

**Council Work Session Minutes
November 20, 2023**

PRESENT: Council President Rounds, Councilmen Haase, Stavole, Councilwomen Maruschak, DeSouza, Durichko; Clerk of Council Allen. Absent: Councilwoman Walsh.

ADMINISTRATION PRESENT: Mayor Gallo, Finance Director Iaconis

The meeting of November 20, 2023 was called to order by Council President Rounds at 5:30 p.m.

Pledge of Allegiance was spoken.

Council President Rounds began with 2024 Budget Discussion. He asked if Director Iaconis would prefer to begin with answering the questions that were sent over to her?

Councilwoman DeSouza agreed that that might be a good place to begin because it could cover most of the questions.

Director Iaconis began with the legal-size sheet handout; you can see the actual vs. what was budgeted back to 2005, our total revenues and expenditures each year. You can see that we are pretty level with our revenues because we wanted to look at this graph. I wanted you to see that we are pretty stable with a couple out layers being debt issuance. It's kind of higher in 2020, 2021 those years are going to be higher because of the Corona Virus and ARPA funding that we received. If you look at the graph, I had it with 2021 data, I changed it to our 2022 totals and the percentages were all basically identical in how it breaks out. 45% of our revenue comes from income tax and that can fluctuate based on incomes, businesses in the community but it has been relatively stable. If nothing else it does increase little bits with the cost of living, we get across the board. Property taxes are the same, 22% of our revenue. That is also something that increases especially after the tri-annual evaluation of property. The 2% we get from Cuyahoga County is mostly related to local government funding and the state, they have a portion of local government funding we receive from them, gas tax, state highway. You'll then see grants make up a huge amount for us. This is pretty common year-after-year. We get quite a bit for the Senior Center, Western Reserve, CDBG, CDSG. We've been very successful, and also grants for the police and fire departments. That's an avenue pursued very heavily.

Council President Rounds asked what kind of income might fall under miscellaneous? That's not in any of these other categories?

Director Iaconis responded EMS revenues, which is fairly large between \$800 - \$900,000.00. Building Department; permits, inspections, Mayor's Court; court fines, the pool memberships, concessions, anything else that we charge a service for.

Council President Rounds asked to go back to the legal sheet.

Director Iaconis stated that one of the questions she received was per department how many employees there are? The director then went over each department as listed on the handout provided at the meeting.

Council President Rounds asked to go back to the top of the legal sheet where we see revenues and expenditures, there are years that our expenditures exceed our revenue, what do we do about that and how

does that happen? In the school system by law, they have to balance their budget, so how does that work for us? Are we using carry over funds from a previous year?

Director Iaconis responded that when we were getting into the ARPA funding that was an anomaly for us. That creates a bumper if you will, that has a larger fund balance that isn't going to occur again. One time money, that has to be spent and if we have one big project but our revenues are not going to increase anymore, yes, we are going to have a deficit.

Council President Rounds asked if you look at 2020 and 2021 and we have \$3 million dollars that we haven't spent, it makes sense.

Director Iaconis responded if you look back further there are some years that debt was taken on for things that maybe we shouldn't have issued debt for, that should have been something that we could have handled within the operating budget. But there are occasions that happen where you really have no choice, especially with a city with limited revenue resources. If there is an emergency and we have to continue with operations, we are left with little to no choice but to stay at that level in order to operate. We have spent quite a bit getting us to a much better position, all of our departments are very thankful to council and the mayor. Next year should be much more conservative budgeting because we already do have a lot of new equipment and it's put us in a great place for a rotation of replacement. We were a bit more reactive in the past and not looking as being proactive.

Council President Rounds added that at any given time we also are carrying a balance. A fund balance that is sitting there and we're not always tapping into it. It's sitting and accruing it, we pull it when we need it, but it builds when we don't need it, correct?

Director Iaconis responded exactly. The General Fund is where we're going to have the largest balance. I can go run it off so you can see where we are currently.

Mayor Gallo added that we can get that information it to you.

Director Iaconis stated that everything is accounted for, you can see it in each fund. Yes, that doesn't mean that all of those dollars are appropriated or going to be used, the goal is to build it up every year. Sometimes there are timing issues with reimbursements. We were awarded the ARPA funding through County Council when they gave us a million dollars. I think that was awarded last year, but we didn't receive it until 2023. There's always timing issues.

Mayor Gallo added that we have internal discussions on these issues, this goes back to when I was on council. Police and Fire are responsible for managing overtime and like the director said things come up, on duty injuries and things that are beyond a city's control. Going forward we are looking at a more conservative budget and the directors and the chiefs know that. With the increases that were given to manage these departments better, it should work out. I'm really getting a handle on the overtime, for example, training. Any training that's mandatory to be a commissioned officer or maintain status of a firefighter, they have to do it on their time. Sometimes it can't be helped but anything outside of that. Any training is good but if there's something like hose training, something that they already know about but they see it's being offered, let's do this it's overtime, you already know this, we aren't paying \$3,000 for this. We're really cracking down on things. In the past it was just done, and I'm talking the past before me, but since I've taken office, we've really honed in on some of these issues.

Council President Rounds took a moment to see if anyone had any other questions on the legal sheet or the graph?

Director Iaconis began with the questions provided ahead of time by council. Recreation a decrease in the whole budget from 2023 to 2024? That is in part moving one person who ended up going part time and moving her into the Parks and Rec Fund and then only having the two full time employees budgeted in the Recreation Department in the General Fund.

Council President Rounds added that he found it interesting that the actual programming doesn't come out of that fund, those line items there.

Director Iaconis explained that the only thing that is in the General Fund related to recreation is their salaries. Everything else, programming, all the sports programs are paid out of the Parks and Rec fund. I think in part because we do have specific funding sources that are earmarked for specific parks and rec so that is a way to be sure that those funds are used for the correct programs. The full-time building and year-to-date salary that was shown in building and services is related to the contract for the engineer. The Mayor's Office Staff has changed from moving Dan into her budget and also Sandie, the Receptionist.

Councilwoman DeSouza asked to go back to Engineering Services, the fee went down quite a bit?

Director Iaconis stated that everything we do is based on projects and it's also because they are on a partial salary but there's more included in what they charge for. They are not billing us for everything, we have what's included with the salary.

Mayor's Court bank charges year-to-date why it was so high? We are in the process of moving banks, it's a pain staking process. That is one of the first things when I started here noticed we had accounts in four different banks and the fees were outrageous because we weren't carrying a minimum balance in any of those accounts. Mayor's Court is my last one to move over to decrease those fees.

Council President Rounds asked what is indigent counsel that's listed under Mayor's Court? Is that when someone can't represent themselves?

Director Iaconis responded yes. The in general admin 790 professional technical services year-to-date and the 2024 budget accounts, this is where a lot of our contractual services falls, negotiations we've had quite a bit there. Our IT providers, any general electrical maintenance, HVAC, general maintenance.

Council President Rounds stated that that shows up under multiple categories under the budget are you tracking what to charge to each department?

Director Iaconis stated that it depends on the situation. We try to put as much into the general categories as possible unless it is absolutely related to a want in another department.

Council President Rounds asked about election expenses, what is that?

Director Iaconis responded that they are charges for fees for the general election. Putting things on the ballot, charter review changes. We haven't gotten a bill for this past election yet, it's not posted yet, but next year there will be. It's based on the turnout, and how many changes we have. They staff your locations; they bring in their equipment.

Councilwoman DeSouza asked why the medical went up so high on custodial?

Director Iaconis responded that she is married to a former employee who's medical used to be under his budget item, and he is no longer employed. So now it's under her. It's really like a zero-dollar transition.

Council President Rounds then asked if when medical hospitalization charges are low is this based on actual claims?

Director Iaconis answered yes. We post actual numbers in the self-insurance fund. Then each month based on that and Cobra rate plan you are on and how many people are covered. That is then applied and charged to each department.

Mayor Gallo added that with the retirees in police and fire, because of the pension system, many are opting to stay on Cobra, so we're still paying for that even though they are gone for up to 18 months.

Director Iaconis added that they are paying quite a bit for the Cobra coverage but then they are still on our plan and they are getting good coverage and cheaper than getting their own plans.

Councilwoman DeSouza asked to go back to Tax Collection Fees? What is that for?

Director Iaconis responded that RITA takes a percentage for the collections. They give us a general estimate at the beginning of the year and then at the end of the year or beginning of next year, they do a reconciliation. Both years we have received a substantial refund back which is applied to those charges based on our transaction volume.

SCMR there was a question about the retro-active pay that is really all contractual once you ratify their contract, they did receive their retro back to the first.

Councilwoman Maruschak asked if the personnel full-time, is that difference is for one person?

Director Iaconis responded yes, from \$909,000 to \$1,600,000. It is, it's also considering partial years for some of the retiree and then a new person and then there is a contractual increase that was effective the beginning of the year as well.

Council President Rounds asked where we see sick leave payouts/vacation pay, is that retirees that are leaving?

Director Iaconis responded not necessarily. We don't budget those wages at the top that show personnel services. Those are all encompassing as if we were at a 40-hour work week no matter what, doesn't include any of your paid time off. It's then throughout the year when it's actually utilized that we post it to the correct accounts so that we can tract the amount of sick time used/vacation time used. Then there is vacation pay out those people can elect to cash out some vacation in some departments. Generally, when its sick time pay out that would be for retirees specifically.

Councilwoman DeSouza asked under SCMR operating supplies and materials, we went from zero to \$38,000 so far this year?

Director Iaconis responded that I don't think we had a general account because we've broken out all supplies and materials to start the year. The concrete budget did go up substantially and that's because we were awarded a grant from the County for Ridgewood, so we are in the process of applying for that reimbursement now. We're at \$96,000, I believe, so that will be applied in their fund and also in State Highway. Parks Maintenance I want to get with the Director and figure out what makes more sense, I

think initially we tried breaking it all out so it looked very clear what was parks, field maintenance, pool related, concessions. It all got lobbed together. Eventually everything comes out of that fund related for the Rec. Department. Senior Center did increase, she added some additional part-timers such as drivers.

Councilwoman DeSouza asked about Parks materials for concessions, all of a sudden, we have big....

Director Iaconis replied again I want to talk with the director and look at it again, because I swear, I moved them to another category but I may have to make a small adjustment there.

Councilwoman DeSouza then asked about personal services part-time, there's two different line items there?

Director Iaconis replied they wanted one that was going to be "lifeguards" in this line item. This other part-time these are going to be the "park maintenance – seasonal" so it's not just split out in a very clear manner and I want to look at that again.

Councilwoman Maruschak asked if we could put a dash to put which one it is?

Director Iaconis said yes, that's on the to do list.

Councilwoman DeSouza asked about the Senior Center part-timers, almost doubled from 2023 – 2024?

Director Iaconis responded she did have more staff this year, there aren't any major pay increases except with the drivers and kitchen staff.

Councilwoman DeSouza what about the office?

Director Iaconis added that everybody that was part-time and then in discussions we've ran some numbers. We are going to apply all the non-bargaining employees and they will receive a 2.5% increase.

Mayor Gallo added please remember they've gotten zero over the past two years.

Councilwoman DeSouza and does this part-time also include the instructors?

Director Iaconis responded that they are paid contractually so they'll be a 1099 employee. That is not included in this line item.

Councilwoman DeSouza asked for contractual services custodial at the Senior Center, do we clean the first floor or does the building management clean it?

Director Iaconis responded that is something we were paying for cleaning services from The Educator. We didn't feel it was being kept up adequately, so now our full-time custodial employee is cleaning regularly and we're not paying for those services any longer. We found out that Trish wasn't getting the support so The Educator and the Mayor got on that right away.

Council President Rounds asked if that the one person in custodial is taking care of the Senior Center, City Hall and Cassidy?

Director Iaconis responded it will include Cassidy. She is here at City Hall each morning and then a few times a week she goes to the Senior Center.

Mayor Gallo added that we gave her an increase and we are in the process of trying to hire somebody to clean the police station and pick up some of the slack. Right now, our laborers go there when needed to the Police Department to take out the garbage. It's extremely difficult to find cleaning help. She's great, she was cleaning the police station, senior center, she's very good.

Councilwoman DeSouza asked if we had a specific person for the police station?

Director Iaconis responded yes, he was furloughed during Covid and transitioned back to Parks and Rec.

Mayor Gallo added that the Fire Department handles their own, as they should, they live there.

Director Iaconis added that Service handles their own too. Fleet maintenance, there was a question about sick leave? I think that occurs naturally throughout the year. All the retro pay is related to our bargaining agreements, hopefully you won't see this anymore unless we miss somebody's anniversary date by a month or something.

Council President Rounds so if the agreement expires June 30th and you're still negotiating in July and August, then it's retro-active. I had a question under Bond Retirement, has nothing been paid yet?

Director Iaconis said it comes at the end of the year. And when you said that, I looked back and we paid it on the November 21st of last year and so we got it today. It's on my desk.

Council President Rounds confirmed it's a once, end of year bill.

Director Iaconis responded yes. We went over the medical costs for Police Emergency Responder pay, that is different from overtime. You will see that they have emergency responder pay, even though they are emergency responders they get paid additional.

Mayor Gallo add that this is one of those pay types that has been in the contract, it's 6% of their base salary.

Director Iaconis added that this was in one contract then when all the me-too got in, everyone else added it. That's something that we're going to be focusing on in this next contact negotiation.

Mayor Gallo added the Service Department agreed to CAP it. It is no longer percentage based. Going forward that is our intention with the unions because there comes a point in time where the perception is terrible. That is an item we will be bringing up at the bargaining table next time and hopefully we'll be successful. First responders shouldn't get responder pay. All of the bargaining unions know how I feel about that. Now that we're back on the cycle of providing increases, over the years in negotiations we can't give you an increase but we'll give you this? We would have been better off giving increases. My intention is to try to get them out but as you know it's part of the negotiations, the process takes time. I'm optimistic that we'll get to that point.

Council President Rounds asked if the unions know that's an issue?

Mayor Gallo responded yes; the unions know.

Director Iaconis in the job certification pay kind of the same thing. Along the same lines and was discussed in negotiations. You have to have these certifications to do your job but yet we're going to pay you to get them. That will be another focus heading into the next bargaining.

Mayor Gallo asked to go back to the value of me-too clause, the way it was written is that they can cherry pick benefits from other contracts.

Director Iaconis added that the employment testing in the police department, this if for promotional testing. You will have the chiefs testing this year and possibly the sergeants testing.

Mayor Gallo added that Captain has a potential of having a test for that as well, it's still a classified position, Lieutenant tests are higher.

Director Iaconis commented that the amount of K-9 spending is low, without knowing exactly what to expect we budgeted high. We do get quite a bit of donations so I'm going to take the budget down to half of what it was and then we'll see how it kind of plays out. We are really just paying for his vet, grooming, doctors' appointments. It hasn't been as costly. We get a lot of food donations.

The deer culling comment that that seemed low, it does because the major cost related is personnel. Some at straight time, some translates to overtime to run the program. Roughly \$50,000 is the overtime associated with the program for the police department.

Council President Rounds asked if it was possible to list that separately? This way we know deer culling overtime is blank, but regular overtime is blank?

Director Iaconis responded yes, we want to break it out and then also move it to safety. There are a few different options but to make it a little clearer what it is.

Mayor Gallo mentioned that there is overtime for other programs such as the parade. We'll be listing all the overtime in separate line items to make it as clear as possible.

Council President Rounds asked if police and fire receive overtime for the parade?

Mayor Gallo responded mostly police, potentially fire but I don't foresee that. The Chief and Assistant Chief volunteer to drive for the parade. It's the entire police department because of closing streets, and the Service Department as well.

Councilwoman DeSouza asked when events are going on for the Recreation Department, like Creatures in the Commons, is that all overtime for all those employees?

Director Iaconis responded some, there are some that donate their time. If there are people on duty, we're not paying overtime, but in some cases, it does create some overtime.

Mayor Gallo added that going into next year's budget we plan on being much more conservative and this will be managed much closer. They are not all overtime, some of them like she said are coming over while they are on shift, but again that is a discussion in the past the oversight wasn't there. Little things like that really add up over time. If you have 3 or 4 big events throughout the year and the police and fire want to attend, and we pay overtime and there's no restrictions that becomes a big number. We will be cracking down on that. Don't get me wrong we want them there, but we don't need as many employees as we've had in a lot of instances. This will be handled in our internal discussions and the chiefs will monitor them. They will be responsible for this.

Council President Rounds made a suggestion that we staff a certain number and anyone after that is volunteer.

Director Iaconis added that it's going to take time to make the changes. The mentality with this obviously in hind-sight is 20/20, I would do things much differently. There was a tipping form for the previous director, where he would allow up to a certain amount and then he would suggest hiring a full-time person. He thought there was balance there. I disagree with that mentality for a few reasons. Safety wise, no one should be working so many hours in a row, but it's also created the mentality of kind of blasé-fair attitude with overtime because that was always instilled. You're going to get it because they're not going to hire anybody so just run wild.

Council President Rounds stated that council has seen charts that the numbers of overtime pay were almost equal to salary pay, they were really just cashing in on each and every overtime opportunity they could. Many times families start to budget their expenses based on that, that inflated number becomes their household income.

Director Iaconis stated that that change in culture is a hard adjustment because it's not what they're used to and they've been doing it for many, many years. We have stated in negotiations, we want to give you more money but we need this overtime amount to go down. I want people to work safely, not having to depend on overtime, we want you to have a good salary and be compensated fairly. We're grateful for the years that we have had the people to cover that overtime. We're getting there.

We haven't done any of the Workers Comp. allocations yet, so they'll be zero for this year. It's in its own fund and we'll go back and charge the departments, same thing with fleet maintenance. Those charges are all going into the maintenance fund and then those will be allocated to each department. Predominantly we have the same mechanics working, same departments so that we can accurately charge the departments.

Council President Rounds asked about the amount of cost the police and fire departments put into repairs and maintenance of the building and land? I know the building is in dire straits and needing repairs. Is this update including flooring and windows?

Director Iaconis responded that yes in 2023, and there were a couple times we opened something up and then wish you hadn't opened it up because now you have something else to address. Some of these projects turned into more electrical or maybe bring something up to code, or this isn't functioning correctly, so some of the projects have gotten a little bit larger than expected.

Council President Rounds asked when that happens in the police department budgeted \$3,000 but the year-to-date was \$53,000 and, in the fire, it was budgeted \$10,000 but they spent \$20,000. There is conversation about it, they're just not spending to spend? They work with the chief and....

Mayor Gallo responded that no one in the city under me has the authorization to spend any money before they come to me and there's internal discussion. No one has the authority to sign contracts. There's a check and balance. Here's an example, right now there are plans to in 2024, and we've budgeted to knock down the wall at the shooting range that our officers use and other departments in the area use. To open up another alley way for shooting because right now they store all the targets and things in there. If we open that wall move those out, more practice area. There's a problem that needs to be addressed with the ventilation system. Internal discussions begin and now the wall is no longer a priority, the ventilation system needs upwards of \$50 to \$100,000 that needs to be fixed. We caught it now before the budget next year, so we can use NOPEC grant money instead of updating the lighting in the Service, which is

now no longer a priority. So we'll be using the \$40/\$50,000 and applying it to the ventilation issue and see what other grant funding is available or if we have to allocate funds for that. The budget is always changing. The mayor has the ultimate say. And we come before council, that's when we start to create legislation for you guys to approve. We have restrictions on what I can spend, per the Charter, we come to council and that's how we get the ball rolling. We updated the budget twice this year, I'd like to start doing it on a quarterly basis starting next year if needed.

Director Iaconis added that I think having all these items broken out is great for when you want it broken out, but in my mind, I'm looking at the bottom line and all these can be condensed into other. There is fluctuation between the line items. It's a living document. I think I've covered everything I had.

Council President Rounds asked if there were any further questions. How about before Monday night's meeting which is the second reading on the budget, that's the last time we make any changes, and I don't foresee any changes, but do we have to know where we are with capital spending as well?

Director Iaconis responded that what she currently has for capital spending and there are a few that could be pulled out and revisit at a later time. Right now, there is \$100,000 for a chipper truck.

Council President Rounds asked if that's capital outlay?

Director Iaconis responded yes, it is, page 16. It's not broken out there. \$1.785 and so we have \$400,000 for Kingsdale, and I can send this to you but \$360,000 for Denison, \$625,000 related to roof repairs at the Service Garage, \$200,000 for police vehicles, \$100,000 for a lift gate truck. Some of these could be grant funded, reimbursed, and the chipper truck we can push out because it won't be needed until the fall but that also depends on the lead time for ordering. I was asking our auditors about the \$1.8 million dollars for a fire truck that has been approved and encumbered, we are getting a million-dollar grant and we're not going to spend this until 2025 but yet I have to have those funds encumbered. All the lead times really messes us up. I was asking the auditors about this, how do other cities do it.

Council President Rounds asked about the police asking for four vehicles and you mentioned \$200,000 for police vehicles is that for two vehicles?

Director Iaconis responded no that is for four.

Council President Rounds asked about the fire department that they were asking for new radios, but that's potentially a grant that they were going to go after.

Director Iaconis responded that we don't know what that is going to be yet and it could be over a multi-year and that would be something once we have a definitive number. We'll come back to council plan and adjustment if we have to. We were talking about potentially taking on some debt. It is something we could potentially do after talking with the underwriter. Years ago, when interest rates were high, cities would take on debt for a reason and let the money sit in the bank because they were earning interest. That is illegal and they don't let you do that anymore. However, if you have legitimate purchases and we are getting a good interest rate on them, there is an investment account that we're able to use. It is an option to consider.

Councilwoman DeSouza asked what is the current debt that we have right now stemming from? \$200,000?

Director Iaconis responded that it was the consolidation of several notes that had been passed in 2018/2019. I believe a road project, some vehicle purchases, Nathan Hale back in 2018. The total debt is \$2 million and some change. We have a great interest rate; we have it locked in for a long term so we know what our debt is every year.

Councilwoman DeSouza stated that if she's not mistaken, we were up to \$12 million in debt at one time. Quite some time ago.

Director Iaconis stated that she doesn't believe that's unusual for a city to have that amount of debt.

Council President Rounds mentioned his fire notes also said new turn-out gear, every 10 years?

Director Iaconis responded that we are still gathering pricing.

Council President Rounds on Monday night, we won't be listing on the capital expenses?

Director Iaconis responded that not on Monday night but I can provide you with another document with the actual project names.

Council President Rounds and Councilwoman DeSouza stated that they would like that. Council President Rounds stated that he got all his questions answered, thank you.

Mayor Gallo added that Council is welcome to hold another Work Session if needed between now and December 11th.

Council President Rounds asked all of council if there are any further questions from anyone?

Councilwoman DeSouza thanked Director Iaconis for being so open to discuss the questions submitted and being able to ascertain what concerns they had a head of time. It was all very helpful.

Council President Rounds added that he very much appreciated taking the time to go through all the information. Understanding what a term means, I hope I don't need to ask again next year what election expenses are?

Director Iaconis added that she's happy to answer any additional questions. I know it's a lot.

Council President Rounds asked if councilmembers have any additional question to forward them to Barbara and she'll forward them on to the director and we will be ready to look at the second reading on Monday for this. Director if we could have a list of the cost items of what you're thinking the capital expenses might look like, there's some flexibility, that would be helpful. Can I have a motion for adjournment? Councilwoman DeSouza motioned; seconded by Councilwoman Maruschak to adjourn the meeting.

Clerk Allen called Roll Call: Aye: Maruschak, DeSouza, Durichko, Stavole, Haase, Rounds

Meeting adjourned at 6:49 p.m.



Barbara Allen
Clerk of Council



Tom Rounds
Council President