

COUNCIL BUDGET WORK SESSION

MONDAY, OCTOBER 22, 2018

5:30 P.M. PROMPT

*** * * * ***

• BUDGET HEARINGS

- 5:30 P.M. FIRE DEPARTMENT**
- 6:30 P.M. SERVICE DEPARTMENT**

PLEASE TURN OFF ALL CELL PHONES BEFORE MEETING
(Council Minutes and Agendas posted at www.bedfordoh.gov)

Bedford, Ohio

October 22, 2018

Bedford City Council met in a work session at Bedford City Hall on Monday, October 22, 2018 at 5:35 p.m.

Present: Council Members: Mayor Stan Koci, Sandy Spinks, Walter Genutis, Victor Fluharty, Paula Mizesak, Heather Rhoades, Don Saunders. Also Present: Clerk of Council Pro-Tem Michelle Hollo. Administration: City Manager Mike Mallis, Finance Director Frank Gambosi, Assistant Finance Director Jennifer Howland, Fire Chief Dave Nagy, Assistant Chief Shawn Solar, Service Director Clint Bellar, Superintendent of Public Works Shawn Francis. Absent: None.

Mr. Gambosi gave a brief synopsis of the City's financial forecast. With careful spending and increased collection of income taxes, the City could break even. Right now, he is forecasting a \$136k deficit. The individual income taxes, real estate revenues and net profits have decreased. The average income of residents is decreasing and property values have not yet recovered. The County is currently reviewing those who have contested the new property values from the recent appraisal. Mr. Gambosi should have those final numbers at the end of December. The water and sewer funds are doing well. He is optimistic if development happens at Meadowbrook and Tinkers Creek Commerce Park, 2020 is looking better.

Mr. Mallis further explained that to break even in 2019, there will be no major equipment purchases department wide. Although the tax increase passed, our finances are still fragile. The negotiated wage increases and the unexpected loss of U.S. Bank are factors in cutting the equipment purchases. The equipment cuts will be discussed in further detail during each Department's budget hearing.

Budget Hearing – Fire Department

Fire Chief Dave Nagy and Assistant Chief Shawn Solar in attendance to present the 2019 Fire Department appropriation budget.

Chief Nagy stated the Department's protocol is pre-hospital EMS. The paramedics are bringing more people back from cardiac arrest and doing more with administering pharmaceuticals. There was not a rescue at Viaduct Park this year. The rescue trailer is gone and the 1994 ladder truck now carries all rescue equipment. With the Eagles donation, the Department purchased a cutting edge cancer prevention "sauna". Assistant Chief Solar is continually looking for and applying for grants. Effective November 1st, the Department will be paperless because the Chagrin Valley Dispatch Center is going to a new record management software. A \$1,500 grant was received toward our share of the costs.

Chief Nagy is spearheading the project to switch from Code Red to 911 Cellular. The City will save approximately \$8k a year. Code Red would not allow the City to upload resident information into the 911 Cellular database. Residents will need to sign-up with 911 Cellular. The Recreation Department will help seniors sign up.

Discussion held regarding the line item Overtime and Education. Chief Nagy explained that the firefighters/paramedics are required to obtain 92 hours of training every three years. By contract, a portion of these training hours is available through overtime. The amount of \$45k was reached by taking 1/3 of the hours and multiply that by the number of personnel.

Mr. Gambosi explained that the Bond Retirement Fund pays for equipment such as a fire truck and ambulance. The City borrows on it over a period of time. \$103k was budgeted for 2018 but year-to-date spent is \$74k. Chief Nagy stated he has not replaced as much gear.

Mr. Gambosi explained that the Refunds line item is used when the City collects payment for an ambulance service in error. For example, an ambulance bill was sent by the City of Bedford Heights, but the payment was sent to us. We refund that payment to the issuer.

A question was asked that in comparing 2018 and 2019 wages, the 2019 wages are lower although wage increases have been negotiated. Mr. Gambosi replied this is because there is an extra pay (27 pays) in 2018. Most years there is only 26 pays. Regarding year-to-date total, Chief Nagy indicated that sick leave conversion, paramedic pay and other contractual payments have not been paid out yet this year. Chief Nagy is not expecting any retirements in 2019.

Inquiry regarding overtime and the amount budgeted is low compared to actual overtime used this year and previous years. Chief Nagy clarified that one of his firefighters is also a certified fire vehicle mechanic. This employee uses \$30k-\$35k of the overtime. It has been determined this is cost effective versus taking vehicles to a shop and having the vehicles out of service. Overtime also covers staffing for injury leaves, sick time, and rescues. The past rescues at Viaduct Park were substantial overtime. The Federal government will be reimbursing the City for Lt. Harting's overtime due to his going to Florida for the two recent hurricanes. Discussion held regarding if there is a plan to reduce overtime in the Fire Department. If there is not a plan in place to look for ways to decrease overtime, the Department will go over this recommended budget amount. Mr. Gambosi stated it was decided to budget below for now. If the Department goes over this budgeted amount due to unforeseen circumstances, i.e. illnesses, injuries, the General Fund will subsidize.

Question regarding \$1,300 decrease in Professional Services. Chief Nagy explained they no longer have MDTs. Question regarding increase in Rents, Leases & Maintenance. Chief Nagy stated the State of Ohio increased the annual fee for the Mars radio system. This radio system is digital, works statewide, and even works in ravines so it is well worth the annual fee. It was noticed that the spending is not near the budgeted amount in Chemical Hardware & Supplies and Vehicle Maintenance. Chief Nagy explained they review supplies and stock up near the end of the year. Vehicle maintenance is unpredictable. Chief Nagy said they had a good year maintaining the vehicles. Fire Pension equates to 24 percent of payroll.

Discussion held regarding ambulance fees. Mr. Gambosi said according to Great Lakes Billing, our fees are above average. He will be checking with Great Lakes in the near future to see if it is time for a fee increase. It has been a couple of years. Medicaid pays \$100, Medicare pays \$180 and an insurance company such as United Care or Medical Mutual pays between \$450-\$650. The law is a resident or a person who works in Bedford is paying taxes for services. Once Medicaid, Medicare or private insurance makes a payment, the bill is considered paid in full due to taxes one has already paid. For a non-resident, the City has the right to collect any balance not paid by insurance because this non-resident has not paid taxes toward the service. The City contracts with the Attorney General to collect delinquent balances. The current year-to-date is \$10k. The fees collected are in the General Fund and will be transferred to this fund at year end. Based on history, \$120k-\$145k is expected this year.

Inquiry regarding heroin overdose calls. Chief Nagy stated these calls have had no impact on the bottom line. The City does not pay for the drugs. The Department averages 15-20 minutes on an overdose call.

Mr. Gambosi stated that because of the property values dropping, the General Fund is paying more for the Fire Department. The property tax collected from the paramedic levy used to be as high as \$700k. Mr. Gambosi estimates \$596k in 2019.

Discussion held regarding future equipment needs. Chief Nagy stated the Fire Department has an expensive fleet. There needs to be a plan in place on how to replace these vehicles. The Department is one year overdue on a new pumper. Right now, we will get the most value on a trade-in. Chief Nagy estimates the City has spent \$80k-\$100k on maintaining the pumper. The engine has been rebuilt twice. A pumper would cost \$613k and estimated trade-in \$130k-\$140k bringing the estimated cost for a new pumper down to \$480k. Each year this purchase is delayed the price goes up and the trade-in value goes down. In two years, a new ambulance is needed. There is currently a 1998 ambulance that no longer is rotated into service. Ambulances should be replaced every five years. The mechanics do a great job maintaining them and keeping them running. Discussion continued about the possibility of setting money aside to pay for this equipment. Mr. Gambosi explained factors involved such as the City's five-year plan, the increased millages but reduced property values, increased income tax rate but lower incomes, loans and bonds. Bonds are limited to valuation of the City which has dropped. Fire vehicles cannot be leased. The Administration will continue to look at equipment replacement for all departments.

Discussion held about the future of Fire Department redistricting. Chief Nagy is of the opinion this will not happen. Our Department works well with neighboring cities for mutual aid.

Budget Hearing – Service Department

Service Director Clint Bellar and Superintendent Shawn Francis in attendance to present the 2019 Service Department appropriation budget.

Mr. Mallis began discussion stating the Service Department personnel was reduced six employees starting approximately 6-7 years ago. There were no layoffs but staff reduced due to attrition. There will be no equipment purchases in 2019. Challenges are the aging sewer and waterlines. The estimated cost to replace a waterline is \$1 million. Positive points are the Department has a new GIS system and the road program is back.

Mr. Bellar stated it has been challenging to provide the same services being down employees in his department, but he has done, and will continue to do, what needs to be done to continue to provide services. He has 14 employees to do sewers, trees, chipper, road repair, road grinding, crack sealing, repair catch basins and sinkholes. In the summer with vacations, he only has 11 employees. Three days a week, two employees are assigned to sewer calls.

The Department has been working on trying to solve storm and sanitary sewer problems. As we fix the City's end of the sewer, we are sending letters to homeowners advising them to repair their end of the sewer. Sewer calls use manpower that could be used elsewhere. Letters are also sent to homeowners who will not repair their sewer, but continually call the Service Department. Dominion offers a program for sewer line repair. The City has recently started working with Cuyahoga County to clean out tree roots in city sewers in problem areas. The County has better equipment and can do the work faster. The County charges \$300 per hour.

Years ago the City spent \$140k on hiring a contractor to do tree work. The cost to run the program in-house is approximately \$70k-\$80k. Two employees are assigned to do tree work, one employee is an arborist and the other employee assists.

Mr. Bellar explained to Council when he submitted his Cemetery budget, he inadvertently figured 27 pays instead of 26. This is why the City Manager's column is lower on his personnel numbers. Overtime is for staffing Saturday funerals. There is an extra charge on Saturdays. There was discussion regarding the possibility of mausoleums. Mr. Bellar stated the estimated startup cost would be \$300k-\$400k and he did not think we could pre-sell enough to raise the startup costs. Mr. Bellar stated there is plenty of space

left at the cemetery and has no concerns space would fill up. Seasonal employees were hired in the summer to cut grass and weed whack. It was noted electricity costs have increased. A phone is necessary at the cemetery because funeral homes call there and not to the Service Department. Other frequent calls include those relating to genealogy research and where people are buried. Vehicle repairs are for a backhoe and a truck.

There was an inquiry regarding low year-to-date total in Professional Services in Park and Public Lands. Mr. Bellar explained that City Council only recently approved a \$14k contract with Nick's Tree Service. The City contracts with Nick's Tree Service to remove large trees that cannot be safely removed by the in-house arborist. Electric payments included electricity used at Bedford Square and 120 Solon Road. Mr. Bellar will be using funds from Chemical Hardware and Supplies to purchase LED lights.

Service Department overtime is a best guess. Most of the overtime is for snow plowing the roads. Chemical Hardware and Supplies is used for castings.

State Highway is one of the accounts for purchasing road salt, along with Street M&R and Motor Vehicle License Tax. \$30k is budgeted from this account for salt and \$20k for line painting. Though the Department has a 1991 truck and a 1996 paint sprayer, it was hired out this year to a contractor who was able to do the work faster.

Street M&R has nine seasonal employees. Discussion held about phone payments. This is for a landline at the Service Department and cell phones. Fuel payments for all city vehicles is paid out of this fund. A portion of the road salt purchases comes out of the Streets line. Mr. Gambosi explained that there is \$50k encumbered for salt that will be carried over to next year. Bridge Repairs has not been used this year. Mr. Mallis explained it may be used. He is trying to have ODOT make repairs, but the City may have to take responsibility. Mr. Bellar stated this account is also used for replacing railings and culvert clean outs and repairs.

Discussion held regarding future equipment and vehicle needs. Mr. Bellar had requested \$544k in equipment but only \$10k is budgeted for 2019 for upgrading diagnostic equipment. Mr. Mallis reminded Council he recently shared pictures with them of the cracks in the 1991 Vac-All which is used to clean out catch basins. The cost to purchase a new Vac-All is \$300k. Other future equipment needs that must be considered will be replacing a 1998 salt truck and plow (\$135k), dump truck (\$70k), and pickup truck (\$30k). The chipper and stump grinder are working well.

Under Capital Improvement, \$10k is budgeted to have Cuyahoga County clean out sewers in problem areas. Their cost is \$300 an hour. Mr. Mallis stated that the City will again apply for the grant for crack sealing. The City received \$25k this year that was used to crack seal Columbus Road and Rockside Road.

Mr. Gambosi explained the Motor Vehicle License Tax is from the State and the voters approved a \$5 additional County tax. This fund is for maintenance of state routes and used for road salt purchases.

Discussion held regarding the Refuse fund. Every August 1st, the contract has a price increase. Mr. Mallis explained that representatives from the Solid Waste District presented at a recent Mayors and Managers meeting. Because of improper recycling by the public, prices will be increasing. China is no longer taking U.S. recycles. Cities that will be going out for bid are going to see prices skyrocket. Mr. Mallis stated we have an option to renew in two years and suggested to do the renewal. Mr. Bellar stated the improper recycling he has been advised about is yard waste, styrofoam and plastic bags. Other issues affecting costs are move-outs and people dropping off garbage from elsewhere. Mr. Bellar and Mr. Francis do watch for this.

The Water Department has one seasonal employee. They are working on updating the GIS system. The maps are from the 1930's. Phone payments are for the Water Department extensions and cell phone for Water Superintendent. In the Cleveland Water Bill line, less has been requested. Numerous cracks and leaks have been fixed and slow residential meters have been replaced. We are now billing out in the 80 percent range. Once Xellia begins manufacturing, this line would need to be increased. Indirect costs allows the City to charge a percentage of administrative employees' salaries to the water and sewer fund and these amounts are returned to the General Fund. This occurs at the end of the year so the year-to-date is currently zero. The Debt Retirement Principal and Debt Retirement Interest are for Washington Street waterline improvement payable for 20 years and we borrowed five years for the water meter replacement project. Funds were budgeted for valve replacements in the Five Points area on Broadway, but that project has been postponed due to applying for the Connector Project grant. The Art of Beauty waterline improvement is not yet budgeted. The numbers are currently being determined. Mr. Gambosi will adjust the budget when known.

Overtime in the Waste Water Department is to staff the plant 24/7. They are currently down one employee and are in the process of hiring. There are problems with the digester. Screens are needed to keep items such as rags, diapers and wipes that are ending up in the sewer system from getting caught up in the digester. Indirect Cost allocations also apply to the sewer fund. The Debt Retirement Principal and Debt Retirement Interest are for several waste water projects in the amount of \$3.5 million. Mr. Bellar stated the vehicles and equipment are in good condition and nothing will need replaced soon.

Discussion held regarding Capital Projects. There is a need for a new salt shed. A place is needed to build a larger one and various locations were suggested. Archer Road water issues were discussed and the current status is we are working with the City Engineer to model the system. Chip and seal was done on the cemetery road this year. The wrought iron fence was removed and trees were planted. A new wrought iron fence would be approximately \$119k. Cannot use aluminum because of the road salt and oxidation.

Mr. Gambosi stated automobile license fees and gasoline taxes collected are in State Highway, Street M&R and Motor Vehicle License Tax. The County collects an additional \$5 fee which we receive \$90k a year. The street lighting assessment collected is 1.7 mils. The County collects the \$14 a month refuse fee and the year-to-date total depends on County collections. The average collected annually is \$725k. In the Water Department fund, Mr. Gambosi explained he is estimating revenues the same amount as 2018 although there is a rate increase in 2019. The estimate revenue is down this year. The Waste Water Department fund is being estimated higher due to rate increase. The Cemetery Trust receives very little revenue and interest on money in the fund.

Meeting adjourned at 8:28 p.m.


 Clerk of Council Pro-Tem


 Mayor – President of Council

CITY OF BEDFORD, OHIO

BEDFORD CITY COUNCIL WILL HOLD **BUDGET WORK SESSIONS**
ON THE FOLLOWING MONDAYS: **OCTOBER 22, OCTOBER 29 & NOVEMBER 26,**
2018 IN COUNCIL CAUCUS OF BEDFORD CITY HALL AT **5:30 P.M.**

THIS NOTICE IS BEING POSTED ON **TUESDAY, OCTOBER 16, 2018**
AT THE FIVE MOST PUBLIC PLACES IN THIS MUNICIPALITY AS FOLLOWS:

- Location No. 1 - Bedford City Hall
165 Center Road
- Location No. 2 - Southeast Branch, Cuyahoga County Library
70 Columbus Road
- Location No. 3 - Bedford Recreation Center
124 Ellenwood Avenue
- Location No. 4 - Board of Education Administration Building
475 Northfield Road
- Location No. 5 - Glendale School
W. Glendale and Turney Road

Lorree Dillers

Clerk of Council