved to approve the amounts stated above by Mrs. Fegan, seconded by Mr. Stefanik 3 yeas/0 nays. Motion carried.

Mr. Stefanik said that the \$11,000 will remain to cover the opening of the recycling yard on Saturdays.

TAPE 2 FAILURE B SIDE

Mrs. Fegan corrected the amount in the above motion saying that \$134,000 would be the increase in Street Reconstruction Capital Outlay.

Another motion and vote was to be taken with this correction.

TAPE 3 FAILURE

Moved by _____, seconded by _____ to adjourn the meeting. Meeting adjourned at _____ p.m.