

**SPECIAL CAUCUS MEETING
OF THE COUNCIL OF THE CITY OF BROOK PARK, OHIO
HELD ON THURSDAY, OCTOBER 23, 2014**

The meeting was called to order by Council President Pro-Tem Higgins at 5:07 p.m., the clerk called the roll and the following Members of Council answered:

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

Also in attendance were Law Director Jamison, Building Commissioner Hurst, Safety Director Byrnes, Service Director Cayet, Mayor Coyne, Finance Director Cingle and Assistant Finance Director Healy.

Councilman Higgins excused Council President Patten from tonight's meeting.

SUBJECT:

1. BUILDING DEPARTMENT, RECREATION DEPARTMENT, SAFETY DEPARTMENT AND SERVICE DEPARTMENT OPERATIONS

Mayor Coyne stated it's imperative going forward as these things are explained that people know what these things in order to talk with correct figures and understanding of what is available to solve the city's operating issues with tonight being the first discussion of what the city's operating issues are and not getting into capital improvement issues.

What I'd like to do when we do the State of the City is to take people through the experience of we're going to have to go through in making these decisions for 2015 and the future.

Mr. Cingle distributed two pieces of information dated October 23, 2014 that is attached to these minutes. Mr. Cingle continued that the term structural deficit has been used over the past x-number of years; what exactly is a structural deficit. It's the gap between the money going out and the money coming into an entity. For example, an entity collects twenty-million dollars in revenues and has expenditures of twenty-one million dollars the structural deficit is one-million dollars.

Mr. Higgins commented to the new Council Members and some of the Council Members that have been around don't be afraid to ask a question and think that you're asking something to be embarrassed by asking the question because you don't understand something; nobody is going to criticize anybody for that.

Mayor Coyne commented it is imperative that all of Council understand what these things mean, it truly is for you. As we get this through this evening we are going to start to get to the serious part of this that is going to affect folks lives and how to deliver services in this town and the more you know the more the easier it is going to be for everybody. So as the Chairman said if you don't understand the difference between the structural deficit and all the revenue generated or what a fund balance is and what it can be used for now is the time to ask the questions.

Mr. Cingle continued there is no such thing as a stupid question so that rings true here as well. If you have a question please ask it and if you think it might be a dumb question it is not; just ask the question. Now we go to the second packet (attached to these minutes) that comes straight from the 2013 CAFR (Comprehensive Annual Financial Report) with the Management's Discussion and Analysis or as referred in the Finance world is MD&A. There has been a lot of talk over the past few months regarding the city's finances; in tabloids, social media and quite frankly not all the information that is being talked about or reported is 100% accurate. Part of the story's being told but not the entire story's being told and we are here tonight to tell the whole story. I think its important going forward that the residents of this community get the whole story and not part of the story and walking through this you will see what I'm referencing. In one of the local tabloids page five of the CAFR was presented in one of the editions and I highlighted a few, what I will call, key points that need to be talked about this tonight; so that we can flush out entire story not a portion of it. First item highlighted was Total net position decreased by \$701,000 and the second item highlighted was outstanding long-term liabilities that increased by \$4.4 million dollars, the third item highlighted is at the end of the current fiscal year the city's governmental funds reported combined ending fund balances of \$73.3 million dollars rounded or an increase of almost \$3.3 million dollars in comparison with the prior year's amount; that we will focus most heavily on this evening. The last item on page five states at the end of the current fiscal year, the General Fund's unassigned fund balance was \$3 million dollars so those are the items that will be talked about some more than others while working through this discussion. On page 10 of the handout Table 2 – Changes in Net Position of the Community and references the 2013 as compared to 2102. The ending net position of 2012 which is the beginning new position for 2013 was roughly \$82.9 million dollars. At the end of 2013 the net ending position for the City of Brook Park, so the net position at the end of the year 2013 was \$82.2 million dollars, roughly a \$700,000 reduction from where the city started in 2013. That number references back to page 5 as the third bullet point under financial highlights the total net position decreased by a little over \$700,000 that is not a positive to this community; just to make sure everyone understands that is not a positive that is a negative to the community.

There is nothing highlighted on page 11 or on page 12 but I think it's important to talk about Table 3 – Program Expenses because it's good knowledge for Council and the residents to understand. Not singling out any department or departments the first line reads Security of persons and property that is namely the police department and fire department. The total cost of that service in 2013 report shows \$11.3 million dollars and then net cost of the service is the cost of the service minus the revenues that service generates so this community paid roughly \$10.5 million dollars for security of persons and property mainly police and fire protection. So what that report tells is that the city generated roughly about \$800 some thousand dollars but spent out \$11.3 million dollars; where does that imbalance get rectified? It comes from income taxes, property taxes and state shared taxes so this is a good chart to review because it shows what the true cost of the service is minus the revenues that the service brings in. On page 13 there are two highlighted points one being the General Fund and just to reiterate the General Fund is the Chief Operating Fund of the city and as of 12/31/2013 the fund balance was roughly almost \$5 million dollars of which \$3 million 70 thousand dollars were unassigned and going back to page five that would be the seventh bullet point under financial highlights so you can see how this MD&A report flowing from the highlights into the narrative that is behind it. Moving forward to page 21 this is where we drill down into where the so-called roughly \$3.28 million dollar or \$3.3 million dollar surplus as reported in the local tabloid; where is that being generated? I highlighted the net change in fund balances and when looking at that line working across to Total Government Funds and you will see a net change in the fund balance of the Total Government Funds \$3,282,302 that is what was reported in the local tabloid and also talked about on social media and going back to page five bullet number six it is referenced as well but you need to dig deeper into it. This is where I'm saying that the full story is not being reported and I think it's imperative that the residents of this community get the full story; they deserve that. Right, wrong, or indifferent the residents deserve the truth and the full story and again the full story was not reported. Where is that money being generated that surplus? If you look down the Capital Improvements column you will see the net change in fund balance for Capital Improvements was nearly \$3,586,000 so where is that money being derived from? Why is there a surplus there? If you move up four lines up you will see General Obligation Bonds Issued \$5,520,000 what were those bonds issued for last year? The bonds were issued for the Engle Road Sanitary and Reconstruction Project(s) there were two projects there and also the West 150th Phase III Fund Project. I think you all know and if you don't know this you should know this the monies in the Capital Improvements Fund cannot be used for salaries, benefits to operate this community. The monies allocated to Capital Improvement Fund are for capital improvement purposes and once those projects are started and completed that money will go away and will be spent on those projects. So let's dig a little

deeper into the General Fund, the chief operating fund of the community, to see what it looked like in 2013. We had a negative change in fund balance and reduced by almost \$900,300 so if you're accurately going to report this to the

residents again tell the full story and accurately report it. The operating fund of the community

decreased, the General Fund balance decreased by \$900,300 roughly in 2013. So while there was an increase in total fund balances of almost \$3.3 million dollars the whole story wasn't told and I think it's important that all of Council gets this and the residents understand that those monies mainly came from the Capital Improvements Fund.

Question/Answers:

Mr. Mencini stated to Mr. Cingle will this be covered at the State of the City speech?

Mr. Cingle responded yes.

Mr. Mencini to Mayor Coyne will the State of the City speech be televised?

Mayor Coyne responded we believe that it will be and am working on it right now and not only that but will be able to stream it afterwards. I'm glad you asked that question and stated what we're trying to do here this evening is Council has to experience what is being reported. This is not going to be a speech it's going to a report and its going to be premise on the fact that we're asking the residents who are there or watching on television to walk in Council's shoes, see what Council sees, to analyze the numbers Council has and understand what decisions are before this us, what remedies there are, how much they are going to cost and how they are going to affect how this city is going to operate. There won't be any speeches just a report and an analysis just like being given to Council this evening to digest and the residents will participate as part of the workshop.

Mr. Mencini stated to Finance Director Cingle that in late spring 2014 Councilman D'Amico gave a report that since 2007 the property tax has been approximately cut in half and Mr. Higgins commented on the state funding has also been cut in half. Is this the direction these two items will keep going and will be included in the budget because obviously it isn't going to get much better?

Mr. Cingle responded the property tax revenues and state shared tax revenues all become part of the operating budget and definitely will be talked about going through budgetary discussions. I did call the county this week and it appears that we are running a little short on the property tax collections estimated by the county. I am trying to get an answer as to why, what they believe but the county doesn't have a 100% answer to date. What the county believes is that there had been more claims coming through the Board of Revisions, so taxpayers are going through the Board of Revisions, to ask for a reduction of their property tax values

and the county thinks that may be why the property tax revenues in Brook Park are down from what was projected at the end of the year; as soon as information is received I will share with City Council.

Mr. Mencini stated I know the Mayor and you are working hard with the department heads and everybody to get this going in the right direction and the State of the City will cover a lot of this and the residents won't be in the dark as much.

Mr. Higgins stated seeing no more questions to the Finance Director, Mr. Mayor I'll turn it over to you.

Mayor Coyne stated as we left last meeting these figures are hypothetical figures because we don't have what the taxes are going to be particularly from the county and other issues but a targeted number is around \$3.1 million dollars. What that means is that \$3.1 million dollars will give the city a window on the reserve fund and enable us to operate within the confines of what the city's revenues are going to be. In reviewing these and again these are hypothetical's they are not finalized, they are drafts, because we are trying to figure out different scenarios and waiting for quotes from different things and what we can do. Working with Assistant Finance Director Healy today I came up two hypothetical financial situations for the city. These aren't being cute and are probably best described of the situation we are in and the first one I'm going to call 'Black Cloud' and what is that? Black Cloud is what is in my authority to do to make sure the city captures the money needed to have our reserves; replenish the city economic development fund to create jobs for the future and operate the City of Brook Park and deliver services. Are these maximum services; they are not and as I go through this Council will see what I'm talking about and why it's called the Black Cloud. Let's just say in the event that Council chooses none of the other alternative measures we will talk about tonight in great length and through the next month I hope, this would be available to me to take action to do that within my authority as the Mayor. Let's start with the service department in the Black Cloud scenario I could reduce

costs somewhere presently I think we charge the cost of rubbish and sanitation is over \$1 million dollars and as Finance Director Cingle said some of the city's operations generate revenue others do not; sanitation being one of them that doesn't so it is a clear cost. If the city did nothing else and I mean absolutely nothing else we would reduce rubbish pickup and snow removal in the wintertime and rubbish pickup and whatever we would be able to do in the summer months and again some of these are negotiations with the unions. We wouldn't be cutting the grass in the parks and on the right-of-ways the city would go to outside contractors to try and do this. Again this is in discussion and am waiting for the union that represents Local #436 and #1099 to give me what that would be and entail with the reduction of staff in the Service Department of 12 people. That would reduce the General Fund expenditure of around \$860,000 - \$870,000 and we will give a report to Council as these numbers are finalized. Again, this is just an idea of what we're facing and what I would be compelled to do if we don't have some other alternatives; we would also reduce supervision in the Service Department for another \$183,000. In the Police and Fire there would be a reduction of four officers in each operation and in Police that would be about \$300,000 and in Fire would be \$326,000 and it is a flexible number because we have to figure out what overtime personnel would have to work so it may be, give or take, \$75,000 - \$80,000. In the Recreation Department it would be totally closing the Recreation Center and just have two full-time people that would operate out of City Hall. You would have the Director of Recreation and a Clerk and probably have maybe three or four part-time people that would help in running the programs outside which would reduce operating costs approximately \$1 million dollars from the Recreation. The Office of Aging would be merged into the Recreation Center operations so the Black Cloud scenario with me mostly reducing personnel that are providing services would be about \$2.7 million dollars - \$2.8 million dollars on the Black Cloud scenario.

Questions/Answers – Black Cloud Scenario

Mr. Salvatore stated he missed the number on reduction in fire department personnel, how many?

Mayor Coyne responded presently two firefighters left for other departments and will not be replaced so there would be a reduction of four firefighters counting those two and four in the police department. So the firefighters estimated reduction would be \$326,000 in fire and \$299,000 in police with some overtime being factored so both departments would be approximately \$300,000 each.

Mr. Salvatore stated I don't like the name and don't like the thought of this and I'm not trying to be funny I'm just saying it's a terrible scenario.

Mayor Coyne interjected I think it's appropriate because that's exactly what it is it is not a pleasant thing whatsoever; you know what Councilman I couldn't think of anything else to call it.

Mr. Salvatore continued I understand and in the reduction four police and four fire personnel what will that do in terms of covering the city? What does that do besides falling into the Black Cloud in the finance side what does that do for the protection and safety issue?

Mayor Coyne responded clearly there won't be sufficient people patrolling the streets. You're going to have them but you have to remember we have to match our cost to what is coming in so the level of service is going to be diminished and can't stay the same. It can't increase so will there be a visibility problem and how that's structured; does the chief take personnel out of the detective bureau and put them on the streets, how that situation is handled is up to the chief in what the particular need might be. Again, I'm not thinking any other way black and white strictly numbers and even under the Black Cloud I'm still a little bit short of where the city needs to be to address those issues.

Mr. Salvatore commented without looking at anything else today the Black Cloud is probably the worst case scenario that we are going to be facing, I just hope that item numbers two and three are better than this one.

Mr. Mencini stated on this issue would this be like across the board and would do this all or would you do the Recreation Center first?

Mayor Coyne responded let's just say there are a couple of different scenarios and some way more revenue needs to be found to pay for service or you have to reduce. Because bear in mind we cannot continue spending reserves and cannot continue spending more money than taken in. So in combination those things are about \$3 million dollars so under this scenario the fact is if Council does nothing. When I present my budget to Council this is what it will be and I'm hoping that we can work on some of these other issues but in any of them it's going to affect the way services are delivered privately. So when we get to the next step, the other scenarios, where services are delivered privately for a lot less money or in some cases no cost to the city. So again if this is the case and we can't work on other scenarios this is what I would do to balance the budget and conform to the requirements that are put upon me for presenting a budget to Council as the Mayor.

Mr. Mencini stated like I tell everybody else in 2007 houses were \$129,000 on average; now they are \$89,000 and in another seven years they could be \$39,000 so we have some tough choices ahead and a lot of work to do.

Mayor Coyne stated as we walk through this I want you to bear in mind that we went to the voters and asked them for more resources to operate the city. What the voters told us very clearly operate with what you have now and that's how I'm moving forward with this, that's the Black Cloud scenario. Mayor Coyne continued here is what you would call the 'Partly Cloudy' and under this scenario we would contract out the rubbish and assess the residents the cost of that. In the preliminary comparisons that we've looked at, and again as we're talking to the unions they still have the opportunity to present and see where we can get? There is always an option of keeping it in-house but in reality to address these things as I've said before you need to have a combination of more revenue. How can you do that? If this is a service that can be assessed and is occurring in other communities, can we do that and have some other options open to us in providing a wider range of services. I'm not married to any one of these so that's why we need to do this together. I'm not married to the other one but wanted to give you the first one is that what will happen if we don't have some alternatives. So if we would contract the rubbish out it appears now that would run approximately \$144.00 a year per household in the city. Presently, our personnel if you look at our costs of delivering that service right now is about \$189.00 a household, for us delivering sanitation in the City of Brook Park. If we were to keep it the practical reality of running a Service Department and Mr. Higgins can relate to this is that on any given day there is probably 35% to 40% of the workforce off. A lot of it is legitimate and when you look at the roster in our Service Department I think two-thirds of the department has five weeks vacation; and you know they've been cut more than anybody. So under that scenario if we would contract out fee for service for sanitation you're probably involving the reduction in force of nine personnel which would then in fact make available to our General Fund about \$1.7 million dollars. So it's a combination of contracting out in reduction of force would make available \$1.7 million dollars. Presently, there is a proposal in the Building Department there is an outside concern that's made a proposal that would involve contracting out building services; city inspections and things like that which would return available approximately \$205,000. If you go back and look at the Building Department generates about \$347,000 in revenue and the expenditures are about \$552,000, so there would be a reduction in force in the Building Department of seven people. Having said that the Building Commissioner and the union members of the Building Department have made suggestions to me that would involve increasing fees and the elimination the no-fee structure in the summer months when people are not charged for permits. Again, as we move forward in this and get down to the nitty-gritty looking at this we will give you the counter proposals as to what they propose to do that would be a revenue neutral situation for the city, where we get closer to revenues generated for monies expended. That's the ideal situation where its revenue neutral to the city and could save about \$200,000. In this case the Recreation Center would remain open; however, the cost of operating the center

from a salary standpoint for the Recreation Center would go down to about \$239,000 from \$700,000. You would have basically two full-time people, the contractual people like the umpires and you might have four to six part-time people operating the Recreation Center. The hours would be determined we're doing a little bit of a poll but let's just say, again this is premised on City Hall and all the operations including building moving to the Recreation Center. It will not be the Recreation Center seen now there will be no pool, lockers it will be the gymnasium and exercise operations. To do that we're negotiating leases with the existing operators there and another operator that would lease the whole basement. So at the Recreation Center with the memberships and the leases there would probably be \$300,000 in revenue that would be generated at the Recreation Center. Presently our HVAC contractors and we've retained Bowen & Associates to review the space-planning for us right now. There's probably about \$3 million dollars worth of improvements that have to be made at the Recreation Center under any circumstances. All of the air conditioning units have to be replaced and I get criticized sometimes that I should have fixed all of this stuff before I left and fixed all the roads. The reality is the last time those units were replaced or the roof was repaired is when I was here and I've been gone over a decade. So the reality is if we take those revenues that are generated at the Recreation Center, the \$200,000 - \$300,000, and change to be used for debt retirement service. There are programs; Councilman Higgins is familiar with, where the savings paid for it. The Port Authority and the State has some green things that the city can get a low interest loan to pay for the improvements at the Recreation Center; move city operations over there because it is the city's newest building. For instance, they are estimating about half of what it's costing us right now but will also save us \$70,000 a year used to heat and cool this building. The easiest thing to be accommodated over there is the Council it can be moved into the community room with the offices and the court and still keep that room for the seniors to make things work over there. The Recreation Center could stay open under this scenario provided those revenues meet that and operations can be moved over there. If that doesn't work then we go back to the 'Black Cloud' scenario. So, therefore, in the Recreation Center operations it would almost be \$700,000 in savings. Another thing being looked at under the 'Partly Cloudy' as Finance Director Cingle talked about the city generate revenues in some operations and the Fire Department generates the most in billings for ambulance charges; about \$680,000 a year. However, the cost of service minus that is \$3.5 million dollars and there's no question that police and fire are the largest expenditure in the city and rightly so. However, there is a trend moving in other counties in the state and one of our neighboring counties and that is contracting out for EMS (Emergency Medical Services). The Safety Director and I went out and visited the operation and continue to evaluate that but in reality they do it for fee for service. They collect only what the providers give to the people and as a matter of fact when taken through the city they said they wouldn't collect a dime out of that

building. When you aggregate that would save, because the city takes in \$600,000 in ambulance runs so there would probably be a savings of \$900,000 to \$950,000 to the General Fund; so the aggregate of the 'Partly Cloudy' is \$2.8 or almost \$2.9 million dollars. So either of these whether it's 'Partly Cloudy' or 'Black Cloud' doesn't get the city all the way. Again I'm not married to this but I think we should have a dialogue about where the city is at and where the city needs to go for our future and the reality is how services will be delivered in communities in the next ten years. They will be vastly different then they are right now, there's no question about it, because Brook Park is not the exception it's the norm. The dilemma that the city has is because we had more than sufficient resources to deliver services. In my preliminary discussions with the firefighters they said Mayor we're an important service and they are right. There are basic city services and there are things that communities provide that are above that. If the cities would have operated on their property taxes and never operated on their income taxes the infrastructures of all the towns would be beautiful and there would be really manageable manpower in the cities. There is no question since the day I started as a public employee to this day costs of benefits and time-off and all those things have made the public employee, in some cases, have superior benefits to the private sector. The other thing that needs to be talked about and I heard in negotiations particularly yesterday. Mayor, how long do you think we are going to work without getting a pay raise? Don't you think the employees of this city should get a pay raise; yes they should. I'm not proposing in this budget but you have to start thinking about that probably in the next three years none of the employees are going to get a pay raise. So when you talk about cutting people it sounds nice 10%, 20% the reality is they haven't really received anything beyond the normal and we will show you how we reduced the number of employees even before I got into office with the buyouts and all the other things. In that thought process everyday I drive past Ford coming down the Snow Road overpass from my home and you will probably be challenged because in this budget that I propose is the return of the revenue for economic development and you've heard me talk at these meetings there are two graveyards in this city one being Holy Cross Cemetery and the other is the graveyard of this city and without the development of that acreage this will be talked about long after this Mayor and Council are gone, this will be a problem every year unless something is done to bring it back into where it should be now.

Questions/Answers – 'Partly Cloudy' scenario

Mr. D'Amico stated with the 'Partly Cloudy' presentation with the contracting of rubbish. We talked before about nine personnel getting cut and potentially hopefully would be nothing but then maybe less than nine personnel. We also talked about \$189.00 delivery from city personnel doing the rubbish and \$144.00 for outsourcing which is about a \$45.00 difference.

Mayor Coyne concurred.

Mr. D'Amico continued that there are discussions with the unions at this point and will this 'Partly Cloudy' be based off of not talking to them at this point.

Mayor Coyne responded I have talked to all of them and to be clear I've had meetings with the unions and have shared these numbers with them. At the last meeting I said to Council there is some value in having city personnel. Presently, we project that right now their costs is about \$189.00 and for them to continue doing this service, in my view, the age of our workforce and the experiences we are having on Workmen's Compensation claims because primarily with the yard waste issues, their new costs will be closer to \$209.00. I told them they need to close that gap so they are going to have an opportunity to present to us and tell us what they think that cost will be. Now under the 'Partly Cloudy' could that presentation be assessed to the people you'd have to make a judgment on that; I don't think they are going to get to the \$144.00. The other thing that has to be dealt with is by our own people the experience of the vacations we have and time-off; it's not that it's wrong it's the reality of delivering those systems. No matter what you get into with the reduction of staff and as Service Director Cayet is going through now multiple things cannot be done on any given day. So the union will have an opportunity to present and we will give Council that number; this is an ongoing discussion.

Mr. D'Amico clarified that at this point you're seeing a nine person cut so even after talking to the unions do you think that will be reduced.

Mayor Coyne responded no, again to get to this number \$3 million dollars it's going to be around nine people. Could it be less yes it might be seven but again in looking at this for them to get to this number I think they realize there is going to be a reduction in force.

Mr. D'Amico continued with the contracting out of rubbish with that would be the only thing at the Service Department because you spoke of \$1.7 million dollars.

Mayor Coyne stated that would be the combination of the two; the contracting of the rubbish and the reduction in force is like \$1.679 million dollars.

Mr. D'Amico clarified the contracting out of rubbish and the reduction of force.

Mayor Coyne concurred.

Mr. Salvatore stated under the 'Black Cloud' does not require Council action, that is would be all the Mayor/Administrator's decision.

Mayor Coyne responded correct.

Mr. Salvatore continued moving to the 'Partly Cloudy' all these items would require Councilmatic action?

Mayor Coyne responded yes, some of them do.

Mr. Salvatore asked if there is anything in the 'Partly Cloudy' scenario that does not require Councilmatic action that could be moved up to the 'Black Cloud' changing things around.

Mayor Coyne responded the 'Black Cloud' is 12 and all the other things; the 'Partly Cloudy' is a combination of reduction in force, a combination of fee for services assessment and a combination of contracting out for fee only. Which technically is no cost to the residents or city because it is a bill that goes directly to them right now and the difference is that the city would not be involved in it.

Mr. Mencini stated on these negotiations with the unions is everything on the table like mentioned vacation time. I worked at the service garage and back then there were a lot more numbers and are a lot lower now. Is there talk about taking five vacations or three vacations and on that question how are the unions coming back to you; is it a positive feel or things that could be worked out more so to save jobs.

Mayor Coyne stated yes.

Mr. Mencini continued and another thing are furlough days off the table?

Mayor Coyne responded I'm not a big fan of furlough days I don't think they are fair. I think people should get paid and work their time and get their benefits. The unions understand what the situation is and I think everybody does. So let's just say they come back with a proposal that no one in the service department will have more than three weeks vacation. That addresses the delivery of service that will get them closer to the \$144.00 because that is the aggregate cost and how do we reduce those costs and schedule work. So the answer to your question is yes and Saturday morning I'm meeting with two of the union guys...the city finally received the new tractor to cut the reeds that have been seen all over the city. I have to tell you I'm very impressed with some of the suggestions that they have so, therefore, the answer to your question is everything is going to be discussed and I am not married to any of these things; here are options available to us to be able to address what the city's problem is.

Mr. D'Amico asked Mayor Coyne to briefly revisit the fire emergency medical services contracted out; it says the fee for service is the city receives \$680,000?

Mayor Coyne responded right; presently the city collects \$678,000 in ambulance fees. Let's say hypothetically the city would move forward to contract out emergency medical services that is being done in Elyria and Lorain Ohio. What those cities do is bill the health care provider or Medicare/Medicaid whatever the person has and simply collect what those providers pay; indigent people are automatically written off; they have their own billing operation. Currently the city has their own billing operation which again is not included in the reduction of costs if that isn't done in-house anymore. Basically, this would involve the reduction in force at the fire department to approximately \$944,000 towards the General Fund. When taking out the billing that is coming in so we're around \$300,000 to \$400,000 but the aggregate of all of these is \$2.8 million dollars but what it does is provide the service. Someone will argue that this is what they are supposed to do but there is nothing in the provisions of the city that says you can provide safety and can contract out to provide safety. You can provide rubbish service but can contract out to do that service. So how are you delivering that service again within the revenue that we're getting and that does this by keeping the recreation center open at a reduce. So this addresses more of the total need of the city within the goals that we have to reach and again I'm calling it 'Partly Cloudy' because it's 'Partly Cloudy and 'Partly Stormy'.

Mr. D'Amico stated the savings of the \$950,000 taking out the about \$678,000 in ambulance fees there would be a net of approximately \$300,000.

Mayor Coyne concurred.

Mr. Cingle stated just to get an accurate figure on the record the amount budgeted to collect ambulance fees this year is roughly between \$550,00 to \$600,000, it's not \$678,000.

Mayor Coyne stated it's important for those corrections and that is why we can't give final numbers because the report from October 21st says \$678,000.

Mr. Cingle interjected that one is all the services included.

Mayor Coyne stated I'm glad you pointed that out because these figures are not finalized they are hypothetical based on what is known right now.

Mrs. Powers stated to Mr. Cingle if we cut city personnel that live and work in the city and contract out sanitation services to an outside company whose employees don't live or work in the city has anyone figured out how much the city would lose in tax funds and etc?

Mr. Cingle responded I think what you are referencing is the 2% income tax that the employee pays to the city. If an employee makes \$50,000 a year 2% of that would be \$1,000; ten people would be \$10,000. The company that will pick up the rubbish would fall into the profit tax return to the community based on the city's net profits; so that company may or may not pay a net profit tax to the City of Brook Park. Some of it may get reduced and might be completely eliminated if that company has enough of a large profit or the company could also show a loss and not pay the city any net profit tax.

Mr. Burgio stated what happens if we don't meet the \$3 million dollar deficit this year or the entire deficit is not met this year.

Mr. Cingle responded the first thing the city wants to cover is the structural deficit and then the next piece is to build back the reserves so that the city has healthy reserves. So if we could cover the structural deficit and get some of the money back to apply towards the fund balances to become closer and inline with the fund balance reserve policy, that would be a step in the right direction. I think it's important for Council to understand as well that the city doesn't have healthy fund balances given the fact that 46% or 47% of income tax revenues come from Ford Motor and NASA. There is a black cloud scenario or an Armageddon scenario if some negative correspondence would be received from Ford Motor or NASA. So things could get worse that's why it is important have healthy reserves in this community. I spoke with the city's financial advisor from Huntington Bank today and he reached out to Moody's and Fitch Ratings to see what would they like to see the City of Brook Park hold in reserve. Given the city's demographics and the concentration of income tax risks with Ford Motor and NASA they would like to see something like to see 30% to 35% of the General Fund budget held in reserves; so on a \$20 million dollar budget they would like to see \$6 million or \$7 million dollars in reserve. The city's policy is less than that and is still a good policy but they would like to see more. So to answer your question first we would cover the structural deficit then continue to work towards reestablishing the fund balances to where they need to be going forward. The Mayor and I were talking earlier today and we have been talking about the operation of the community and haven't even talked about the Capital Improvements side. I can tell you just by looking at it the past few weeks it is really skinny again and next year if we have to borrow money it is very important that we have the reserves to maintain or improve the city's bond rating.

Mr. Burgio stated that was my next question if it would affect the bond rating if the city needs to borrow some monies it would be to the city's disadvantage if this goal is not achieved this year.

Mr. Cingle responded anything that we can do to show the rating agencies that the city is closing or eliminating the structural deficit and moving towards and achieving getting the city's fund balances back in line; they told us last year that one of the reasons the city was downgraded is because the city's fund balances eroded. So they would like to see the city's fund balances increased and if the city makes a move in that direction and can sustain that it would have a positive impact on the city's rating.

Mr. Mencini stated to Finance Director Cingle what do Moody's and Fitch looking at Brook Park having NASA and Ford Motor as the city's big companies?

Mr. Cingle responded as we talked earlier today the way the rating agencies look at this it is an income tax and revenue risk having such a large concentration of income tax revenues being derived by two main employers; one being Ford Motor and the other being NASA.

Mr. Mencini asked for the comparable done earlier with Berea and Middleburg Hts. for better clarification.

Mr. Cingle responded when the rating agencies look at the different communities they look at the demographics, look at the housing stock, look at median incomes they look at sources of revenues and the City of Brook Park's largest sources of revenue is income tax. Then the agencies look at what is comprised of or making up the income tax component? When they look at a community like Brook Park they see roughly 47% of income tax revenue coming from Ford Motor and NASA. When the agencies look at Middleburg Hts. they see Southwest hospital or they look at Berea and see Baldwin-Wallace College; they will give more credit to the hospital being located in Middleburg Hts. and the college being located in Berea when the agencies factor the credit rating for those two communities. Because those two entities, the hospital and college, are less volatile than Ford Motor or NASA; it's part of the City of Brook Park demographics and it's been argued that the city needs a strong income tax collection but the agencies come back and tell the city is one phone call away from having some serious concerns from a revenue recognition standpoint.

Mr. Higgins commented I think that we chatted about that one other time where the Mayor talked about Ford Motor Company having the entire city's eggs in one basket and NASA is one red-line strike from Congress for being out of business.

Mr. Troyer stated to Finance Director Cingle how would closing the recreation center, either partially or totally, affect the city's credit rating.

Mr. Cingle responded not only would it directly impact the credit rating that would help to reduce the structural deficit which would be looked at positively

by the rating agencies. Would it increase the city's bond rating from an AA- (double A minus) to an AA (double A)? Probably not but it's a step in right direction and what the city needs to do and it is imperative that the city closes and eliminates the structural deficit and build back city reserves; the sooner the city can do that the sooner the city's bond rating will be strengthened. The more money the city has in reserves and the sooner the city can get to the 30% to 35% level the better chance the bond rating of the community increases.

Mr. Troyer continued so the positive of closing the city's debt is better than having the asset of the recreation center, will help the city's credit more than having the asset of the recreation center functioning and usable.

Mr. Cingle responded the rating agencies are not going to look at whether or not the city has a recreation center. The agencies will look at the financial picture and look if the city has a structural deficit or not; how much is the city spending down reserves. If so what is the city's plan to close or eliminate that structural deficit and what is the city's carry-forward balances today and what do they look like in the future? The agencies don't care if the city has three recreation centers they just care about the current financial environment within the community and what reserves are being carrying forward and what is the city's plan to close the structural deficit if there is one.

Mr. Troyer commented that's a change from what I've been told in the past and I appreciate you making that clear.

Mrs. Powers stated to Finance Director Cingle at the end of 2013 the city supposedly had a \$3 million dollar surplus and when the city assigns certain amounts to certain funds. Doesn't that reduce what looks like a plus by putting it somewhere where it's a hidden fund but the city still has the money. One thing that concerns me is that we have the Airport Insulation Fund of \$1.4 million dollars that has been sitting in this account for years because it hasn't been used. So how do things like that affect the city's budget; I'm one of the new Council Members so bear me with asking silly question.

Mr. Higgins commented first of all Councilwoman that is not a silly question, that is a very good question. I also wondered why it's called a Sound Insulation Program because those monies are used for railroad crossings.

Mr. Cingle responded let me start by going back to what we talked about earlier this evening in talking about that surplus. On page 21 of the handouts when talking about the \$3 million dollar surplus that has been reported again in the tabloid that circulates around the community...

Mayor Coyne interjected Greg before going any further can you define it correctly it is a fund balance.

Mr. Cingle responded net change in fund balance.

Mayor Coyne stated yes, it is not a surplus it's a fund balance and I'm glad that question was asked so we can define the difference.

Mr. Cingle continued the net change in fund balance as reported in the tabloid throughout the community was roughly \$3.28 million dollars, that's the total of the governmental funds. If you look at page 21 of the handouts it is the third highlighted line from the bottom of the page. Then digging a little bit deeper and say where is that coming from, where is that net change increase in fund balance coming from? Almost \$3.6 million dollars of it is coming from the Capital Improvements Fund and as I said earlier you dig a little deeper and say where is that money coming from and looking on page 21 eighth line from the bottom of the page – General Obligation Bonds issued. Last year the city issued \$5.5 million dollars in General Obligation Bonds for the following projects: Engle Road Sanitary Sewer, Engle Road Reconstruction and the West 150th Street Phase-III Project. So once those projects start and the Engle Road Sanitary Sewer Project is near completion and the reconstruction is close to be near completion. As the city engineer mentioned at Tuesday's meeting the West 150th Phase-III is pretty close to be started so those monies are going to be utilized; which means that change in fund balance is going to decrease. So I think it is important that if you take anything away tonight from these discussions as elected leaders of this community. It is imperative that the General Fund of this community is protected because if the General Fund goes negative that will significantly impact the city's bond rating and the state will be here overseeing the operation of this community. The city will go into fiscal watch, fiscal caution and fiscal emergency so the General Fund balances need to be protected. Not surpluses the General Fund balances of this community and the larger that it is the better it is for this community; talks of any negative activity over at NASA and Ford Motor in the future to help our bond rating. It is important that the city has a healthy reserve in the General Fund so when looking at this you're looking at a \$3.2 million dollar increase in fund balance, that's coming from the Capital Improvements Fund and cannot be used to operate this community. For example, it cannot be used for police salaries, fire salaries, utility costs over at the recreation center; has to be utilized for capital improvement needs such as those projects mentioned earlier; I hope that clarifies the confusion or the half-story that was reported throughout this community. As far as the Sound Insulation Fund at one point in time the city referred to as Quiet Zones Fund; we have a project going on right now and when that project is completed if there are other projects that relate to sound insulation of Quiet Zones those monies will be used there. If not those monies

can be transferred out to another fund and I think it's important to note that it is not prudent to cherry-pick the different funds. If you start looking at there is money here and money there remember fund balances are a one-time revenue sources. Once they are used they are gone and are not perpetual in nature and recurring; they are one time sources. So what we are charged with today is to eliminate the structural deficit and we cannot continue to keep spending into the city's reserves; if we continue to keep doing that we will take that Sound Insulation money put it back into the General Fund and will be used to cover the structural deficit and will continue to kick the can down the road until there are not any reserves left. Then the state will be here as an overseer of all the activities in the City of Brook Park. I've seen this happen in other communities and have been around enough to know that once the fund balances are gone; they are gone then the state comes in to oversee the operations of the community. Once the Sound Insulation Program is completely closed and the city gets through all the projects those monies will be freed-up and I'm sure someone will have a project that they want to do in the community that would utilize those funds.

Mayor Coyne stated to Mrs. Powers I would like to address part of your question when you said hidden funds and I raised the same issue as to what is this all about? It's better determined that it's a Noise Mitigation Fund and one would think that it is just 'earmarked' the homes at the airport which was what it was for originally. We still have a lot of outstanding train noise issues and they seem to be getting bigger and I've talked to Councilman Troyer about doing Sheldon Road. The city thought they had some jurisdiction by Middleburg Hts. on Smith Road but it appears that those tracks are all in Middleburg Hts. community. As Greg said there is no such thing as a hidden fund and for many, many years monies were appropriated into the City Hall Capital Improvement Fund to build a new City Hall that was never built. There was a nest egg of money that was protected in the Capital Improvement Fund and let's say tomorrow while driving down Ashland Blvd. and the sewer collapses and monies are needed. Where are we going to get it from because the Capital Improvements Fund is not a secret fund it is a fund that can be used for capital projects. When I spoke to the senior citizens you told me that I have too many fund balances and the reason why the city has fund balances is that is what legally the city must do to expend those monies that have been appropriated. For example, it became available that for some matching fund the state would come in and the federal government would come in to match a certain amount to facilitate a city project that doesn't happen that much anymore but used to happen all the time; that's how IX Center Drive was built, that's how the grade separation on Snow Road was built and that's how the quiet zones the city has right now was funded partially with those monies. The fund balances are not available, they are not surplus money, they are intended for something just like the city's insurance fund. The insurance fund is there for city coverage and

there is a certain deductible that the city has in certain cases where monies have to be available. The city, at one time, used to have their own insurance company where Council had to vote on settling cases and the city managed their own risk at one time. So these fund balances are for a specific purpose or general purpose to address an unforeseen problem that are kind of protected for the city to use; I would say it is kind of an invisible encumbrance, so to speak, for reasons that can be various rather than defined. Except where that money comes in for that project on Smith Road or on Engle Road those monies must be used for those projects only; so there is no surplus in the city whatsoever, none.

Mrs. Powers stated to Finance Director Cingle with all this talk about contracting out services there hasn't been any talk about salaries for employees of the city. Councilman Troyer and I have talked many times about lowering salaries. If you approached these service workers and other employees whose services may be contracted out and told them listen you either take a pay cut or lose your job. This also applies to all of us sitting on this dais we are being paid by people whose average income in this city is \$48,000 and they are paying us double of their income; to me it just seems a little unfair and since the city is in such dire straits we should be cutting from the top down.

Mr. Higgins stated to Mrs. Powers I'm going to let Mayor Coyne answer since he is the Chief Executive Officer that actually negotiates the contracts in the city, not the Finance Director.

Mrs. Powers stated the Finance Director is the one who has funds.

Mr. Higgins interjected Councilwoman you asked about cutting salaries for employees and union contracts; the Mayor negotiates those contracts not the Finance Director.

Mayor Coyne interjected let me go through the process of what happens. I prepare the budget along with the Finance Director that is presented to Council for approval. In our discussions I brought up that you thought that everybody making over \$80,000 should get a 20% pay cut and a sliding scale going back. Those employees heard that and in everyone of these circumstances employees will be provided to match or better these proposals from the private sector that are coming forward and some will be successful. It has been my experience, in doing this for over 30 years; these employees have their own families and are not inclined to give up their salaries and benefits. For instance Councilman Mencini brought up that there is too much time off in the city; the police union the last time asked for six weeks and I said you've got to be kidding six weeks. How can you have six weeks off how can you have six weeks off? So yes in part of their presentation to relieve the costs of doing business, no matter how we do it we have to match the city's expenditures to revenue, and right now that is not

occurring. So the answer to your question is yes everyone single one of them will have the opportunity to say listen I'll take a cut that is not going to happen. I will bet you this that most of them won't cut their vacations in the last roundabout when I said if you cut vacations four people can keep their jobs. The answer is I have to take care of my own family because the reality out there is and I know what you keep saying about the median income in Brook Park. I understand that but also these employees live in a world right now that quite frankly for them while they are doing okay and making a good buck what they are making and I will tell you what one person told me yesterday; I'm going to have to sell my house if I don't get a raise. In the Public Employees Pension System, no matter what it is, you have a hold in the middle of your career where for three years you are not getting any money that's a tough thing for when they plan their retirement. So everything that you've said and believe me they know of what you're talking about the end result. They would probably tell you is that if it is going to save one or two jobs and they are going to have to take a cut in benefits that is important to them that they feel they are entitled to I would be surprised; but I'm talking give me a number that can be reduced and here is the number that we have to get to. Because what we are losing here the reserves are important and when we get past the 'Partly Cloudy' scenario I will over a couple of instant things on how to address this and maybe address this over time but the fact is that all of these things that are being talked about we are talking about with them. You have to remember as this situation is let me make it clear to you there is not a service that we deliver in this city that anybody does better, nobody; not from our police department, not from our service department we are talking great people here. In some departments all the employees live here and most of them they don't and some of them it is diminishing who lives here and realistically we can't look at that when we make these decisions. We are going to honor seniority and we're going to honor classifications and we're going to honor needs. In the service department there are some employees that may have smaller seniority that will lose their jobs or in the case of a paramedic what is that expertise that the city has to have. So the challenge of each director is going to be how can we get there and the 20% thing has been thrown around and as Law Director Jamison stated he cut his department but I may need another 15% from his department. Mayor Coyne continued the Mayor's Court is producing and I'm not allowed to do Mayor's Court by law anymore because if I was then we wouldn't have to pay Magistrates for Mayor's Court. So is the Mayor's Court generating enough revenue since the fees and court costs have been raised so is that court paying for itself and as Councilman Mencini mentioned about the highways and I'm opposed to having our police officers on the interstate but they came to me and said Mayor here is what we can do to augment the city and help reduce costs out of the

General Fund to pay for police services and it is amazing. So that challenge is being given to department and some departments can't do it; Fire rescue and

the rubbish guys can't do that. So all of the things that you've mentioned are in consideration and all of the union contracts are open this year for wages and vacations and some of those things and will be argued but I have to tell you I don't know why they would be inclined to do it because they have to take care of their families and that is not being selfish that's the reality of life; they are great people and want to be compensated and protect their benefits.

Mrs. Powers stated I can agree with you to the point that the person who has a good job and is working everyday sometimes has trouble seeing the big picture on what is going on in this entire nation where there are not enough jobs. Also, when it comes to this person getting laid-off and having no job or when up against the wall to either take a pay cut or lose your job I think they will choose the job over the pay cut because they have a family to support.

Mayor Coyne commented they will have that opportunity and it is open to them to present to us because they know the challenge now. Here is what has to happen and in some cases they can do it operationally and they might come back with we don't want no more than three weeks vacation, I'd be surprised with that. Just so you know it's been offered to everybody to bring back and some people will say we're here to talk about how much more money. If you want to get into national economics working people are not making enough money being employed in this country because if they were the climate of this country would be a lot different.

Mrs. Powers commented they have to face the reality that their job is on the line because there might be an outside contractor coming in to replace that job. So they need to know that since their job is going to be replaced they may be more inclined to take a pay cut.

Mayor Coyne commented they know that Councilwoman.

Mr. Higgins stated in my experience and Mr. Burns has looked at me a few times chuckling and I just went through this scenario a number of times in Parma with my service workers. I sat across the table from Mr. Burns who represented the Parma service workers to try and renegotiate a contract with me on the other side of the table after they refused, after they refused, to sacrifice just like you thought they would and I kind of forced them to accommodate the rest of their members. Because they refused to do just what you thought they would do which kind of amazed me and I think there were 20 to 30 grievances over a two or three year period that this dragged on for. Actually they decertified their union over it and reorganized another union and I think it was over a three year period and they refused to do just what you thought and I was amazed by it too but people are selfish when it comes to their wallets. It's not as easy and simple as you and I would think it would be; I've sacrificed before for the

benefits of others and it's not as easy as you think when it comes to their wallets because they say that's what I have seniority for and paid my union dues for and that's why I'm not going to do what you think I'm going to do. Unfortunately, every union contract has different language such as callback when laid off, who gets laid off departmental wise and each union contract is unique, so it's not as simple as everybody taking a cut and moving on; it sounds like a simple answer but it just doesn't work like that.

Mr. Troyer commented that Councilwoman Powers and I have talked about salaries but mostly on the non-union end of it because I know the Administration is supposed to take care of that issue. There are two words 'shared sacrifice' and I said a few weeks ago it should start with us and brought legislation forward and Councilman Salvatore brought more extensive legislation forward, so I think when it starts with us it should be carried through and look at all the non-union people. This is a shared sacrifice and this is what we are doing to save the city and make this work.

Mayor Coyne stated that interests me everybody should share the sacrifice and most of the people in the city are unionized even in the offices so shared sacrifice means what? The reality is between myself, the Finance Director and this Council a budget has to be presented that provides for the reserves of the city and to operate the city based on the revenue. If you think that us adjusting employees salaries at this point in time is going to attack the severity of this problem you are sadly mistaken; it might sound good to some people. I applaud you and it is Council's decision on what they do with their salaries and make-up, it is of no concern to me, but that is not going to address what this city has right now. That is a few years away and the money is insignificant does it contribute? Yes it does but the problem is much more severe than that and that is why I want to get into the next portion because there other opportunities available; unless you want to debate with me about reduction of employees' salaries.

Mr. Troyer stated I don't want to debate I'm just saying shared sacrifice. The residents are giving up some services; some programs that aren't going to be there, some things won't be at the Recreation Center it's all around. I'm not talking just in salaries I'm talking about cuts and services and whatever it is; whether you negotiate cuts in vacation everybody has to give a little.

Mayor Coyne stated at the last meeting Councilwoman Powers asked a question about new employment coming to the city. When Assistant Finance Director Healy did the calculations to figure out we would need \$160 million dollars in brand new payroll to the city to generate the \$3.2 million dollars that we have; to show what kind of wall we have to climb. Keep in mind I am not married to any of these proposals these are all up for discussions and maybe there's a

combination of these things that we do or do nothing and I present a budget and Council does what it will with it. The reality is we have to address these issues the voters of this city overwhelmingly had a referendum for recreation and senior services and said no. The voters had a referendum on increasing the city income tax to provide to improvements to the city and they said no and the reality is they are probably going to get property tax increases because if history is anything there is only one time in 32 years that the City of Brook Park citizens ever approve an increase for the schools. So the citizens are going to get an increase in their property taxes because of the other two communities who get everything from the schools and to be candid will probably pass it and residents will get a tax increase that they have not voted for, that's the climate. So there is a pretty easy way to address our problems in the short-term, I'm not suggesting, but we have a 100% tax rate and I'm throwing this out because this is an option available. If Council eliminated the tax credit even if for one year \$4.8 million dollars would be generated in revenue for the city. I think that is a mistake but it is a remedy available to Council, however, it still doesn't attack what we need to do. If we do that we can continue to operate where we're at the reserves would be eaten into because it's going to be a long time before the capabilities of this \$160 million dollars are going to be generated. I'm getting back to that again because that is why it is important to put the tax licensing fee back where it belongs in Economic Development. Because Council will not get to the \$160 million dollar payroll needed if you abandon the ability to go and attack the problem of redevelopment on the Brookpark Road Corridor and at Ford Motor, which will stay a graveyard if we don't attack that problem and that is why it is very important. Council can do that to solve the problem this year with no 'Black Cloud' or 'Partly Cloudy' no anything else but as Finance Director Cingle mentioned you are kicking the can down the street. You are raising taxes on the majority of the people of the city who just said no and said operate the city and preserve our investment in this city on the money on hand right now. Mayor Coyne continued that Councilman Burgio said can this be done over time? Yes, there is another thing available to Council if you reduce the tax credit to 1% over a two-year period \$4.6 million dollars would be generated at \$2.3 million dollars per year. Those monies could be 'earmarked' to be put in the reserve fund and then still have to deal with operating issues of over \$1 million dollars; those are things that are available. Or Council could have the credit be 1 ½% over four years and generate \$1 million dollars a year. So Council can do many different things with the tax credit to address I believe the reserves but you would still have operating dilemmas down the line. I don't think it is a sound way of doing business I think we have to attack these things and whatever scenario 'Black Cloud' 'Blue Cloud' 'No Cloud' we have to get to a sunny day and I think a lot will happen at the State of the City presentation. We will get a clear impression from them and they will have a clear understanding because what I'm going to do is get these close to final as possible and present it to them; so they see what is real. Someone can go out

there and make a statement that the city is not broke they have \$30 million dollars, that's great, but the city's expenses are \$32 to \$34 million dollars and Council is not meeting the guidelines of protecting the city's future. If Council has \$100 to \$200 million dollars and the city's expenses are more than that Council will not get out of the hole. As Finance Director Cingle said in the beginning I can remember going back that Moody's the city's pays their bills on time and then there was one time that the city couldn't get a rating because there was no debt and they were very concerned that everything was in Ford that is why we fought so hard to get NASA is so the city would be diversified. On Aerospace Parkway the city took in about \$250,000 a year on a 1500 foot road that wasn't even done; they cutback all the contractors at NASA. The dilemma that Council has to look at and the Administration deals with daily and you need to think about and our people need to know is this. Here is the reality of the Congress of the country; Senator Shelby is a senator from Alabama and is a very powerful guy. For example, if you look at the grade separation on Snow Road I want to share the history of how the city got it. There was no justification by NOACA or anybody else and is something I wanted to my whole career because of the expense the city had to pay for access to provide protection to our people that didn't make any sense and beyond common sense. Therefore, there was the deal with the railroads and how the city got all the trains is because Dennis Kucinich decided he didn't want them in Lakewood so we're going to send them to Brook Park. There is a gentleman by the name of Jack Snow who became Secretary of the Treasury under George Bush. Mr. Snow came to Cleveland and Maryann Sharpie was a publicist for the railroad and Mr. Snow called me up one day and said he would like to meet with me because Mayor White told me whatever I did don't meet with me because we were fighting about the airport. Mr. Snow needed someone of a minority to support what Conrail and CSX wanted to along with the rest of them and said I will make it worth your while and said what do you need? I said I need \$6 million dollars for a grade separation on Snow Road and he said what else do you need? I said I need monies for these quiet zones and at time was approximately \$175,000 a crack but, however, I also gave relief for the other Mayors in Olmsted Falls and Berea who have the same problems. Mr. Snow tells me okay have them get me numbers now we have a problem how do I get a minority to support this? I said you have to go to Mayor White well Mayor White wasn't going to support it but East Cleveland Mayor Onunwor did so that is how this occurred. So what happened was Congressman LaTourette when doing the capital budget on the house side, he sat on that committee, and Senator Shelby called him out in the hallway and told him put in \$6 million dollars for Brook Park and for these cities and also for Isley Road. Congressman LaTourette called me asking what happened. Jack Snow and Senator Shelby were college roommates and the reason that Senator Shelby is important is because of Huntsville, Alabama. What NASA is doing is trying to replicate what happened in Huntsville because of technology transfer capabilities, power

sources, microgravity programs all that were thousands of contractors' jobs that would have been in either Brook Park or at Plum Brook have been going to Alabama. So it could happen that if Senator Shelby decides that NASA in Brook Park is not needed which is an approximate \$478 million dollar budget, that I've been trying to fight to keep but we've always had someone on our side that would block that and his name was John Glenn a United States Senator. When DeWine came here he did the same thing and I'm not saying that the senators are going to let it go but the funding is a very real challenge because of the power the south has whether it is Alabama or some other facility that could take our work away from Brook Park center; so when Mr. Cingle says it is a pen away it is. We used to go and lobby for that and I'm hoping that once we get this budget back some of us can go there to say isn't it embarrassing that we have to hitch a ride with the Russians to go to our space station and here is how this should be fully funded. That is the dynamic that we are dealing in and with Ford Motor I don't know what they are going to do Economic Development Commissioner Dolan is taking some kind of who cares about Brook Park they are not on the list anymore to some real challenges of what we're trying to do and the dialogue we're having with them. Because we have a lot of interest and I think when you see in Mr. Dolan's presentation at the State of the City we're going to fight and get in the race for a future for this city and I think he can explain why and what we're doing by expending these monies to go forward. Because no matter what is done this Council will be criticized about things and why this is being done. The reality is if we don't capture the ability to redevelop that facility this city will die. I travel to Lansing, Michigan every year and the main street on both sides when driving into Lansing looks like Ford Motor does right now. I visited the City Manager in Lansing and learned a lot about the nightmares of having a plant that sits like that. What this little town has done through parking and different things they have good housing and developed a lifestyle so there is capabilities there. So at any rate if there are any more questions about these tax rates we can go over them but there are other opportunities there that are a little bit more challenging. I'm not suggesting them but those are ways this Council can do things without addressing the operational issues that this city has and I think that would be a bad path to do down and in another year or two will be dealing with much more severe problems.

Mrs. Powers asked what it would cost approximately, if these two buildings are closed, and move operations to the Recreation Center. How long would it take and how much would it cost to remodel the center to get ready for city operations. Also, is there enough space over there to actually provide what is needed to combine these departments?

Mayor Coyne responded at the beginning of the meeting when we talked about the Recreation Center presently we have Brewer-Garrett looking at what the

environmental needs are going to be there with the HVAC needs. They have approximated that at about \$3 million dollars to do everything. What we're going to do hopefully if Council approves the leases those monies would be 'earmarked' for those improvements. Bowen and Associates is doing the space-planning and looking at what can happen at the center; I believe that it can happen there and we'll see. If we can't move over there and make the operations work there I don't it justifies keeping the building open at all.

Mrs. Powers asked how much is being paid for these studies.

Mayor Coyne responded \$9,800 for one and the other is not charging the city because they are using existing reports that were done over the years and upgrading them. You heard me talk about the oscillating water sprinkler keeping the cooling systems on both air conditioning systems currently. So we are not paying them anything except the existing contract the city had and that's why the contract was expanded a few more months.

Mr. Higgins clarified Brewer-Garrett is not charging the city anything since they are under contract and Bowen is approximately \$9,800. For a point of reference Bowen & Associates was the same architect used when the city remodeled the former House of La'Rose that is now the current service garage on Holland Road.

Mrs. Powers stated the HVAC for \$3 million dollars sounds exorbitant.

Mayor Coyne responded the \$3 million dollars is the complete heating, ventilation, air conditioning, electrical work, controls, lighting that has to be replaced because it is archaic and just about everything that there is to make that building as close to green as it can be. So, therefore, you compare it to do we move the departments up here because if we close the Recreation Center the director and persons can come over here. Does it make sense because this building is not worth a penny and neither is City Hall. They had a grant that wasn't used for this building and used it for that building the reality is that it wasn't done right and that's the way it is. To me how can we keep a variety of services some that are important to some and not to others? How do we do that and solve our dilemma here because if you remember there was no air conditioning in this building this summer and it costs \$80,000 to fix it. Is it worth it I don't think so but I believe we can put everything in that building and make it work for us. The reality is if not when those reports come in, the whole roof needs to be replaced at the center, so you're looking at a totality to get the building ready for city departments to move in is about \$3 million dollars.

Mr. Higgins commented when the Mayor refers to green as Mr. Peterlin spoke about at a recent meeting when addressing Council was talking about the new

electrical stuff. There are new features out there for new bulbs and ballasts that use less electricity. When going into buildings for efficiency they have different boilers and controllers that can be both heating and air conditioning can be controlled to shut down at a certain temperature and time during the day. Then turn on at a certain time before coming into the building. There are even devices for pop machines that will shut down when somebody leaves the room over a period of time; there are many kinds of controls and devices to save energy, even power usages.

Mrs. Powers commented solar panels and geo-thermal flooring.

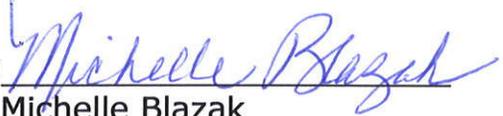
Mr. Higgins commented I'll say this for solar panels there won't be a lot of those panels found up this way because there is not a lot of sunshine in this part of the country.

Mr. Mencini stated the house next to the bridge on Sylvia Drive is a geo-thermal home.

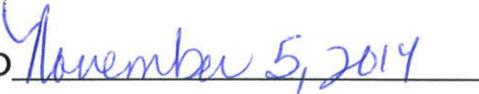
Mr. Higgins thanked Council for a productive work session and moving forward there are some hard choices to be made none of this is easy. Do any of the department heads or directors have anything to add? Mr. Higgins also thanked the audience for showing interest spending their time this evening.

There being no further business to come before this meeting Council President Pro-Tem Higgins declared this meeting adjourned at 6:55 p.m.

RESPECTFULLY SUBMITTED


Michelle Blazak
Clerk of Council

APPROVED



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

Recd. 10/23/14 Sp. Council

**City of Brook Park
Finance Overview
10/23/14**

Structural Deficit — The gap between the money going out and the money coming in to an entity.

For Example

Revenues	\$20,000,000	
Expenditures	<u>\$21,000,000</u>	
	(\$1,000,000)	Structural Deficit

City of Brook Park
Finance Overview
10/23/14

General Fund

In public sector accounting, the General Fund is the primary fund of a government. It is similar to a firm's general ledger account, and records all assets and liabilities of the entity that are not assigned to a special purpose fund. It provides the resources necessary to sustain the day-to-day activities and thus pays for the majority of all administrative and operating expenses. When governments or administrators talk about 'balancing the budget' they typically mean balancing the budget for their general fund.

Fund Balances

Fund balances are a one-time source of revenue. They are not to be confused with recurring revenues, i.e. income tax. Think of fund balances as your savings account and not a recurring source of income like a paycheck or Social Security check.

Acc. 10/23/14 Sp. Council

City of Brook Park, Ohio

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2013

The discussion and analysis of the City of Brook Park's (the City) financial performance provides an overall review of the City's financial activities for the year ended December 31, 2013. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers are encouraged to consider this information in conjunction with the additional information contained in the financial statements and the notes thereof.

Financial Highlights

Key financial highlights for 2013 are:

- Revenue from municipal income and other taxes totaled \$18,134,634.
- Total assets increased by \$2,843,700 or a 2.94 percent increase from 2012.
- Total net position decreased by \$701,266 or a 0.85 percent decrease from 2012.
- Total capital assets increased slightly by \$12,657 or a less than a 0.02 percent increase from 2012.
- Total outstanding long-term liabilities increased by \$4,402,174. This was a 48.16 percent increase from 2012 which is mainly attributed to the City's issuance of general obligation bonds.
- At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$17,288,258, an increase of \$3,282,302 in comparison with the prior year's amount. Approximately 17.17 percent of this total amount, or \$2,967,565, is available for spending at the government's discretion (unassigned fund balance) without externally or internally imposed constraints.
- At the end of the current fiscal year, the General Fund's unassigned fund balance was \$3,070,287, or 14.96 percent of General Fund expenditures (not including other financing uses).

Using This Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are prepared and organized so the reader can understand the City both financially and operationally. The statements proceed to provide an increasingly detailed look at our specific financial condition.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and long-term view of those assets. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term and what dollars remain for future spending. The fund financial statements also look at the City's most significant funds, with all other nonmajor funds presented in total in one column.

City of Brook Park, Ohio

Management's Discussion and Analysis (Unaudited) (continued)

For the Year Ended December 31, 2013

Table 2 shows the changes in net position for 2013 as compared with 2012.

	<u>2013</u>	<u>2012</u>
REVENUES		
Program Revenues:		
Charges for services	\$ 3,389,064	\$ 3,442,848
Operating grants and contributions	1,085,783	1,019,384
Capital grants and contributions	65,418	1,976,629
Total Program Revenues	<u>4,540,265</u>	<u>6,438,861</u>
General Revenues:		
Property taxes	1,807,889	1,986,778
Municipal income and other taxes	18,134,634	17,768,862
Grants and entitlements	615,425	878,135
Investment income	2,045	7,157
All other revenues	76,097	57,328
Total General Revenues	<u>20,636,090</u>	<u>20,698,260</u>
Total Revenues	<u>25,176,355</u>	<u>27,137,121</u>
EXPENSES		
Program Expenses:		
Security of persons and property	11,287,480	11,068,045
General government	4,614,338	5,957,703
Public works	3,230,274	3,501,691
Leisure time activities	2,198,184	2,305,024
Transportation	3,083,726	3,213,847
Community development	886,092	1,035,202
Public health and welfare	313,017	314,932
Interest and fiscal charges	264,510	98,982
Total Expenses	<u>25,877,621</u>	<u>27,495,426</u>
Change in Net Position	(701,266)	(358,305)
Net Position - Beginning of Year	<u>82,880,028</u>	<u>83,238,333</u>
Net Position - End of Year	<u>\$82,178,762</u>	<u>\$82,880,028</u>

Governmental Activities

Several revenue sources fund the City's governmental activities, with City income tax being the largest contributor. The City's income tax rate is two percent on gross income and has not changed since 1991. Residents of the City who work in other communities and pay the withholding tax to those municipalities receive a 100 percent tax credit of up to two percent on their City income tax. During 2013, the revenues generated from municipal income tax and other miscellaneous taxes amounted to \$18,134,634. The 2.06 percent increase in income tax collections from 2012 to 2013 can mostly be attributed to net profit tax collections.

City of Brook Park, Ohio

Management's Discussion and Analysis (Unaudited) (continued)

For the Year Ended December 31, 2013

For 2013, City income tax revenue of 20 percent is earmarked for specific capital improvements. These revenues are allocated by an ordinance, providing that a substantial portion of the City's income tax collections be set aside for roads, city facilities and capital needs.

Of the \$25,176,355 in total revenue, income tax and other miscellaneous taxes accounted for 72.03 percent, property taxes accounted for 7.18 percent and charges for services totaling accounted for 13.46 percent of total revenue.

The combination of income tax, property tax, charges for services and intergovernmental funding was not sufficient to fund all of the expenses in the governmental activities. The City monitors its sources of revenues very closely for fluctuations. For the most part, decreases in functional expenses are a direct result of the City's conscious effort to control costs in a declining economic environment. The largest program functions for the City relate to security of persons and property and general government. During 2013, security of persons and property accounted for 43.62 percent of program expenses, and 17.83 percent of program expenses related to general government. In 2013, the overall decrease in expenses was \$1,617,805. This decrease in expenses was achieved primarily through controlling departmental expenses, reduced legal fees and lower operating transfers.

Currently there are 41 full-time sworn officers in the police department. The department wrote 2,338 tickets in 2013, which constituted a 2.13 percent decrease over tickets written in 2012.

The fire department consists of 36 full-time firefighters. The department handled 2,627 calls for assistance in 2013, of which approximately 2,204 were for emergency medical services (EMS), with the balance attributed to fire and fire-related incidents. Total calls for assistance represented a decrease of nearly 9.29 percent over 2012.

City of Brook Park, Ohio

Management's Discussion and Analysis (Unaudited) (continued)

For the Year Ended December 31, 2013

Program Expenses

For the year ended December 31, 2013, the City's total cost of services was \$25,877,621, with a net cost of services totaling \$21,337,356.

Table 3 itemizes fiscal year 2013 program expenses by specific function.

Table 3
Program Expenses

	Total Cost of Services 2013	Net Cost of Services 2013
Security of persons and property	\$11,287,480	\$ 10,446,871
General government	4,614,338	3,779,356
Public works	3,230,274	3,147,063
Transportation	3,083,726	2,148,180
Leisure time activities	2,198,184	1,726,465
Community development	886,092	(471,140)
Public health and welfare	313,017	296,051
Interest and fiscal charges	264,510	264,510
Total cost of service	<u>\$25,877,621</u>	<u>\$ 21,337,356</u>

The above table shows the total cost of services as well as the net cost of services. That is, it identifies the cost of the services supported by tax revenue and unrestricted intergovernmental revenues.

As referenced, most of the City's governmental activities rely on general revenues (property taxes, municipal income tax, grants, etc.) to support program expenses.

The City's Funds

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the year. Information about the City's governmental funds begins on page 19.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$17,288,258. Of that amount, \$2,967,565 constitutes unassigned fund balances that are available for spending at the government's discretion without externally or internally imposed constraints. The remaining balance is nonspendable, restricted, committed, or assigned to indicate that it is not available for new spending.

City of Brook Park, Ohio

Management's Discussion and Analysis (Unaudited) (continued)

For the Year Ended December 31, 2013

General Fund

The General Fund is the chief operating fund of the City. As of December 31, 2013, the total fund balance for the General Fund was \$5,473,130, of which \$3,070,287 was unassigned. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to fund expenditures (not including other financing uses). Unassigned fund balance represents 14.96 percent of total General Fund expenditures, while total fund balance represents 26.66 percent of that same amount.

The said fund balance decreased by \$902,530 during 2013. Decreases in municipal income taxes, property taxes and revenues received from the state of Ohio were primarily responsible for the decrease.

Capital Improvements Fund

The Capital Improvements Fund accounts for miscellaneous revenue and non revenue in addition to the portion of municipal income tax allocated by City council for the purpose of improving, constructing, maintaining and purchasing those items necessary to enhance the operation of the City. As of December 31, 2013, the total fund balance for the Capital Improvements Fund was \$6,888,225, of which \$3,025,151 was committed. The said fund balance increased by \$3,585,894 during 2013, mainly due to the issuance of general obligation bonds (referenced earlier in this analysis).

City Budget

The City's budget is prepared according to Ohio law and accounts for certain transactions on a basis of cash receipts, cash disbursements and encumbrances. The most significant budgeted fund is the General Fund. Except for agency funds, an annual appropriation budget is legally required to be prepared for all funds of the City. City council is provided with a detailed line item budget for all departments. After discussions at regularly held council meetings that are open to the public, the budget is adopted at the department level by object. Within each object, appropriations can be transferred between line items with the approval of the finance director and the respective department head. Council must approve any revisions in the budget that alter object level totals or total appropriations for any department or fund. During the course of 2013, the City amended its General Fund budget various times. The finance department watches all department expenditures closely to monitor compliance with allocated budgets and provides monthly reports to City council that depict monthly and year-to-date activity.

For the General Fund, the final budget basis revenue plus other financing sources was \$21.5 million as compared to the original budget estimate plus other financing sources of \$20.8 million. The final budget was higher than the original budget due to higher than expected income tax collections and a one-time receipt of funds from the Bureau of Workers' Compensation (BWC). The final appropriations plus other financing uses of \$23.2 million were sufficient to meet the actual expenditures plus other financing uses for the year, \$22.4 million. Final appropriations exceeded original appropriations mainly due to increases in overtime gas and repair and maintenance. The City's ending budgetary fund balance was \$1,062,957 higher than the final budgeted amount primarily due to conservative revenue and expenditure budgetary practices.

City of Brook Park, Ohio

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds

For the Year Ended December 31, 2013

	General Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property Taxes	\$ 1,511,923	\$ -	\$ 315,289	\$ 1,827,212
Municipal Income Taxes	15,013,928	2,563,244	-	17,577,172
Other Taxes	338,001	-	-	338,001
Intergovernmental	679,015	176,160	1,005,921	1,861,096
Interest	1,574	-	471	2,045
Licenses and Permits	739,328	-	-	739,328
Fines and Forfeitures	243,856	-	24,514	268,370
Rentals	3,850	-	-	3,850
Charges for Services	1,785,589	-	-	1,785,589
Contributions and Donations	77,692	12,000	1,956	91,648
Special Assessments	-	26,065	59,447	85,512
All Other Revenues	453,460	62,090	206,685	722,235
Total Revenues	<u>20,848,216</u>	<u>2,839,559</u>	<u>1,614,283</u>	<u>25,302,058</u>
EXPENDITURES				
Security of Persons and Property:				
Police and Others	5,833,662	-	668,651	6,502,313
Fire	3,837,276	-	678,094	4,515,370
Public Health and Welfare	199,322	-	108,109	307,431
Leisure Time Activities	1,767,955	-	110,174	1,878,129
Community Development	884,396	3,316	7,766	895,478
Public Works	2,393,673	62,426	-	2,456,099
Transportation	509,619	1,128,954	788,556	2,427,129
General Government	5,101,105	1,855,233	847	6,957,185
Capital Outlay	-	1,270,804	-	1,270,804
Debt Service:				
Principal Retirement	-	-	398,374	398,374
Interest and Fiscal Charges	-	3,382	81,085	84,467
Bond Issuance Costs	-	-	115,166	115,166
Total Expenditures	<u>20,527,008</u>	<u>4,324,115</u>	<u>2,956,822</u>	<u>27,807,945</u>
Excess of Revenues (Under) Expenditures	<u>321,208</u>	<u>(1,484,556)</u>	<u>(1,342,539)</u>	<u>(2,505,887)</u>
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	5,262	8,954	-	14,216
General Obligation Bonds Issued	-	5,520,000	-	5,520,000
Premium on Debt Issuance	-	130,000	123,973	253,973
Transfers In	500,000	500,000	1,817,504	2,817,504
Transfers Out	(1,729,000)	(1,088,504)	-	(2,817,504)
Total Other Financing Sources (Uses)	<u>(1,223,738)</u>	<u>5,070,450</u>	<u>1,941,477</u>	<u>5,788,189</u>
Net Change in Fund Balances	<u>(902,530)</u>	<u>3,585,894</u>	<u>598,938</u>	<u>3,282,302</u>
Fund Balances - Beginning of Year, Restated	6,375,660	3,302,331	4,327,965	14,005,956
Fund Balances - End of Year	<u>\$ 5,473,130</u>	<u>\$ 6,888,225</u>	<u>\$ 4,926,903</u>	<u>\$ 17,288,258</u>

The notes to the basic financial statements are an integral part of this statement