

**SPECIAL CAUCUS MEETING
OF THE COUNCIL OF THE CITY OF BROOK PARK, OHIO
HELD ON THURSDAY, FEBRUARY 20, 2014
6:00 P.M.**

The meeting was called to order by Council President Patten at 6:00 p.m., who read the meeting notice. The clerk called the roll and the following Members of Council answered:

D'AMICO, TROYER, SALVATORE, MENCINI, BURGIO, POWERS, HIGGINS

Also in attendance were Service Director Cayet, Law Director Jamison, Finance Director Cingle, Assistant Finance Director Healy, Mayor's Administrative Assistant Vrettos.

SUBJECT: DISCUSSION:

SERVICE COMMITTEE – CHAIRWOMAN, POWERS:

1. AN ORDINANCE AUTHORIZING THE MAYOR TO ADVERTISE FOR BIDS AND ENTER INTO A CONTRACT FOR THE ENGLE ROAD RESURFACING PROJECT (PID 85361) AND DECLARING AN EMERGENCY. Introduced by Mayor Coyne

Mr. Salvatore asked if this will be for the entire Engle Road.

Mayor Coyne responded this will be for a resurfacing phase from the recent construction project.

Mrs. Powers stated there is a process when the asphalt is laid it can be used within a day from the time it's put down. This was done on Snow Road between Ridge and State Roads several years ago. Possibly city personnel could find out what company was used; how it was done and what the product is?

Mayor Coyne responded that would be provided for in the specifications when the engineer lets out the contract whatever those specifications are would be included. At one time the city used to put down a surface coat and a rubberized fabric and things are changing all the time in the pavement process.

Mr. Higgins stated that both he and the engineer spoke about this because Mr. Higgins initiated the project on Snow Road in Parma. The company utilized was Benedetti Construction and the City of Brook Park utilized the same company on a small section of Route 237, as a temporary fix. What this company does is reclaim the asphalt by picking up and adds a material aggregate to it to make the material

Safety Committee – Chairwoman, Powers: cont.

usable the same day but it's not a long-term solution to a road repair. The city's engineer will probably take a different avenue of grinding and possibly using a Petro-mat to help stop reflective cracking and then put down new asphalt this is a more expensive process but has a longer life expectancy. The reason that was utilized in the City of Parma at that time is because the City of Parma Heights didn't have the monies to help pay for a county project. A big portion from Ridge Road to West 130th is in the City of Parma Heights and the county wouldn't initiate a program of only doing the City of Parma side. So that process was tried just to get by and the county did the rest of Snow Road and will finish the section by Pearl Road this year.

Mrs. Powers asked if that roadway will be replaced or just the portion of Snow Road by Pearl Road?

Mr. Higgins responded that was actually supposed to be a two phase project and the contractor finished that section of Snow Road faster than anticipated. So instead of having both Ridge and Pearl intersections open a portion of Pearl Road was skipped and the portion east of Pearl Road through Ridge Road was done and the contractor will finish both east and west of Pearl Road this year.

Mrs. Powers stated the area between Ridge to State Roads was from the other material used?

Mr. Higgins responded no, that's not correct that section was redone. That was just a temporary fix until the roadway was done correctly. When the construction crews came in the second time the asphalt was grinded up to make base repairs. The product on Snow Road just picks up the asphalt and lays it back down. The other type of fix is to make the base repairs of the compromised concrete; broken curb repairs and fix the catch-basins because if new asphalt is laid on broken concrete it won't last very long. The city engineer will probably go the route for permanent road repairs.

Mayor Coyne stated in this case where there is no curb or gutter the pavement would be grinded to be used as a base and then put another layer over the reflective mat and that would be the pavement. I don't think that will be done on this road because of all the cuts that are across the pavement, at any rate those are different techniques that are used.

Motion by Mr. Salvatore, supported by Mr. Burgio, to place on the next Council agenda. Members of Council voted AYE. The motion carried.

Discussion: cont

2. 2014 BUDGET

Councilman D'Amico passed out the 2014 Key Budget Points for the budget.

Mr. Cingle stated the General Fund balance beginning January 1, 2014 was a little over \$2.6 million dollars. The projected income tax revenues for 2014 are \$17.7 million dollars which is an increase of approximately \$67,000 from the 2013 actual income tax collections, or .4%. Included in the budget is a proposed 80/20 income tax split of almost \$14.9 million that will be transferred to the General Fund and \$2.4 million will be transferred to the Capital Improvement Fund. Property taxes collected in 2013 were nearly \$1,512,000 and the estimate for this year is \$1,440,000 for a reduction of approximately \$72,000 or 4.8%, this number comes from the county. Parking fees will again be allocated to the General Fund and the estimated collection for this year is approximately \$968,732.00. Mr. Cingle continued by saying any talks tonight will be on the General Fund because the Capital Improvement Fund has not been completed to date. Moving to the expenditures the 2014 General Fund Budget including the encumbrances is projected at about \$21.75 million dollars. The 2013 General Fund expenditures and encumbrances equaled almost \$21.89 million dollars, so there is a little reduction going into 2014. Compensation packages are estimated at roughly \$16.4 million dollars and the police and fire departments account for about 40% of the General Fund Budget or \$8.7 million dollars. The General Fund transfers to fund the Police and Fire pension costs are as follows; Police - \$450,000 and Fire \$490,000. Service Department accounts for roughly 23% of the General Fund Budget or nearly \$5 million dollars and snow removal costs are projected this year at \$562,239. Which may not be enough given the start of this year but that's the beginning point and if needed monies will be added accordingly. In summary the projected General Fund revenues for 2014 are roughly \$20.2 million dollars and the projected General Fund expenditures are approximately \$21.7 million dollars. That creates a structural deficit of expenditures exceeding revenues by almost \$1.55 million dollars.

Mayor Coyne stated the increase being projected in revenue is about minimal. Two important points is that the parking license fees were enacted to be used for economic development purposes and since 2009 those fees have been allocated to the General Fund because it was necessary to do so. However, that has put the city in a difficult position in acquiring properties or putting together development deals because that revenue that would have been available to the city is not. When going into the fact that the structural deficit of \$1.55 million dollars from the city's reserves was for the purpose of having reserves. In reality the city has over \$2 million dollars that one could argue that the city is spending out of funds that should be used for the city's security and future. To point out its balanced and the

Discussion: cont.

city is spending less than the year before you have to get into numbers to understand how it reflects the situation of the economy of the city and it's not strong.

Mr. Cingle stated on page one of the Actual Estimated Revenue stated the General Fund is the main operating fund for the community will be located in the General Fund to include salaries; benefits, repair and maintenance contracts; etc; as stated earlier the Property Tax estimated this year at almost \$1,440,000 is down from \$1,512,000 in 2013 and down from about \$1,620,000 in 2012 and down from \$1,660,772 in 2011. That is directly related to the assessed value of the community decreasing over the years and that number is provided to the city from the County Budget Commission. Government monies is projected to increase slightly this year but based on the 2011 numbers there is about a little less \$400,000 decrease from 2011 and is attributed to the cutbacks at the state government level. State tax has been phased out and there is a little bit of money this year and may see a little bit of money next year but won't be nearly as much as this year. That was phased out of January 1, 2013 so as returns trickle in there would be some dollars coming through but next year the number will be zero (0) or close to zero (0). State Aid – Real Property rollback number is given to the city by Cuyahoga County and the Local Government – State amount of \$153,000 is a slight reduction from last year but in 2011 the city collected \$304,000, again contributed to the cutbacks at the state level. The CAT (Commercial Activity Tax) shows \$65,000 collected in 2011 and zero (0) will be collected this year again attributed to the state cutbacks. Recreation Programs is budgeted flat and that is down from 2011 level of about \$281,300,00; Miscellaneous charge for public service includes ambulance runs; senior citizen grass cutting and snow removal programs. Working with the fire chief and looking at the city's past collections it's estimated this year at \$525,700.00 due to mainly the reduction in ambulance runs. Court costs and fines are self explanatory and are budgeted flat for court costs and a slight reduction in fines. Permits, Licenses and Fees mainly come from the Building Department and from speaking with the Building Commissioner the forecast is a slight reduction in activity, so the numbers have been adjusted accordingly. Parking fees, as stated earlier, \$968,732.00 is flat from 2013. Refunds and Reimbursements the reason for the significant drop off from 2013 to 2014 is due mainly because the city received a one-time payment for Workers' Compensation last year of a little over \$200,000 and so that is reflected in the Refunds and Reimbursement lines. Mr. Cingle continued that he already spoke about the transfer from city income tax. The transfer from the Admission Tax and it's important to point out that with the Admission Tax and Hotel/Motel Tax funds which are Fund 215 and Fund 220. In 2013 there was a transfer of \$500,000 from the Admissions Tax Fund to the General Fund showing a reduction. Looking at Fund 215 in 2013 the beginning balance was \$414,171.58 and this year the balance is \$65,413.46, so \$500,000 transferred out of that fund to the General Fund. The Hotel/Motel Tax had a

Discussion: cont.

transfer of \$500,000 to the General Fund for a corresponding decrease of the carry-forward balance from \$372,000 to \$14,000. The projection for 2014 was to transfer \$200,000 from the Admissions Tax Fund to the General Fund and also \$140,000 from the Hotel/Motel Tax Fund to the General Fund, so those dollars are being used to operate the community.

Question/Answers:

Councilman Salvatore stated to Finance Director Cingle it seems that the city has had a consistent decline in the property taxes over the last four years from the number of \$1.4 million came from the county.

Mr. Cingle concurred.

Mr. Salvatore continued that seems to be pretty accurate and the city is definitely going to be looking at least a minimum of at least \$72,000 in less revenue just in property taxes?

Mr. Cingle responded in less collections, the county bases their forecast off a 95% collection rate. So if collections come in higher than 95% there will be a little bit of an increase. If collections come in less then there will be a decrease but that's do mainly to Ford Motor Company and the reductions and evaluations at Ford Motor Company.

Mr. Salvatore stated I think it's more than just Ford and I think the property values have declined at least 4.8%, which is pretty much universal throughout all the housing stock.

Mr. Salvatore stated the snow removal estimates at \$562,000 was that an estimate prior to all the winter storms? So that number will probably increase between now and the end of the winter season?

Mr. Cingle responded that he went back about five or six years and looked at the history and the last couple of winters have been fairly mild for Northeast Ohio's standards. Since this season started off a lot rougher than the previous two years. I went back five or six years and took an average of those past years and I can tell you to date that the city has spent approximately \$80,000 in overtime for snow removal and last year the city spent almost \$130,000, so we're about 60% of the way there already. There have been a lot of repairs to the equipment given the activity and the usage and that may have to be adjusted given the weather.

Mr. Salvatore stated no city likes to spend that kind of money but the Service Department has done an outstanding job and a price cannot be put on safety.

Questions/Answers: cont.

Mr. Salvatore stated to Mr. Cayet the streets have been fabulous and is impressed with what is going on. That probably doesn't look like something that should be said but after looking at \$562,000 and trying to work out a budget but the crews have been doing a great job.

Mr. Higgins stated it sickens me to read article after article after article about the state governor and what kind of balances he has down in the state. When all he did was take his budget and pass it on the backs of local communities like ours. Our Finance Director just shared with us the different taxes that we no longer realize because of the cuts the governor made to a tune of about \$800,000. When the state tax finishes up and they will trickle one more time but our community's suffering approximately \$800,000 between all the different tax cuts that we've received from Columbus. As I've said before the analogy I use is if I can't balance my budget and walk next door and give my neighbor the electric bill and the neighbor on the other side my gas bill and the guy across the street my water & sewer bill it would be easy for me to have a leftover balance at my household too. So it sickens me to keep reading how our government balanced the budget and has a big balance of money. We're here today and I'm sure the Mayor will talk later on about going to the public and maybe increasing the taxes and putting a levy out there but that's the reason why we're going to have to do the things we're going to have to do around here.

Mr. Mencini stated to Finance Director Cingle looking at the property tax of \$72,000 or 4.8% will this be ongoing because in three years it would be \$200,000, which is a lot of money.

Mr. Cingle responded as economic development improves in the city those evaluations should also improve. As Mr. Salvatore stated housing values have dropped considerably but in talking with the county they alerted me that the main driver for the reduction was Ford Motor Company and the reduction evaluation there. So that's the main driver to reduction in property tax but if economic development improves then the property tax numbers should improve along with it.

Mr. Mencini stated with the police and fire pension costs will these numbers come down at any point in the next few years because that's a lot of money too.

Mr. Cingle responded for Council's knowledge for every dollar that a fire personnel earns the city contributes \$.24 (twenty-four cents) of \$1.00 to the pension, so every \$10.00 earned the city contributes \$2.40. For police officers for every \$10.00 earned the city contributes \$1.95. Looking at the three year disbursements this may be a good time to talk about some changes in the Police and Fire Departments. Through conversations with the Mayor what is being projected for this year is on page 4 Fund 412 – Police Department the line item under Salaries - Overtime last

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year the expenditures were \$133,472,00 and in speaking with the Mayor his objective is to cut that overtime down to no more than \$100,000. On page 5 – Fund 413 - Fire Department – the overtime costs for 2013 was \$250,233 and the Mayor's objective is to cut that nearly in half to \$125,000, so that will reduce the costs for the pension if those goals are achieved. The rates have been consistent at for as long as I can remember at 24% and 19.5% respectively.

Mayor Coyne stated this city at one time was very wealthy and afforded employees good wages and outstanding benefits and I'm emphasizing outstanding benefits. Some of the issues being looked at and I'm sure Council will be getting calls. Is some of these benefits that the city provides no other city provides in the state. I don't want to get into particulars because these are things being negotiated and I won't negotiate in public. One of them if successful and one union has already agreed to would reduce costs about \$300,000 a year. Does that mean the city is saving money? It means the city could take that \$300,000 and put it someplace else in the budget to produce services with people. Generally I will say that the city is making a bold move in the appropriations with cutting of overtime. Almost all the overtime generated in the safety department, unlike the service department, it is calamity they have to respond, is by scheduling issues; vacation issues and sick time issues. I won't give the particulars on that but the money that the city is spending in overtime is not generated by providing a safer community for the town they're being incurred by those kinds of issues. So for the first time the chiefs is part of the management structure and when they get the budget from the Mayor and Council they have to live in that budget. Basically, in the city's structure for many years is that well this is the way it is and it's what we're going to do and nobody challenged it. That's one of the features that Safety Director Byrnes brings to this city is the understanding of safety scheduling which within itself is a unique operation and this is the way they have always operated. They've had no skin in the game of working in that budget and reducing those costs is better for the overall operation of the city. They now will play a role in that whether they want to or not.

Mr. D'Amico stated on page 4 – Fund 411 – Safety Building we don't know what's going to happen in the future but looking ahead is there anything for regionalism of the dispatch units? Would that affect that area and how would that go with fees?

Mr. Cingle responded if the number of dispatchers would be reduced, which would probably happen with regionalism of the dispatch area. The safety building sub-fund would be reduced accordingly. There would be a fee paid to join the COG (Council of Governments) for those services but the hope would be that the COG would be able to provide the service cheaper than doing it ourselves. So there would be some savings hopefully but it won't be dollar for dollar maybe \$.25

Questions/Answers: cont.

(twenty-five cents) of \$1.00 or something of that nature if the dispatch area is centralized.

Mayor Coyne stated a meeting was held yesterday with the City of Olmsted Falls, Olmsted Township and the City of Brook Park have been in dialogue with Southwest Hospital to centralize the city's dispatch there. In review of that in the first year literally all nine of the city's dispatchers would probably go to work there. So the first year when things are getting sorted out I don't think there would be a direct savings, in large, because clerical and support work has to be provided for the police department. The fire chiefs are all for this but the Chiefs of Police are concerned about how to do bookings and things like that. My understanding is that there is going to be a few regional ones that are going to be created and it makes the most sense of going with the hospital. Down the line the economy of scales would prevail and certainly in the Southwest district, I can't speak for the others, but the positions would be unionized and discussions have been held with the dispatchers about doing that. Down the line in maintenance and capital costs being shared that's where the lion share of the savings would be seen and that's a measure that will be brought forward to City Council very soon.

Mr. Troyer stated to Finance Director Cingle on the estimated revenue Fund 240 – the State, County, Municipal Regional Fund. In 2013 there was about \$600,000 taken out of the fund and in 2014 there are no monies being taken out other than the transfer for \$140,000 from the Hotel/Motel Tax Fund, so this fund has almost \$1.3 million dollars.

Mr. Cingle responded Fund 240 is actually Street Construction Maintenance and Repair and last year the city collected \$810,000 for gasoline tax and motor vehicle tax for a total of \$1,194,000 and of that brought a balance forward of almost \$463,000. Looking at Appropriation report page 10 for Fund 240 the total expenditure out of that fund was \$731,840.00. So the city spent the total amount received which is roughly almost \$810,000, which includes salaries, overtime; part-time salaries and fringe benefits, equipment rental and etc.

Mr. Mencini stated to Finance Director Cingle stated that salaries are two-thirds of the budget?

Mr. Cingle responded salaries and benefits are roughly 75% to 80% of the total General Fund budget.

Mr. Mencini stated to Mr. Cingle or Mr. Healy, the Recreation Center as a whole the city loses approximately \$700,000 a year.

Questions/Answers: cont.

Mr. Cingle responded last year the city collected \$224,652 from the Recreation Programs and last year the community spent, not including the encumbrances, the city spent \$1,206,139 for about a \$981,500 so with the encumbrances the city spent nearly \$1 million dollars. Mr. Cingle continued that there has been dialogue with a few Council Members regarding the newly created position for Commissioner of Leisure Time Activities and how's it going to be revenue-neutral or cost-neutral; Mr. Healy can explain how that was worked through the budget.

Mr. Healy stated when going through the budget I added up 2013 Regular Salaries; Overtime; Part-time salaries and Fringe Benefits. I came up with a figure, I don't have in front of me, but what I did accordingly is looked at what was the projected fixed salaries; what the projected overtime was and off of that what the fringe benefit number was for full time employees. The number I came up with I then subtracted off what the city spent completely in 2013 in salaries and fringe benefits side and that's how I came up with the part-time salaries. The part-time salaries were reduced to make it cost-neutral and approximately \$92.00 ahead from last year's budgeted salaries to this year's budgeted salaries.

Mr. Higgins stated that Councilman Mencini brought up a shocking number on the cost of running the Recreation facility. To the new members this is always a tough thing for Council Members but you have to remember there are quality of life issues out there that you have and some things in the community cost money and are good for the community. I don't care where you go, whether it's an ice rink or an outdoor pool or something nice like this city has it costs money to operate and the quality of life issues that you have in communities. It's one of those things that you need to figure out how to bring in some monies; how to make it nice and how to make it as cost-effective as possible to utilize. These are the things faced when trying to run a community and make decisions with the budget is how do you find a good way to have programs for children; families; grandchildren and still try to operate a city.

Mr. Mencini concurred and stated every community and every Recreation Center is a quality thing and just ask the communities that don't have them.

Mayor Coyne stated the recreation program is subsidized the city doesn't lose money on it, the city subsidizes it. For history Brook Park built the first municipal recreation center in Ohio. It was the largest and the first and was paid for in one year in cash. Subsequently, we put about \$6 million dollars into that facility before I left office. We wanted to tear it down and build a new one but weren't successful in doing that, I think that would have been a better move for the city. The other cities that are doing this Middleburg Hts. increased their city income tax to provide for building their recreation center and the City of Strongsville did the same thing and if you talk to every Mayor or Council Member that did that regrets today that

Questions/Answers: cont.

they didn't provide for operating expenses because that what kills. We've been doing a walk-through and I'll outline this for Council with the roofing problems; the leaks and the ongoing problems over the pool. So these problems are substantial and we need to find a way to address this. As Mr. Higgins stated one of the reasons families moved to this city and stayed in this city is because it was the best place to raise a family and traditionally and all Mayors and Councils realize that. There may have been arguments as to how much would be spent on it or subsidize it but I don't think there was ever a doubt that it was an important expenditure and we're going to do the same and find different ways of marketing to get people in there. This city has some substantial investments not only the recreation center but the city's parks and I'd be a little afraid to use the pavilion fireplaces that are failing, so we have a lot to do. This budget is a one year gamble and so everybody understands we're depleting that reserve and we're required under our procedures to have about \$2.6 million dollars in that budget going to the first of the year. If we're not successful and generate don't generate new revenue, which is a subject for another evening, then there are some deep concerns. There is no money in the Capital Budget and we are going through some things that we want to do; some different programs and different improvements that we've talked to Councilmen about and that will probably deplete most of the city's capital and some have been encumbered already because of equipment for the police department; service department; fire department which we always do. In the past items for the budget were pretty simple and now we have a dilemma here with a budget at an 80/20 split. I always preferred a 60/40 or 70/30 at the worst of times so that we're always making capital improvements. Mayor Coyne continued to do a comprehensive road program and I've went through the pavement rating system and will forward to Council. There isn't a percentage point of difference in about 75 to 80 streets in the community there all pretty well in the same shape and I'm trying to sort through that and the sidewalk program that all of us talked about and we might have to borrow the money to do that. Mayor Coyne continued that the 2014 Salary Schedule shows no pay raises for any employees but there are a few positions that will be talked about further and one adjustment had to be made because there was situations with the school guards. Other than that there is no increase for administrative and council employees for 2014, and it's the same proposal being made to all the unions that Brook Park will go through 2014 with no increases in compensation.

Mr. Cingle stated to Councilman Mencini to get the math right on the Recreation Center and to get the numbers correct, it's roughly \$1,019,000 to fund the Recreation Center operations using the 2013 dollars.

Mr. Cingle stated that he is available anytime to go over the budget with Council Members.

Questions/Answers: cont.

Mayor Coyne commented that Mr. Cingle and he are usually at City Hall on Saturdays after leaving the gym, around 11:00 a.m., if that's convenient, but only two at a time.

Mr. Patten stated the 2014 Budget will go on the next Caucus meeting of February 25th starting at 7:00 p.m. due to several items on the agenda.

There being no further business to come before this meeting Council President Patten declared this meeting adjourned at 6:50 p.m.

RESPECTFULLY SUBMITTED Michelle Blazak

APPROVED March 4, 2014

THESE MEETING MINUTES APPROVED BY BROOK PARK CITY COUNCIL, ARE A SYNOPSIS, NOT TYPED IN THEIR ENTIRETY ALTHOUGH ACCURATE.

