



COMMITTEE WORK SESSION DECEMBER 4, 2006

Committee Members Present: Ken Braman
Tom Jones
Dennis McGlone
Bill Mowery
Scott Pelot
James Price
Mike Zita

Also Present: Mayor Joseph Kernan
Claude Collins
John Moss
Jeff Pritchard
Karla Richards

The Committee Work Session convened on Monday, December 4, 2006 at 6:02 PM, in Council Chambers of the Safety Administration Building. The meeting was called to order by Council President, Michael Zita.

Committee Work Session General Discussion:

2007 Budget:

Mr. McGlone opened the discussion and turned it over to Mr. Moss for the details. Mr. Moss stated that many corrections were made to the formulas and references since the last distribution and a few more corrections will be needed. Mr. Moss stated that Fire and EMS are suffering from a trend of increased expenses outpacing the revenue, which has been difficult to deal with. Mr. Moss stated that Chief Calco was present to talk about this. Mr. Moss stated that he recommends a minimum of 15% and up to a comfortable 33% carryover for all operating funds, and 100% for benefit funds, and 5% for the Rainy Day Fund. Mr. Moss indicated that his staff made an estimate for 2006 payroll including overtime, and the 2007 payroll was estimated on the same figures for 2006. These figures were submitted to each department where they had more accurate figures and the 2007 payroll figures were adjusted accordingly. Mr. Moss stated that we do need to set up funds to track revenue and expense for grant funded capital projects. Mr. Jones thanked Mr. McGlone and Mr. Moss for getting together last week to go over the 2007 Budget.

Fire & EMS:

Mr. Moss stated that as indicated on pages #28-31 you will see that the city is spending down resources too fast and increased cost of staffing. Chief Calco stated that this is a realistic budget, based on full staffing. Mr. Moss stated that the Fire Dept and EMS each pay 25% of the costs for dispatching as per ordinance set by Council. Mr. Price inquired about the \$40,000 for training under New Programs. Chief Calco explained that this is due to a new mandate.

2007 Budget Continued:

Chief Calco stated that all personnel must complete 18 hours of training per year, 24 hours per year for Paramedics, 18 hours per year for EMT training. Chief Calco stated that this is a new mandate by the State of Ohio in order to be certified. Chief Calco stated that the Fire and EMS is levy driven and that levy began in 1995. Chief Calco stated that the revenue generated from these levies remains stagnant while the costs to run these departments escalate every year. Chief Calco discussed the 50/50 split for dispatch expenses between Fire/EMS and the Police Dept. Chief Calco indicated that this percentage is really not accurate with today's use. Mr. Jones inquired about the age and condition of the equipment. Chief Calco stated that a 1996 vehicle is being replaced with a new vehicle, which was purchased by the Norton Fireman's Association. There is a 1988 rescue vehicle that has seen better days and needs to be replaced. We will be making the last payment on the current tanker this year, so this \$35,000 cost will come off of the Budget in 2008. Mr. Pelot inquired about the jump in dispatch fees. Mr. Moss stated that the Chief has no control over the dispatch costs; the Police Dept operates it. It also reflects that dispatch is going back to full staffing next year, estimated over time costs, etc., new union contract. Mr. Moss stated that you are also looking at a two (2) year jump because there were no cost increases in 2006. Mr. Moss indicated that the city cannot keep up with this pace. Mr. Moss stated that we need to seriously consider looking at levy fee structure and the level of service we provide. We must address it next year to put the fund back on track. Mr. Moss stated that we need to have discussions on what is the appropriate thing to do to put this fund back on track. Mr. Jones asked about a levy renewal, and Mr. Moss stated that this is an option. Currently this is a permanent levy, and does not address the increases in expenses. If we are looking at the levy being the sole provider for this fund, then we need to consider the levy. Mr. Moss stated that the current facility has some serious issues that we need to address very soon. We have \$12,000 in the 2007 Budget just to patch and fix the roof. We need to look at if we want to consider our Fire and EMS facilities, or all of our safety facilities, however the answers will not come easy. Mr. Pelot inquired about the amount of the current levy, and Chief Calco stated at it is one mill per levy, and Mr. Moss stated that we are into this since 1995 and we are probably not collecting at that rate anymore, its probably less than that figure now. Mrs. Elaine Tompkins, a Norton resident, spoke about the staffing issues and stated that in the past the part time Fire was running at about \$55,500, and it was adjusted to \$110,000 in 2006 and the year to date so far is \$44,799. Mrs. Tompkins stated that the real key is that we are now asking for \$140,000, which could be due to staffing changes. Mr. Moss stated that there are many factors, increased staffing, payroll changes, and time requirement changes. Mrs. Tompkins asked if there are more people or is this mostly a change in the numbers? Mr. Collins stated that numbers have stayed roughly the same in the part time and full time category. The biggest thing is that about a year ago, they got a union contract, which impacted everyone. Chief Calco stated that also you need to take into account that in the past they were not taking the money out of the funds at an even rate, it was almost at 70/30 split for EMS/Fire. Mrs. Tompkins asked how many part time or volunteer Firefighters do we have now? Mr. Collins stated that there are no volunteers; we have thirty-one (31) part timers. Chief Calco stated that these thirty-one (31) work a full shift. Mrs. Tompkins asked how many full time Firefighters are on staff? Chief Calco stated that we have four (4) including himself. There was discussion on the various hourly rates, ranging from \$11.70 to \$12.50, which depends upon their skills, training and degrees. Mr. Jones inquired about the income tax received from people who work in this city, and asked if all of this revenue goes into the General Fund? Mr. Moss answered that it does. Mr. Jones asked if the tax increase that passed in 2004 as Issue #40, is part of that revenue? Mr. Moss stated that was correct, it goes into the General Fund.

2007 Budget continued:

Mr. Jones stated that income tax money coming in only supports the Police and Service Dept. Mr. Moss stated that was incorrect; it supports everything in the General Fund plus the other funds that we transfer to. Mr. Jones asked if the General Fund supports the Fire, and Mr. Moss answered no-not directly. We do not transfer any money to the Fire Fund, and the same is true for EMS. The only way the income tax revenue supports the Fire and EMS is in an indirect sense. Mr. Zita questioned account #41130, it appears that from 2004-2006 the figure remained the same at \$5,647 and the 2007 proposal is now at \$6,500, and asked why such a big jump? Mr. Moss stated this was due to the changes in the taxing structure. We no longer receive this tax though the County, we now get it from the State, and as the State tinkers with the tax code, we are notified and must make the changes. Mr. Pelot asked if the income tax revenue is still at about 12 % of the Norton residents that actually pay in to that? Mr. Moss answered that he felt it was closer to 15%. Mr. Moss stated that all income that is taxed somewhere else is entitled to 100% credit, which wipes out about 85% of the income. Mr. Pelot stated that the 100% credit goes to whatever city the resident is employed at, and the City of Norton receives nothing. Mr. Moss stated that if you live in Norton but work in Akron, they pay 2.25 local income tax to the City of Akron. Then here in Norton they are entitled to a full credit and pay nothing to Norton for income tax. Mr. Moss stated that in essence a Budget is not a target to go to, it is a figure you cannot go beyond. We need to look at this as a limit not a target. Mr. McGlone stated that in overall it looks like we may be spending about \$320,000 more this year than last year, and Mr. Moss concurred. Mr. Moss indicated that the revenue for 2006 was up, it is budgeted at \$5,100,000 and estimated to be at \$6,200,000 with next year estimated at \$5,600,000 and a very good chance that we will exceed that estimate for next year.

Adjourn

There being no other business to come before the Committee Work Session, the meeting was adjourned at 6:46 PM. The remainder of this 2007 Budget discussion will be continued into the next Committee Work Session at 7:00 PM tonight.

Michael Zita, President of Council

THE FOLLOWING WAS COPIED AND PASTED FROM THE 12-4-06 WORK SESSION MINUTES TO BE COMPILED AS FULL ACCOUNT OF THE BUDGET TALKS DURING THIS EVENING.

Mr. Zita called for a short recess before getting into the 2007 Budget discussions. Mr. Zita reconvened the meeting back to order at 8:30 PM.

2007 Budget:

Mr. McGlone turned this discussion over to Mr. Moss for the details. Mr. Braman stated that on page #3 the Requested and New Programs don't add up correctly. Mr. Moss indicated that the total requested amount for 2007 should be \$5,640,120.86 and would be corrected. Mr. Moss stated that the error was due to making a change in one column but not being carried over in to

the next column. Mr. Pelot asked if we asked all of the Departments to keep their budgets within a certain percentage from 2006? Mr. Moss stated that we did not. Mr. Pelot inquired about some of the increases in the costs on page #4 Administrative Officer. Mr. Collins explained that in the last few years nothing was replaced in his department, now we truly need some of those replacements. Mr. Pelot asked Mr. Moss if he has a number for the overall differences from the 2006 to 2007 Budget for the entire city. Mr. Moss stated that he did not have those figures with him, however for the General Fund the increase is 7.3% overall. There was discussion on page #6-Building Dept. and the costs of a new vehicle. Mr. Collins explained that the request is for a Ford Escape to replace the 2000 Ford truck that is now being used. There was discussion as to the \$10,000 for demolition. Mr. Moss stated that this needs to be funded for if and when the city has to demolish unsafe structures. There was some discussion on page #9-Councils budget, specifically \$1720.00 for New Program. Mr. Moss explained that amount was put in place for a potential software program to assist with the minutes. Mr. Pelot inquired about the \$900.00 set aside for listening devices, and asked if this would be enough. The Clerk of Council stated that the lowest bid received was under that amount. Mr. McGlone noted no money in the 2007 Budget for a laptop replacement, and the Clerk of Council indicated that is being purchased before the end of this year, which is why it has been completely removed for next year. Mr. Moss concurred adding that a purchase order has already been approved and in process.

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2007 Budget Continued:

Mr. Pelot inquired about the overtime amount for the Clerk of Court on page #10. Mr. Moss stated that as the Auditors requested the Court Computer Fund would no longer be used for payment of overtime, it would now come from the General Fund. Mr. Pelot inquired about the cost difference of what is collected and how much is paid in overtime. Mr. Pelot gave an example that if it costs \$5,000 in overtime to collect \$25,000 in a year, we may not want to limit this. Mayor Kernan stated that for a short time it would make sense to see what the numbers show to make sure the house in overtime on Saturdays and Sundays is paying off to that degree. Mayor Kernan stated that it tended to show this before in figures we had received, but this may be time to re-assess that. Mr. Moss stated that for Engineering page #11, we have reduced the budget from last year due to outside Engineering Services. It was originally budgeted at \$109,000 and we are projecting \$77,326 and we budgeted \$73,500 for next year, which still may be more than we really need. Mr. Moss discussed the software expense for the Finance Dept. of \$12,000. Mr. Moss indicated that this is to get the second half of Software Solutions Products. The payroll product was upgraded to the professional version of Egov. It was necessary because we could not keep up with the payroll processing requirements. Mr. Moss stated that we did not upgrade all of the software because we didn't want to spend the money at the time we had to upgrade payroll. As a result its like we have two (2) different programs running and they don't really talk to each other. Mr. Moss explained the General Government, page #13, and Mr. McGlone questioned the costs for elections of \$20,000 for next year. Mr. Moss explained that the costs of local elections are paid by the local governments, and its difficult to predict the costs associated including the Charter changes. Mr. McGlone stated that he just saw a memo from the Charter Review Commission that they want all Charter Changes moved from the primary election to the general election next year. Mr. Zita discussed the \$22,050 under #54451 and the fact that the previous spread sheet had \$19,600. Mr. Moss stated that was correct the actual figure is \$19,600 and we need to include \$1,000 for the costs of the Auditor of State, so \$20,600 would be appropriate and he would make that change. Mr. Pelot inquired about the total for the 2006 Estimate, and Mr. Moss indicated that there are some numbers here that are missing due to carryovers and other estimates. Mr. Pelot discussed the CCA costs on page #15, and asked how much additional

income tax money is coming into the city? Mr. Moss stated that he did not have this figure, however he would see that Council had this response. Mr. Moss did indicate that the revenue has been growing because of this switch to CCA. Mr. Jones asked about the JEDD Legal Defense amounts. Mr. Moss stated that this was an area that cause an unbalance between the requested amount and the total, it does not add up. Mr. Moss stated that it was originally \$200,000 for 2006 and a better representation of what the costs might be. Mr. Moss clarified that both of these columns should be \$200,000. Mr. Pelot questioned the retirement amount on page #21-Police for \$30,000. Mr. Moss stated that we have three (3) Police Officers who are eligible for full retirement right now. It has been reported that two (2) of these officers may retire next year so we took a stab at the retirement costs to the city per employee, which is where we came up with \$30,000, and this number is usually buried in the salary account. Mr. Jones inquired about a Drop Program, and Mr. Collins explained that there is. Mr. Jones asked how this works and if the city is involved in this program? Mr. Collins stated that the city is not involved, and quite frankly does not even have to know about it. It is something between the employee and the pension system. They agree to work so long after they say they are in the program, their money is frozen in an account at a certain level. Mr. Jones stated that he thought they could put away say 50% or so, and Mr. Collins indicated that he thought it could be all of it. There was discussion on the salary, overtime and total amounts and Mr. Moss stated that the Police Dept. budget represents 40.26% of the total overall budget in the General Fund.

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There was further review of the proposed 2007 Budget and discussion ended with page #25. Mr. Zita stated that we will need to meet again this Thursday, December 7, 2006 at 7:00 PM to wrap up the remainder of the review.

END OF 12/4/06 DISCUSSION OF BUDGET



COMMITTEE WORK SESSION DECEMBER 7, 2006

Committee Members Present: Ken Braman
Tom Jones-Excused
Dennis McGlone
Bill Mowery
Scott Pelot
James Price
Mike Zita

Also Present: Mayor Joseph Kernan-Excused
Claude Collins
John Moss
Jeff Pritchard
Karla Richards

The Committee Work Session convened on Thursday, December 7, 2006 at 7:01 PM, in Council Chambers of the Safety Administration Building. The meeting was called to order by Council President, Michael Zita.

Committee Work Session General Discussion:

2007 Budget:

Mr. McGlone opened the discussion and started with page #26—State Highway Fund, which he concluded, was mostly for road salt. Mr. Moss concurred, adding that is correct. This comes from revenue generated from gas tax, permissive license tax and motor vehicle registration. Mr. Moss stated that the city buys the salt and we treat the State highways with the money that is budgeted. Mr. Moss discussed DARE Fund-page # 32, and the revenue associated with this fund. Mr. Moss indicated that the revenue has not been there this year for this fund and did not have or know the explanation for this. Mr. Moss indicated that if this fund does not come back, it would dwindle down to zero in the next few years. Mr. Collins stated that occasionally when confiscated property is sold, the revenue goes into this fund. Mr. Moss stated that there are sufficient resources to fund that level of spending without any additional revenue. Mr. Zita stated that he would like to see the city possibly add \$2.00 or \$3.00 to the court fines to help increase the revenue. Mr. Collins stated that he would look into this. Mr. Moss discussed the Community Center Fund, page #36 and the fact that this fund operates in a loss and we had to transfer in \$39,000 from the General Fund for next year. Mr. Moss stated that the Historical House also could no longer operate without support from the General Fund. Mr. Pelot questioned the large increase under Insurance #54450, as it appears to be double since 2004. Mr. Moss stated that the year to date shown is through November 10, 2006. Mr. Pelot asked Mr. Collins to look into why such an increase, Mr. Moss stated that there were some improvements made to the facility for central air, which may have an impact on the property value, which could impact insurance costs. Mr. Pelot discussed the Court Computer Fund, page #43.

2007 Budget continued:

Mr. Pelot suggested using this fund to buy new computers every year and transfer the previously purchased ones to another department needing an upgrade. Mr. Pelot felt this would eventually have every department upgraded with newer computers. Mr. Collins stated that this could be possible, however there would be some costs associated with the department purchasing and receiving the slightly used computer. Mr. Zita discussed the \$3,233.50 for software, and Mr. Moss explained that this was for maintenance software and equipment use, and that it was appropriate to use money within that fund to purchase these. This is only a rough estimate for the projected needs. Mr. Pelot questioned if any other computers that access Mayors Court records would be permitted upgrades with these funds? Mr. Moss stated yes, however you have to make reasonable allocations of the costs, it must be a pure expense. Mr. Zita discussed the software and wiring upgrades and the fact that the Mayors Court also uses this room, and whether or not this expense could be shared between Council and the Mayors Court. Mr. Pelot stated the same thing with the listening devices, and that both would share that program, that he believed most courts have the listening devices available for the audience. Mr. Moss stated he would look into this, especially with the listening devices. When you look at Mayors Court time in the room versus Councils time, they may share more to the costs. Mr. Moss discussed the Road Program Fund, page #47, and the fact that we got started later this year than we would have liked and if we had started we would have paid a higher dollar for materials. The decision was made to hold off until next year. Mr. Moss indicated that some preliminary work was done with core sampling to drill down into the current road bed material and determine what is happening and how to correct that. Mr. Moss stated that for 2007 there is still is \$500,000 available for road programs, in addition to the \$285,000 for 2007. Mr. Pelot stated that he thought we had more set aside for 2006. Mr. Collins stated that he recalled Council passing an ordinance setting aside \$475,000 and we actually have a little more than that now. Mr. Pritchard stated that in addition we have another piece of legislation addressing when the General Fund reaches a certain level, a certain percentage of that level is to go directly into the Road Program Fund. Mr. Pritchard stated that even with this transfer, it is still an insufficient amount to properly address the roads. Mr. Pelot discussed a possibility of changing the tax credit to 1 $\frac{3}{4}$ % and the residents paying $\frac{1}{4}$, and asked how much money would this generate? Mr. Moss stated that he could only do an estimate, and Mr. McGlone stated that he believed Ms. Zerga had previously calculated this in the past. Mr. Pritchard stated that at some point the city may need to bring the road levy back out because even with \$785,000 you could literally use that entire amount just on one road. There was discussion as to what roads will be addressed in 2007, and Mr. Collins stated that he believed there were parts of Cleveland-Massillon Road, Summit Road, Hillsdale and Tallwood. There was discussion on the Meadows-Johnson Fund page #49, and Mr. Moss stated that this fund will be in year four (4) of 2007. Mr. Moss stated that the last communication from the property owners was that they are moving forward with this project in 2007. Mr. Moss stated that the estimated costs were projected three (3) years ago and the costs of construction have increased, this money may not be enough. On the fifth year, the city would need to close this out and assess the property for the costs the city has incurred. Mr. Moss stated that at that time if the city is confident that the project is moving forward they could renegotiate for another term. All we can do now is budget what was originally budgeted and go from there. Mr. Collins stated that the city has an agreement to attach the property if they don't pay it off in the five (5) years. There was discussion on the Capital Land and Improvements Fund (generally referred to as the Park Fund).

2007 Budget continued:

Mr. Moss stated that due to the increase in the Time Warner fees, we should see about a 40% increase in the revenues here. Mr. Pelot discussed park equipment and inquired as to how long playground equipment lasts, and if the Parks Board has any specific plans? Mr. Pritchard stated that we have a pending grant for equipment, and the Parks Board has a so called wish list to replace equipment at various parks, improvements such as permanent restrooms, hiking trails, etc. Mr. Collins stated that in the seven (7) years that he has been here, we have spent zero on park infrastructure other than the tennis courts and ball fields, nothing for equipment. There was discussion regarding the Service Garage Fund, page #51. Mr. Moss indicated that in order to purchase the current facility in 2008 he calculates we will need to finance \$188,299.61. Mr. Moss stated that the loan payments for that amount would be much less than the current lease payment. Mr. Pelot discussed other potential uses for this facility or property and thought that if we could establish other uses, maybe we could seek grant money to help offset the costs. Mr. Moss stated that he was not aware of any other potential uses. There was discussion on the Capital Equipment Fund, and Mr. Pelot stated that he would like to see the city purchase leaf-vacuuming equipment in the future. Mr. Moss stated that the costs would be very high because the maintenance is very high on this type of equipment, it really takes a beating. Mr. Price asked what is the Certificate of Resources? Mr. Moss answered that this is what is authorized to be spent in a calendar year. Mr. Pelot thanked Mr. Moss for providing the additional projected columns and suggested adding one more for long term debt that would show the exact date of payoff. Mr. Moss stated that he agreed with this concept and would provide this information in the future. Mr. McGlone moved to add this legislation to Councils next agenda, waiving second and third readings, seconded by Mr. Price.

Roll Call: Yeas: McGlone, Price, Braman, Mowery, Pelot, Zita
Nays: None

Motion passed 6-0.

Adjourn

There being no other business to come before the Committee Work Session, the meeting was adjourned at 8:14 PM

Michael Zita, President of Council

All Committee Meetings will be held at the Norton Safety Administration Building, unless otherwise noted. If you do not have access to Time-Warner Channel #15, you may request to view a copy of any VHS recorded meeting in Council Chambers. Please contact Ann Campbell in the Administration office to make the necessary arrangements at (330) 825-7815 ext. 14.