

ASHTABULA CITY COUNCIL
CITY OF ASHTABULA – COUNCIL CHAMBERS
4717 Main Avenue, Ashtabula, OH 44004

PUBLIC HEARING MINUTES
Monday, December 17, 2018

The City Council met in a PUBLIC HEARING. The President of Council called the hearing to order at 5:15 p.m.

Member(s) Present:	Mrs. Kym A. Harley	(Ward 1 Councilor)
	Mr. August A. Pugliese	(Ward 2 Councilor)
	Mr. Richard A. Quaranta	(Ward 3 Councilor)
	Mr. Michael D. Speelman	(Ward 4 Councilor)
	Ms. Jane E. Haines	(Ward 5 Councilor)
	Mr. Christopher J. McClure	(Vice-President – 5:25p)
	Mr. John S. Roskovics	(Council President)

Member(s) Absent: None

Officer(s) Present:	Mr. James M. Timonere	(City Manager)
	Mr. Michael Franklin	(City Solicitor – 530p)
	Ms. Traci R. Welch	(Director of Finance)
	Mrs. LaVette E. Hennigan, MMC	(Clerk of Council)

Officer(s) Absent: None

SUNSHINE LAW: The Clerk of Council certified conformity to the Sunshine Law.

PURPOSE

The President announced the purpose of this Public Hearing was to present the 2019 Tentative Budget Appropriations for the City of Ashtabula.

WELCOME

The President welcomed visitors.

DISCUSSION

City Manager

- Immensely thanked the Director of Finance for the time and effort she put into getting the budget balanced.
- The task of balancing the budget was “extremely challenging”.
- The estimated ending carryover going into 2020 is predicted at ONLY a little over \$64,500; this is concerning.
- Departments were asked several times to cut their budgets and move items around.
- He made further cuts to budgets once they were presented to him.

- Some 2018 purchase orders remain open; as they are closed the carryover balance should increase.
- Some departments have been asked how other expenses can be defrayed or eliminated.
- The goal is to have the carryover balance in the \$250,000 to \$300,000 range.

QUESTIONS/COMMENTS – City Council/Administration

Q: May Worker’s Compensation or insurance payments be delayed to next year; realizing penalties may be incurred?

Manager: No, we would not do that. Those items are covered in this budget already. Healthcare has been one expense that has risen. Next year we are predicting a little over \$2.6 million in healthcare expenditures. In the past the number has fluctuated between \$1.9, \$2.1 and \$2.4 million. Because we are self-insured it just takes one big incident to negate the prediction. There were big incidents this year.

Q: Is it possible to have employees pay more of the health insurance costs?

Manager: It would have to be negotiated and discussed in the process leading up to the City letting the healthcare bid. We have one more year with our current healthcare provider. There is a “healthcare committee” established for each union. They meet with management to discuss healthcare and provide input on behalf of their membership. We have one healthcare provider and two plans:

- Health Savings Account (HSA) and
- Preferred Provider Organization (PPO).

Q: Is health insurance where the largest increase has occurred?

Manager: It has increased significantly. The General Fund has historically funded the Ashtabula City Municipal Court (MC) between \$350,000 and \$450,000. This budget has the City funding the MC at \$611,000. This number is after he arbitrarily made cuts to what was requested. We are still working through the numbers. Healthcare and Court funding are the biggest contributors to the increase.

Comment: Revenue has decreased.

Manager: Revenue has pretty much remained stable. The actual General Fund Revenue for fiscal year 2017 was \$9,666,000.00. We are estimating \$9,561,000.00 for the end of this year, and next year we are budgeting \$9,661,000.00. There are substantial projects in the pipeline. He cannot place that revenue in the budget until we have 100% assurance they are going to happen.

Q: You said the Court budget went up \$200,000?

Manager: Page 5 under Judicial Municipal Court shows what has and is coming out of the General Fund from 2015 to present. The Court submitted \$1.2 million. I have it down to almost \$1.148 million; which is still an increase over where we are predicting 2018 will end.

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Q: How come the Municipal Court medical insurance has gone down over the years, but is predicated to be up in 2019 from the Fiscal Year End 2018 Estimated?

Manager: A lot of their employees are part-time and are not eligible for insurance, and some employees do not take our health insurance, so are paid a stipend. So it just depends on the numbers in any given year.

Fin. Director: Assistant Director of Finance Sheldon was able to put in the actual cost projected for health care for all departments. Previously, they would use a percentage of total cost and allocate it to departments. It is possible that the Municipal Court 2019 Budget Estimate for medical insurance will decrease. She just learned that Ashtabula County subsidizes a certain amount of medical costs for certain employees of the Court, but we have yet to receive 2018's reimbursement, the reason for which has to be researched. 2017's second half was received in January 2018. The first half of 2018 should have been received half way through 2018 and the remainder the beginning of 2019, but nothing for 2018 has been received.

Clerk of Cl: Have we received the County's portion of the Municipal Court's compensation for employee's pay for which they are responsible?

Fin. Director: The City pays 60% of select MC employee compensations; the County pays 40%. This compensation is budgeted that way; and both entities pay their portion directly to the employee.

Q: So, the County's portion is not reflected here?

Fin. Director: No.

Q: Will the sewer and trash revenues increase once the situation with said billing is sorted out?

Fin. Dir.: Yes, but it does not affect the General Fund; those revenues are for Enterprise Funds. The sewer and trash administrative fees collected will help the General Fund, but is not a large enough amount to show much of a difference.

Q: Police overtime should decrease with the hiring of two patrolmen?

Manager: One is on board; another one is coming on board in January.

Q: How much was overtime this year?

Manager: It is predicated to end at \$306,642. Next year the amount is estimated at \$250,000.

Comment: Hopefully it can decrease with more officers on board?

Manager: When the department was fully staffed overtime was still around \$236,000. Before the Police Levy passed the number was over \$400,000. We would like to be lower than the projected \$250,000, but it is a comfortable amount.

Q: Are females officers sought after?

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Manager: We would like to have females; it all depends on who applies; we have tried to recruit females and other persons in order to diversify the force; it has been a struggle. Eight people sat for the last Civil Service test. When he first became City Manager (December 2011), the numbers were in the 30s. Another test will be given after the first of the year. The only other officer to hire would be next year if Kent State University @ Ashtabula Resource Officer (RS) contract comes through. We still await their decision. The bulk of this salary would be covered by Kent.

Q: Why is our income tax revenue not healthier given the increase in the workforce?

Manager: HB9 created changes, such as:

- The State of Ohio now takes a portion of the revenue and,
- The "Net Operating Loss Carry Forward" stipulation lets companies who have a loss defer payment.

While there is some construction taking place within the City, a person has to work a certain amount of days within City limits before they have to pay income tax. It also takes a lot to see an increase when the income tax percentage is 1.8 of the total wage.

Other topics discussed:

- The City's 50% income tax credit for persons who live in the City but work outside the City.
- Finance Director Welch was FD in Geneva prior to hiring with us. She was asked what might we do that Geneva does that would benefit us.
- Water and Cable franchise fees.
- Continued Increase in Spectrum cable fees.
- License Plate fee was increased by \$5.00 in the last few years and is at its maximum amount allowed to be charged.
- In order to determine what department had the highest budget request, the City Manager would have to break it out by percentages. In terms of dollars, the budget appropriations will answer the question.

Municipal Court (MC) – City Manager reported:

- Their budget request is "a lot" but not "astronomical".
- The difficulty part for the Manager is when you look at the line items. Historically what you will see when looking strictly at wages and salaries are negotiated amounts.
- The MC wage and salary amounts went from a budget request of \$552,000 in 2015 to \$697,000 for 2019, which he decreased from their original request of \$744,000. We met with the MC today. We are not sure of the accuracy of some of the numbers and from what funds some of the salaries, wages and compensation should be paid. After today's meeting, the Director of Finance worked on the numbers, making sure all MC employees are accounted for in the budget and "essentially what we left the meeting with was can what they have on the books right now and their scheduled increases fit into what I have thrown there for a budget. Because, that number, like I said, was just what we're predicating we're ending 2018 with, plus 1.5%. No additional employees; no nothing. So,

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whatever you guys pass, they would have to either fall into that or journalize that they want more.”

Request: I still would like to have a Municipal Court history of the number of employees, case loads and budget.

Manager:	Municipal Court	Probation
2013	13	3
2014	15	4
2015	14 (12 FT/2 PT)	4 (2 PT)
2016	16	4
2017	17	4
2018	20 (15 FT/5 PT)	4 (1 PT)

Q: Does the Court only have to work with the budget amounts City Council approves?

Manager: Yes and No; they could journalize their budget.

Solicitor: “It’s a little bit complicated. The Revised Code says the host city (we’re the host city of the Municipal Court) is to provide it with office space, court room space, provide it with employees as appointed by the Court or as appointed by the Clerk. It’s to do all those things. It doesn’t really say what the limits are. So, the courts have stepped in, not all that surprisingly, and have said since the judge doesn’t technically have a vote in the appropriation process, which is what you’re in right now, that any reasonable request of the Court needs to be funded by the host city. And, the final referee of what is reasonable is the Judge. So, on the face of it the case law says pretty much what the Judge requests, the Judge gets. But, all those cases have turned on is, is it reasonable; is it reasonable; is it reasonable. And, that is a question that is always litigated. If for example, you, collectively Council, says no, we don’t agree with a (I’m just picking a number) \$700,000 budget; we’re going to give you a \$600,000 budget; and the Judge says, I don’t concur with that, here’s my order – my journal entry tells you to give me \$700,000; and you politely say no; then her next step is to hire a lawyer and file suit in a higher court; usually the Court of Appeals. The only question then – the only issue is, is the Judge’s request reasonable; and, it is the City’s burden to show that it is not. There’s a presumption of reasonableness that goes with her. So, bottom line is everybody needs to be very sure of his or her position going into this whole situation because it can develop into a mess very quickly.”

Comment: I understand what is reasonable is subjective; that the Judge gets the final say, and this is what the courts have written. But, I disagree with it; realizing I will not win that fight. It just seems like if everyone else is requesting a certain percentage, everyone should do the same.

Solicitor: The factors that can and should be looked at would include things like case load – what is the work the Court is doing. An expansion in the number of employees should be supported by an expansion of the case load. The City may also legitimately look at (but is not sure a Court of Appeals would agree) would be

revenue. If the addition of employees who are dedicated to chasing down delinquent fines, etc., leads to an expansion of revenue, that's very reasonable. In our situation, the question that arises is simply the degree of the expansion of the Municipal Court budget in the last few years; it is very significant. I'm been trying to track the case load; case loads fluctuate – they go up and down; it's pretty close to average right now; and, whether the increased number of people yields increased deficiency, I really can't speak to that. There are a lot of factors to look at and it would be a very complicated issue to present to another court for review.

Q: How is a judge able to make us pay increased wages with funds that do not exist?
Solicitor: Looking at cases that have historically dealt with that, some of them have been pretty abrupt – you didn't consult the judge when you hired (x) number of police officers, City. You didn't consult the judge when you hired (x) of street workers, City. So, maybe you need to lay some of those people off.

Comment: As long as the public, who elected us, is informed...and ones can answer to them as to why we're spending money we don't have through journal entries...

Solicitor: If it came down to litigation, he would tell that the City of Ashtabula has historically responded very positively and very supportively to the Court's budget requests. Other departments have not been funded at the expense of not cutting the Court's budget. The degree to which the General Fund supports the Court has gone up virtually every year I've been here.

Comment: I am happy City administration and the Court is meeting. I would like to see more of these meetings so the Court understands more of the City's position, which should result in working more cohesively.

Manager: It is his hope the meetings will continue. However, the MC attorney has advised them they should neither attend City's Council's Finance & Personnel Committee meetings nor any other meetings of Council where the budget is discussed.

Q: Does reasonable mean that by giving them what they what City services have to be cut to citizens? That is not fair and it is not believed to be what the Judge would say is reasonable.

Comment: Probation staffing levels have remained steady; the MC has increased 50%.

Solicitor: Not all MC employees are full-time; they use "quite a few part-time employees".

President: Perhaps the discrepancy is because the job duties are different?

Solicitor: He is uncertain about the number of probationers currently supervised. These numbers fluctuate based on a number of different factors; one of which is the individual judges involved and the sentences that are handed down. Some are very fond of putting people on supervised probation, even if it is only for a few months to monitor their payment of fines and costs, if nothing else. Other judges use probation very sparingly so they don't have to over extend their probation department.

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Q: How does the current Judge use Probation given there is one more Probation Officer and a Part-time Secretary on staff?

Solicitor: The third Probation Officer was brought on by Judge Campese. I sense they are all pretty busy, but do not have the numbers.

Request: Before we vote on the 2019 budget, I'd like to know the original budget request for each department and the increase and decrease percentage of the requests, from 2018 to 2019, before we vote on the 2019 budget; specifically for the Court because some budgets were cut. The Legislative budget was cut in half.

Manager: What is before Council today are the numbers after I have "scrubbed it". The other issue is there are a few retirements next year, which require large payouts that effect a budget. Retirements are scheduled in Lands and Buildings, Probation, Fire Department, possibly Police Department and the Clerk of Council. The good thing is we offer an incentive to employees if they tell us the previous year they are going to retire in the next year, but there is no guarantee an employee will take advantage of the incentive. They may opt to tell us in the spare of the moment. The Retirement/Comp ABS is where the retirement payout funds are placed in each line item.

Comment: Budgeting is forecasting. Some budget requests keep going up; specific to the Court. There is an explanation for some of the department increases, such as Police Overtime; and in some departments there is not. There's no denying 2019 is going to be tight.

Comment: The Clerk of Council was commended for cutting the Legislative Division's meager to help balance the budget.

Q: Is it possible to pass a temporary budget – a three month budget. It was believed to have been done when the City faced fiscal emergency several years ago.

Solicitor: The Charter seems to require that we do an annual appropriation measure. It's amendable throughout the year, but you're supposed to give it your best shot for the whole year, at the beginning of the year.

Q: What does that do to our bond rating and borrowing capability?

Manager: This was discussed. If we were able to pass a temporary budget for 2 to 3 months, it would allow us to close December and get a more realistic picture. We would also know what the exact carryover would be. Last year when he and former Director of Finance Dana Pinkert were going through the budget process the carryover was at \$350,000. But, during the process of closing purchase orders and really going over each line item, there was something recorded twice and we ended up with a much larger carryover in the end. The budget was amended to reflect the discovered increase. Passing a temporary budget would bring a little more clarity to how the year is going to end and allow for an actual carryover number to be declared. The option should be considered if allowed by our

Charter. He believes the County passes a temporary budget at the end of the year and then an actual one later in the next year.

QUESTIONS/COMMENTS – Public

None

ANNOUNCEMENT

The President announced that, by law, no formal action may be taken at a public hearing. A copy of the tentative budget appropriations will be on display for 10 days outside the Office of the Clerk of Council and on the City's website (www.cityofashtabula.com). Council will meet in a Special Meeting on Thursday, December 27, at 8:00 a.m., in the 2nd floor conference room, to vote on the 2019 budget appropriations.

The Clerk of Council announced the City Solicitor and City Manager viewed the Ashtabula City Municipal Charter and have determined a temporary budget may not be passed.

ADJOURN

Hearing no further business to come before this Council, the President adjourned the Public Hearing at 6:10 p.m.

DATE APPROVED: January 7, 2019

ATTESTED BY: John S. Roskovics
John S. Roskovics
President of Council

ATTESTED BY: LaVette E. Hennigan
LaVette E. Hennigan, MMC
Clerk of Council