

SPECIAL FINANCE COMMITTEE MINUTES

February 14, 2009

The Special Finance Committee meeting was held on February 14, 2009, at North Royalton City Hall, 13834 Ridge Road. Meeting called to order at 9:02 a.m.

PRESENT: Committee Members: Chair Mike Farrell, Vince Gentile; Council: John Nickell, Don Willey, Larry Antoskiewicz, Dan Kasaris; Administration: Mayor Bob Stefanik, Finance Director Karen Fegan, Service Director Kris Kamps, Safety Director Bruce Campbell; Other Attendees: Don Harris, Joanne DuMound

OLD BUSINESS

1. 2009 Budget

Finance Director Karen Fegan gave a brief overview of the proposed budget as submitted to Council. She said that we are approaching the budget very conservatively and said that this year is a special concern due to the economy. She said we need to not only worry about 2009 but also 2010. Mrs. Fegan said that we have been very cautious with income tax and we also have re-appraisals coming in on all of our properties and may have some adjustments to make to property tax revenues. Due to interest rates, we may not have much interest income coming in this year.

Mrs. Fegan said that she has received requests from all departments as far as what they would like to see in their budget this year. Mrs. Fegan said that as always the needs far outweighed the city's means. She said she and Mayor Stefanik went through all of the requests then went through the budget that they came up with. They then sat down with the department heads to discuss the proposed budget.

Mr. Gentile discussed the storage facility for the Service Department. He said that if the budget passes as is, he would like to wait until June before they proceed with this project. He would like to watch revenues to see if there is a decline. If there is a decline, he would like to pull back the reins. He also noted that the administration said no to the brine. He asked if we might be able to get partial funding for the brine. Mr. Kamps said that he and Mrs. Fegan reviewed items for which the Service Department only received partial funding, and probably were not going to get done this year. Mr. Kamps said they discussed using those funds to rebuild a truck that had fire damage and if there are any additional monies after that is completed, possibly using that money for brine set up. Mr. Antoskiewicz asked if Mr. Kamps is talking about the brine set up or moving money for a single axle plow with the brine. Mr. Kamps said there are two set ups, one was for a single axle plow and one was to retro fit the other tandem. Mr. Kamps said that the two trucks that they currently use have been helpful and they have seen progress with these trucks, but he feels the more trucks on the fleet that are equipped with the chemical the more savings we will see with the salt usage. Mr. Antoskiewicz asked what the storage facility will be used for. Mr. Kamps said that it will be used for storage of trucks and equipment and accessories for the equipment. The shop that currently houses the equipment is also being used as storage for equipment, a place for employees to eat their lunch and change their clothes and a place for mechanics to work. Mr. Kamps also said that a large majority of the city's fleet is sitting outside. The new equipment has a tremendous amount of electronics and should not sit outside.

Mr. Kasaris asked if it would be better to wait a year or two and see if there is a potential economic stimulus package available to construct this type of facility in the Industrial Park as opposed to building it on Route 82. Mr. Kasaris said that he sees Route 82 as a prime development area. He suggested moving the Service Department to the Industrial Park, move it off of Route 82, so that area can be developed. Mr. Kamps said he agrees with Mr. Gentile that we should wait until June to see what happens with a potential stimulus package then review it again. He said that the city has been looking to do this project for 15 years and 15 years ago we did not have as much equipment that needed to be housed inside a structure and feels it is time to move forward with this project. Mr. Kamps said that he does not believe putting a structure on the property on Route 82 will lower the value of that property and he does not know if the city is ready to place a brand new structure in the industrial parkway. He said this would cost anywhere from

\$13,000,000-15,000,000 as opposed to less than \$1,000,000 to put up a building on the existing property. Mayor Stefanik said that as far as the stimulus package is concerned, North Royalton is one of seven cities that applied for this money when it was first introduced. A representative from Betty Sutton's office will be coming to North Royalton to talk about the Route 82 project and also discuss the stimulus package items that the city had submitted.

Mayor Stefanik said that as far as the new storage building is concerned, he feels we need this building to house the new equipment we are purchasing. He feels the current location is fine. He said that if we decided to sell this land down the road, we would have a huge clean-up cost. Mayor Stefanik said we also have a piece of property that is 15 acres or so (the compost facility) and we may take a look at that in the near future. He said we have applied for stimulus money for this project as well. He said we are currently losing money operating this facility. Mayor Stefanik said he is willing to wait until June to see what happens with the economy.

Mr. Gentile talked about the jail and asked if we can make our operational costs more cost effective. He also asked about the overtime for the Fire Department. He asked how this expense can be controlled. Mr. Campbell said that he has not taken a look at the operational costs for the jail, he said it basically runs itself day to day. As far as the overtime for the Fire Department is concerned, he said that he has a day to day breakdown for the overtime costs and said he spoke to Chief Fabish about this. He said we were three people short for the year. We only replaced two of those people who did not come on board until September or October and were not fully up to speed on training. Mr. Campbell said the Fire Department always runs a little short even with a full staff based on vacation time and schedules. Mr. Campbell said he would like to plan some of the training with shifts on duty instead of having to pay overtime. He said he will also look at the jail situation. Mayor Stefanik said we have had some meetings with the Fire Department regarding staffing issues and are trying to work with them. Mrs. Fegan said another issue is that from a legal standpoint, if an employee incurs injury, it can make it a little tough because shifts then have to be filled which requires overtime.

Mr. Kasaris said that the City of Euclid is closing their jail and asked if they have been contacted to see where they are taking their prisoners. Mr. Campbell said they are not closing the entire jail and it is a much larger jail than we have. Mr. Campbell said he will speak to John Sargent about this. Mrs. Fegan said that historically the revenues at the jail have been fairly consistent. Mr. Willey said it might be interesting to see the jail statistics from 2006-2008.

Mr. Willey said that North Royalton is probably one of the only cities that has a small truck that arrives at emergency situations in advance of the actual fire truck. Mr. Campbell said the utility truck does not go to every call, but it does go out on a lot of the calls. He said that sometimes the utility truck is used in the winter months because some homes sit so far back that the utility truck, which is equipped with a plow, can plow snow so the fire truck and other emergency vehicles can get through. He said it also might send more manpower if there is a patient they are having trouble moving.

Mr. Willey asked about the back up support program that we are involved in with other communities. He recalled an incident where other communities showed up for a smoldering fire in an attic at a resident's home and in the process of containing this fire, firefighters ended up flooding the house with all of the excess water. Mr. Campbell said that a lot of communities use a service called Auto Aid. When this service is used, other communities are automatically dispatched when there is a structure fire. Mr. Willey felt that having this much equipment at a smoldering fire might give the impression that the city is not prepared to handle this type of situation. Mr. Campbell said he strongly disagrees that our Fire Department is not prepared to handle this type of situation. He said Chief Fabish has over 30 years of experience and some officers in the Fire Department have 20-30 years of experience and said that it is routine in fire service to call Auto Aid. Mr. Willey said that he just felt that in this particular situation, it was overkill.

Mr. Antoskiewicz referred back to the utility truck and wanted to clarify that the utility truck in the Fire Department's budget is a replacement truck, not an additional truck. Mr. Campbell and Mrs. Fegan confirmed that it is a replacement truck. He also asked about the jail fees and asked if we set those fees or if they are mandated by the federal government or the county. Mrs. Fegan said we set the fees and that our fees are comparable to other jails in the area.

Mr. Kasaris said that Strongsville is building their own jail. Mr. Willey said maybe we should consider housing our prisoners in Strongsville. Mr. Gentile said that he does not feel we should close our jail. Mr. Nickell feels we should keep marketing the jail and let them know we have space available.

Mr. Willey discussed operating costs in the Building Department. He asked why operating costs for the building department are increasing when the projected revenues are down on building permits, and housing has come to almost a screeching halt. He asked what the building department is doing in terms of decreasing the operating costs. Mayor Stefanik said that the city is going to be split up into thirds and when a house is put up for sale, the inspector responsible for that portion of the city will take a visual look at the house and decide if it requires updating. He also said that the inspectors are going to get stricter on enforcing the zoning laws and codes in the Route 82 corridor. He said that there is also some cross training taking place between various departments so that they are prepared to fill positions in the case of retirement. Mr. Farrell asked Mayor Stefanik if he feels the Building Department is overstaffed. Mayor Stefanik said he does not know what the next three months are going to hold and does not feel we are overstaffed.

Mr. Antoskiewicz asked how many additional part timers we will have during the summer months in the Service Department. Mr. Kamps said that last year we had three in the budget, but ended up with two. Mr. Kamps said that as far as the road program is concerned, he needs full time staff in order to accomplish their goals. He said he needs college students to help with rubbish and other various jobs, so he can have his full time staff trained to work on the road program. Mr. Kamps said that he has budgeted for 7.5 part time staff this year.

Mr. Antoskiewicz asked Mr. Kamps about the vehicle replacement purchases. Mr. Kamps said there are some items that have moved up on his priority list now that they know the money is available. He said he would like to look at the Dura Patch Machine. Currently the cost for cold patch is \$100 per yard and he feels this is not a great material, it does not last and it's not a permanent repair. Mr. Kamps said that he spoke to a friend of his in Brecksville and there are several street projects that were done over the last seven years with the Dura Patch machine. One of the projects was in the Industrial Parkway which was repairing severe joint damage. He said that the street was just re-done in the last year and the patches are still in place seven years later. Mr. Kamps said that they did a demo project last fall in North Royalton, but unfortunately it rained that day. He said that he and Mr. Nickell looked at that area recently and the patches still look like the day they were put down. Mr. Gentile asked how much is budgeted this year for hot patch and cold patch. Mrs. Fegan said that there is \$75,000 budgeted for hot patch and \$15,000 budgeted for cold patch. Mr. Gentile suggested possibly reducing these numbers in order to purchase a Dura Patch machine. Mr. Kamps said that he does not have enough staff to keep doing the same projects over and over again. He believes this machine will pay for itself in the savings of staff and labor alone. Mr. Kamps said there is also a piece of equipment called a milling wheel that attaches to the skid steer that we presently have to do joint repair. He feels this is another necessary piece of equipment. Mr. Nickell said that for the price we are paying for cold patch and hot patch which does not last, he feels we should purchase the Dura Patch machine which is more permanent. He said that possibly we could purchase a second Dura Patch machine if we find it is that effective. Mr. Kamps said he feels once we get into this program and we start making these repairs and find we are not revisiting the same areas over and over, there will not be a necessity for a second Dura Patch machine.

Mr. Antoskiewicz said he was unaware we had samples in North Royalton of what the Dura Patch

machine can actually do. Mr. Kamps said that he can schedule a demonstration to show Council exactly how this machine works. Mr. Nickell said he does not need to see a demo, but he would like to know if the spray is self-leveling. Mr. Kamps said that there is a training process with this machine on not only how to use the machine, but also how to care for the machine.

Mr. Antoskiewicz asked about purchasing a mini excavator. Mr. Kamps said that the state bid price for the CX 50 Mini Excavator that they rented last year is \$80,000 to purchase and \$55,600 to purchase it under state bid. Mr. Kamps said that he looked at machines on line that are within two years old and they are selling them for the same price that we can purchase a brand new one on state bid. He said that last year they bundled jobs together then rented a mini for about \$2,000 per week. He said that he would like to have this piece of equipment, but he said with the economy, he would recommend waiting to make this purchase. Mr. Nickell said his motivation to purchase this mini excavator is all of the storm work that needs to be done. He feels if we have a mini, it would free up the regular excavator that is now being used. Mr. Nickell asked if some of the money can come out of stormwater. Mrs. Fegan said that it can, but something will have to be cut from that fund in order to purchase the mini. Mr. Gentile said he feels we should wait until summer to discuss purchasing this piece of equipment. Mr. Nickell asked about possibly leasing this piece of equipment. Mayor Stefanik said he would like to have an excavator and feels if we rent one this year, we will be renting it a lot more than we did last year due to the amount of work that needs to be done.

Mr. Antoskiewicz asked about the signal signs. Mr. Kamps said we are under a mandate from the State of Ohio to upgrade our signs to a certain reflection level. He said we are on board with this a little ahead of time because we know it will be mandated within the next several years. The number in the budget does not reflect every sign in the city, but it will help so that we do not have to change them over all at once. He said that if we place part of this cost in the budget for the next three years, we will have all signs changed over by the time this goes into effect.

Mr. Antoskiewicz asked about the amount of money that is left over from all of the road projects that were completed. He said we were under budget by about \$350,000 and asked if we could take that money and repair Akins Road between Edgerton Road and York Road and attach Martin Drive to that project. Mr. Kamps said that he and Mr. Schmitzer have looked at this project and this project is included in the road program with the hope that they are able to re-bond that money. Mayor Stefanik said that we just received the \$350,000 number a couple of days ago, so we will need to crunch the numbers one more time. Mrs. Fegan said this will require new notes and new bonds.

Mr. Antoskiewicz asked Mr. Campbell about the SUV that was in the budget. Mr. Campbell said that this will be used as a Supervisor/Sergeant vehicle. Mr. Antoskiewicz said he realizes we already approved the five vehicles. Mrs. Fegan said the reason we budgeted the SUV differently is because there was enough money in the temporary budget for the five cars, but not for the SUV.

Mr. Antoskiewicz asked about retirements in the Police Department. Mr. Campbell said it is hard with the Drop Program to determine when a person is going to retire. Mr. Campbell said we have one officer in the Academy now and one that graduated from the Academy who is now on the road in field training. Mr. Campbell said that when we bring the new officer on mid-year, our city's road patrol will be where it was five years ago.

Mr. Kasaris said that he is glad to hear that the budget reflects anticipated retirements in the Police Department and also said that he likes the fact that Mayor Stefanik is replacing one of the police officers who retired and was not replaced. Mr. Kasaris said that he would like to see the open position in the Detective Bureau filled. Mr. Kasaris also said that he is happy with the work that Mr. Kamps is doing in the Service Department.

Mr. Kasaris asked about the money that was budgeted for 2009 projects in the Stormwater Department. Mr. Kasaris said that part of the money budgeted was for the Cady Road project that will not be done this year because it is a right of way project. Mr. Kasaris asked if we can do the ditching on Cady Road with the \$275,000 that has been appropriated for the Cady Road project. Mr. Kamps said that we would not have any roadway left. Mr. Kasaris asked if that money can be used for other stormwater projects. Mrs. Fegan said there is approximately \$200,000 because the \$75,000 was included in the original borrowing for Cady Road. Mr. Kasaris said we still need to know how much it is going to cost for the Cady Road project. He asked if we will know this year how much this project will cost and also if we will be able to reallocate the \$200,000 to other stormwater projects. Mayor Stefanik said once the budget is approved, we will know how much money we will have to work with. Mayor Stefanik said that a lot of the work we are doing in house does not cost a lot of money. He feels we are getting better results with jobs we do in house, but realizes we do not have the manpower and therefore have to bid out some of this work.

Mr. Nickell asked if we are budgeting more for Service Department employees so that more work can be done in house. Mr. Kamps said that he lost an employee last year and would like to hire a new person to replace him, but these numbers were not in the budget this year. Mr. Nickell asked Mr. Kamps about hiring people Tuesday through Saturday so we always have someone available on Saturday. Mr. Kamps said we have tried this schedule before and feels it does not always work well.

Mrs. Fegan said that in 2007 we did have a large hiring in the Service Department due to the new income taxes coming in. She said that we have tried to go back and fill the needs in this Department. Mr. Kamps said that he would like to use the summer help to work on the rubbish trucks and more menial tasks and train the full time staff on the road program.

Mr. Antoskiewicz asked what the increase was in healthcare costs. Mrs. Fegan said the increase was 14 percent. She said the increase that is reflected in the budget is because we will be paying 13 months of premiums in 2009 due to switching to the new health insurance company.

Mr. Willey asked if it would help reduce premiums if we had a city nurse on staff at the jail. Mrs. Fegan said she does not think that would reduce our premiums because insurance premiums are based on historical experience and based on larger claims. Mrs. Fegan said that Pat Jones is looking to put together a Wellness Program that will hopefully help have a healthier staff and in turn possibly reduce our premiums.

Mr. Antoskiewicz asked Mrs. Fegan to confirm that a line item will be placed in the budget for gas and oil wells. Mrs. Fegan said this line item has not been added yet, but it will be added to the Capital Improvement Fund. Mrs. Fegan also said that she received some preliminary information from RITA's legal division and she will discuss that at the Finance Committee meeting on Monday evening.

Mr. Kasaris asked about construction inspection fees. Mrs. Fegan said that the budget amount in 2008 was \$150,000, but we actually only took in \$6,000. Mr. Kasaris asked if we are now budgeting more closely to what we actually take in. Mrs. Fegan said that she and Mr. Schmitzer are capturing that information and billing out for everything that needs to be billed out.

Mr. Farrell said that Mayor Stefanik stated that he is looking to cut 10 percent out of this year's fiscal budget and asked if we had reached that goal. Mrs. Fegan said that she does not believe we hit the 10 percent. Mr. Farrell said there appears to be a reduction and asked when Council can find out exactly what that number is. Mrs. Fegan said she will have a better idea after income tax revenues come in which will be May or June.

Mr. Farrell asked if all departments cut their budgets. He said he noticed an increase in the Police Department's previous year's budget. Mrs. Fegan said she has set aside money in both the Police

Department and Fire Department for future retirements. This is nowhere near what they will need, but it is helping move us in the right direction. She said we have never totally hit our budget number in these two departments, and by law our expenditures cannot exceed this number, so it will come in below the budget number, but she is not sure what that number will be.

Mayor Stefanik said that retirements in the safety forces are going to be a big problem in the next few years not only for North Royalton but other communities as well.

Mr. Willey asked about making improvements to Council Chambers. Mr. Gentile said that we are putting money away for that project. Mrs. Fegan said these improvements are in the budget for 2010. Mrs. Fegan said she will make up a binder containing information about the proposed improvements.

Mr. Willey said that he had a couple of residents who were interested in volunteering at the Animal Shelter. He asked Mr. Campbell if he would consider a volunteer program since the city really does not have one at the moment.

Mr. Gentile said that he does not have a problem with the budget but asked Council to consider the economy

Mr. Willey commended those who worked on the budget. He said he realizes this is a work in progress and is satisfied and asked that Council move forward with the proposed budget.

Mr. Antoskiewicz said it was nice to see the budget get finished early. He said it appears that the administration tried to help each department to get the items they budgeted for.

Mr. Kasaris said that although he does not agree with everything in the budget, he feels the budget as a whole is fine.

Mr. Nickell said we need to thank the residents for allowing the 1 percent income tax increase as we are spending their money and he feels that the projects that we said would be done will be done.

Mr. Farrell said he is very impressed that the information was received in such a timely fashion. He thanked the administration and all department heads that worked on putting this budget together.

Mrs. Fegan said that this will be on the Council agenda on Tuesday and there will also be a companion piece of legislation that will be right before it which is making very minor adjustments to the distribution of the original income tax.

ADJOURNMENT

Moved by Mr. Gentile, seconded by Mr. Farrell **to adjourn the meeting.** Yeas: 2. Nays: 0. **Motion carried.**

Meeting adjourned at 11:21 a.m.