

**FINANCE COMMITTEE MINUTES**  
**APRIL 19, 2007**

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

Present: Chair Kurt McKee, Bob Stefanik, Don Willey; Council: Denise Bobulsky, Larry Antoskiewicz, Lisa Uffman-Kirsch; Administration: Mayor Luks, Finance Director Karen Fegan, Community Development Director Mike Kosdrosky; Residents: Paula Recker, Nick Cinquepalmi, Joanne Dumound, Gary Petrusky and daughter.

Moved by Mr. McKee, seconded by Mr. Stefanik, to approve the minutes of November 20, 2006 as amended via amendments submitted by Mrs. Uffman-Kirsch on March 14, 2007. 3 yeas/0 nays. Motion carried.

**UNFINISHED BUSINESS**

**1. Economic Development report/available grant money – Jan/April/July/Oct**

None given.

**2. Tax collections status**

The reports were distributed earlier. Mrs. Fegan said the collections are under where she would like them.

**3. Monthly Finance report**

The reports were distributed earlier.

**4. Capital appropriations – Jan/April/July/Oct**

The reports were distributed earlier. Mrs. Uffman-Kirsch asked for clarification regarding a line item and the Finance Director clarified that the packer truck purchase was not included for this year.

**5. Overtime Reporting (monthly)**

There was no report. The Mayor said that she thought the mini budget report included the information. Mr. Willey said that it was requested to list each department with the line item. The Mayor said that she does not make each department break down their overtime to her except for when the committee requested overtime last year this was done with Police and Fire and the larger departments and it was done for a specific time only. Generally they have never done this, because the Mayor said she knows the reasons for their overtime which are training and call-ins. The only department that routinely reports a breakdown of overtime is the Service Department. Mr. Willey asked if the payroll registers show it and Mrs. Fegan said the dollars are reported in the mini budget. Mrs. Fegan said that the payroll registers will not show dollars and overtime total for departments. She said it is not available. Mrs. Uffman-Kirsch asked Mr. Willey if it would make any more sense in the interest of time to use the mini budget that shows for the month and cumulative to- date to use this for monitoring purposes. Mr. Willey said that the principle is they wanted a report on overtime and that he understands the mini budget shows overtime. For finance report purposes they wanted to know what the overtime was each month. That was the standard they established. Having to go through the mini budget to determine if something is out of line is not showing the hours and how many people had overtime. Mr. McKee said he liked the report from the Police and Fire Departments showing the breakdown. It made it easy to figure out what is going on. The Mayor said it was done that way for a period of time. It is not routinely done and given to her. Mr. McKee said that is what they are looking for.

The Mayor said they are asking her to create a document that we do not normally do. She is not sure of the objective, if the main concern is that someone is getting too much overtime as one person or is it that overtime is being accumulated needlessly, or she asked what exactly is it that they want to look for, because they are living within the budget and it was explained up front why the overtime was needed in the departments. It has been demonstrated in the past that there is no abuse of overtime. For the Mayor to go back and cause more administrative paper work she would like to know what they are looking for so that it can be streamlined in some way. Mr. McKee said in talking to Chief Fabish when it was requested earlier that the Chief commented that he may not have realized how much overtime there was. He was surprised at the monthly figures. The Mayor said the Fire Chief and every department closely monitors

their overtime and work very hard to prevent it in every way possible. The overtime that does occur is always necessary. If the implication is that they are not paying close attention to overtime that is not true. She does not need a report from the department to show her why the overtime is being approved because in the course of day-to-day operations she knows why the overtime is occurring. The Mayor said the report being requested is administrative. Council is not the manager of day-to-day operations, Council is legislative. The report being requested to be given to the legislative branch is administrative. Mr. McKee said the job of Council is to control the purse strings. The Mayor said that controlling the purse strings means the budgeted amount approved by Council to live with in overtime and it is being done. It is not that she has to tell Council each time there is overtime and what it was for, that is administrative. She asked why Council passed the dollar amount that was passed in overtime. Did they not think it was justified when it was passed? Mr. McKee said he thinks since Council controls the purse strings to be very clear on what happens every month. If the Mayor disagrees that is fine, but as a Council representative chairing the Finance Committee the overtime reports were very beneficial for him, not being in the administration, to see on a monthly basis where our money is going and how it is working in order to get an idea how it will work out for the entire year. If different events come up that will generate more overtime than expected he can be very clear on that so when someone calls him inquiring about the overage in overtime that he can explain the reasons to them.

Mrs. Fegan said that being the Finance Director payroll is under her direction. She can say that she has never had a resident call to question an overtime number. She asked Mr. McKee how many residents he has had call him regarding overtime.

The Mayor said that Council is seeing monthly how the budget is. If Council sees that there is something running over and they want to question why, certainly it is understandable and she would provide that information in an explanation. To generate reports needlessly and create more administrative work right now when there is focus on a lot of other things, she does not see the point.

Mr. Willey wondered if the place that does our payroll service can generate this report. Mrs. Fegan will check but she is not certain if the register will send out a report that will have total hours per department and total overtime paid per department. The system is not as user friendly as we would like, it does not have a report writer capability to give us whatever is wanted. Mr. Willey asked if the payroll register is by department in order to get the breakdown in the mini budget.

Mr. McKee said that the Fire Chief has certain days that are given off and filled with overtime. That calculation should be clear.

Mrs. Fegan said that every department head signs off on every pay sheet in their department so every payroll they know what the overtime is for. They are signing off on it and approving it. The fact that someone was surprised at the end of the year she finds hard to believe since they sign every pay sheet of every employee for every payroll where the overtime is listed. Every department head gets the figures for every month in order to keep their budget accurate.

Mr. McKee said if the department head is signing off on everything that he is confused about the additional work to have a tally sheet next to the time sheet offering an explanation. He does not see how it could take that long. The hours are signed off on a hand written sheet that would need to be transferred to another sheet and transfer in the overtime rate. Mrs. Fegan said she cannot speak for the department heads to determine how cumbersome that will be. Mrs. Uffman-Kirsch pointed out that the example used from the Fire Department did not have dollars on it. The request is for hours and dollars. Mr. Willey said he is saying that there may be an easy way to accomplish the entire thing without a lot of work. That might be a payroll summary report. The Mayor said that report will not give the reason for the overtime which is why she asked what exactly is being looked for so she can try to figure an easy way to give the information. Mrs. Uffman-Kirsch said that the reports discussed for the time previously requested came with five different versions of reports.

The Mayor said she is hearing different things in terms of what Council is looking for. The Finance Director said she has also heard that the information is desired by person so Council can know if it is one person getting 10 hours or 10 people getting one hour and they want the reason.

Mr. Willey said that this was brought up in the first place because one of our employees made \$28,000 in overtime on a \$36,000 base. The Fire Department the year before last was very excessive and also a number of other departments. In 2006 there was a shortage of money. In a tight year how are things watched; this is watched through a systematic method of reporting analyzing. Even though money is put in the budget for overtime, what Council is trying to do is to head off the eventuality of spending more in overtime than is in the budget. The Mayor said that the mini budget shows that. It shows where we are each month and cumulatively and by percentage of the annual budget. The information is in the report Council receives. Mr. Willey said it is not an accurate management tool.

Mr. McKee said taking the April 2006 example of the Wastewater Department with the 121.5 hours grand total Council would not know it included 20 hours of emergency repairs as detailed below in the report. The Mayor said then Council is asking for the reason for the overtime. She said that Mr. Willey said he does not want to know. Mr. Willey said if it is excessive and there is a big number, then at that point an explanation is needed. The Mayor said that she would be happy to explain it at that time. She said as Council looks at the mini budgets and something seems out of line that she will be happy to explain. To create more paper work does not make sense to her.

Mr. McKee said looking at the Service Department overtime report where it shows 10.2 hours for the month, he does not see as taking long to do. The Mayor said that the Service Department is the only department that currently routinely generates those reports. It is part of their system. She will be happy to forward those reports that are already being generated to Council. Mr. McKee said that they have been requesting the monthly reporting for some time now. The Mayor said she thought that Council wanted to see them for a period of time last year because there was some question about whether or not overtime was being misused. She thought everyone got past that. If Council wants the Service Department overtime reports she will do so. She will not ask the departments who do not normally generate those reports to make another report. Mr. McKee said this discussion has been occurring for months and he is amazed that we are still having it. The Mayor said she is too because there is no overtime problem. This is a huge waste of time. She could understand if there was abuse of overtime that Council would want to know more about it. That never happened. Mr. McKee said he is requesting once again for more detailed overtime reports. The Mayor said that this is micro-managing administrative functions and is not the place of Council to do.

Mrs. Uffman-Kirsch asked if Mr. McKee looked at the monthly overtime category. Mr. McKee said he does. The Mayor said that the Service Department has been making the reports for reasons that have nothing to do with the legislative branch. They have been doing it for a long time before it was ever requested by this Council. Never before has Council monitored hour by hour, reason by reason all of the overtime going on administratively. It is not ordinary; it is micro managing. Mr. Willey said it was not done in Parma and look what happened. The Mayor said it did not happen here. Mrs. Fegan said that Council should not dare compare us to Parma. Mr. Willey said he is not. It is no aspersions to North Royalton; he is simply bringing up a fact. The Mayor said if there was an overtime problem she could understand these questions. There is not and there has not been an overtime problem. Our percentage of overtime is low comparatively to other cities. Mr. McKee said but it dropped 28% and the Mayor said that is because we cut necessary training because we had to. Is Council going to advocate cutting necessary training? She is not going to do that.

## **NEW BUSINESS**

### **1. Proposed Ordinance 07-40 amending Appropriation**

The Finance Director said she was unable to obtain the updated numbers from Mrs. Deacon. Mrs. Fegan said there has been a lot of activity with employees in that department and she is not exactly sure where we are with everyone. There are two part-timers and full-time laborers that have recently started. It was reviewed that \$12,000 was being looked at to be moved. Mr. McKee asked for the amount of money based on the date of the new hires and the date that money was put in the budget that was not spent for a particular time.

Mr. Stefanik said that the next Finance Committee meeting is scheduled for May 14<sup>th</sup> followed by the May 15<sup>th</sup> Council meeting. He asked if an up-to-date report could be provided the weekend before that. Mrs. Fegan said she would be able to provide it.

## 2. PERS Employer Pick-up

Mayor Luks asked that this matter not be discussed because it is one of the bargaining items proposed to the city by one of the unions that we are in the middle of contract negotiations with. We are currently in the middle of contract negotiations with all of our bargaining units. Since it is a bargaining item:

- administratively it is not permitted to discuss any of the bargaining items outside of negotiations per ORC; and
- Council is not supposed to get involved in negotiated items until negotiations are over and these items are brought to Council for approval. If it is discussed, the Mayor thinks it will be a violation of Ohio Revised Code.

Mr. Willey said as far as he is concerned it is not a bargaining item. He asked about this when he first came on Council. He asked why something that is a federal pension based issue would be in negotiation. Mrs. Fegan responded that it is an employee benefit and therefore it is something we are negotiating. Mr. McKee said it can be discussed at the next meeting. Mr. Stefanik recommended that this be removed from the agenda until the contracts are settled and it can be brought back for discussion. Mr. Willey agreed with Mr. Stefanik. This is removed from the agenda until after contract negotiations are completed.

## 3. Proposed Ordinance 07-46 decertifying an enterprise zone agreement with PDS Dental Laboratories

Mr. Stefanik said that it is retroactive to December 2005 and asked when it was first approved. Mr. Kosdrosky said the agreement was amended March 4, 2004 and original execution date was June 20, 2002 and it was a ten year agreement. Mr. Kosdrosky said that they did meet the requirements as far as the investment in the \$1.8 million project. They retained the 40 fulltime employees but did not create the jobs. Mr. Stefanik asked if the money that they have saved in tax abatement would be returned. Mr. Kosdrosky said that the Tax Incentive Review Council recommended each year to continue. He is not certain we want to be punitive toward the company for the reasons just mentioned. The Tax Incentive Review Council on March 20, 2007, motioned to find Form and Function in noncompliance per the request of Form and Function and adopted this recommendation unanimously. It was motioned to terminate the Enterprise Zone Agreement with the termination date retroactive to December 31, 2005, so any abatement received in real property tax will have to be refunded and collected by the county. Mr. Kosdrosky was not certain of the exact amount but thought it was in the range of \$6,000. Mr. Stefanik asked if the money could be requested to be returned prior to December 2005. Mr. Kosdrosky said that Tax Incentive Review Council did not recommend that, nor did the County Auditor because the company has been a good corporate citizen, they made the project investment, and they retained the 40 full time equivalent jobs. The initial owner changed the name, built the facility off York Road and the company is now part of the third largest dental company in the country. The abatement made the initial investment of building and personal property possible. The head count and the payroll did not increase due to several factors including off-shore competition in the industry. The property owner signed a 10-year lease with DSG, a company based out of Minnesota and New York who recently bought Form and Function. This company is incurring growth and stability; however they did not want to continue the agreement at this time. They requested the termination; and it was decided by the Tax Incentive Review Council to agree to the termination. Mr. Kosdrosky said that they are still planning on staying in North Royalton and they plan on future hires. He felt that weighed in on the decision of the Tax Incentive Review Council to not be punitive.

Mr. McKee requested that Mr. Kosdrosky provide the figure of the retroactive amount. It is understood that the schools get a percentage of the figure.

Mrs. Uffman-Kirsch asked if Mr. McKee could check into if it is time for the committee to receive the next litigation status report from the Law Department for next month.

Moved by Mr. Stefanik to adjourn the meeting, seconded by Mr. Willey. 3 yeas/0 nays. Motion carried.  
Meeting adjourned 7:27 p.m.