

President Dan Kaman called the meeting to order at 5:30 p.m. Dan Kaman led those present in the **Pledge of Allegiance**.

The Clerk **called the roll** and the following Commissioners responded: Pervis Brown, Dan Kaman, John Hamilton, Kim Nuesse, Dave Waddington and Brett Fuqua, 6.

**Upon motion of Brett Fuqua and second of Dave Waddington, the Commissioners voted to excuse Julie Farrar from the special meeting. All Ayes. The President declared the motion passed.**

Dan Kaman said the Minutes for this meeting will be in summary format.

**ORDINANCE NO. 10-017:** An Ordinance **ratifying, accepting and approving a settlement agreement between the City of Sandusky and the International Association of Fire Fighters Local #327 AFL-CIO resolving an Unfair Labor Practice Charge, Case No. 09-UPL-03-0092;** and declaring that this Ordinance shall take immediate effect in accordance with Section 14 of the City Charter.

**Upon motion of Dave Waddington and second of Kim Nuesse the Commissioners voted to approve this Ordinance in accordance with Section 14 of the City Charter. Roll call on the motion: Yeas: Pervis Brown, Dan Kaman, John Hamilton, Kim Nuesse, Dave Waddington and Brett Fuqua, 6. The President declared the motion passed. Roll call on the Ordinance: Yeas: Pervis Brown, Dan Kaman, John Hamilton, Kim Nuesse, Dave Waddington and Brett Fuqua, 6. The President declared the Ordinance passed.**

**ORDINANCE NO. 10-018:** An Ordinance **ratifying, accepting and approving a Collective Bargaining Agreement between the City of Sandusky, an Ohio Charter Municipal Corporation, and the International Association of Fire Fighters Local #327, the Collective Bargaining unit for certain employees of the Sandusky Fire Department, for the period January 1, 2010, through December 31, 2012,** a copy of which is attached to this Ordinance; and declaring that this Ordinance shall take immediate effect in accordance with Section 14 of the City Charter.

**Upon motion of Dave Waddington and second of Brett Fuqua, the Commissioners voted to adopt this Ordinance under Section 14 of the City Charter.**

*Discussion:* Kim Nuesse said she wished to commend the Fire Fighters and the union members for their efforts in bringing this contract forward. She said everyone did their due diligence and appreciates the teamwork.

**Roll call on the motion: Yeas: Pervis Brown, Dan Kaman, John Hamilton, Kim Nuesse, Dave Waddington and Brett Fuqua, 6. The President declared the motion passed. Roll call on the Ordinance: Yeas: Pervis Brown, Dan Kaman, John Hamilton, Kim Nuesse, Dave Waddington and Brett Fuqua, 6. The President declared the Ordinance passed.**

Kim Nuesse made a statement for the benefit of the public to set the tone for tonight's meeting. She said there is a wise saying, "When riding a dead horse, dismount and find a new horse". She said the city cannot continue to deliver services the way we are now. The ICMA study will help to guide the safety services process and we are looking at other ways to avoid duplication of staff and services. The restructuring will be a yearlong process involving the development of a vision, mission statement, goals and objectives. She said concerns have been raised about the effectiveness and efficiency of the city and asked for guidance as we look at the 2010 budget.

Hank Solowiej handed out an updated budget summary and indicated this was basically the same as what was included in the March 8 packets. Side A has been updated to include the FirstEnergy monies as well as the modifications according to the new Fire Fighters' contract. Hank Solowiej said this was down by \$255,000 and the plan is the same as before. There will be changes forthcoming in the other collective bargaining agreements and further staff reductions are slated for June. Hank Solowiej said the Finance Department distributed a document showing the costs for compensated absences which are required to be recorded as a liability for vacation and sick leave. Once earned, vacation time is also recorded as a liability. According to past practice, Hank Solowiej stated after ten years of service or at age 50, liability is based according to agreement for the employee, either the Administrative Ordinance or a Collective Bargaining Agreement. He said this currently means about \$2 million of General Fund monies and is a conservative and broad number. According to the persons currently eligible for retirement, the General Fund number is about \$500,000. Other cities have set up a **Severance Payout**

**Reserve Fund for these costs which are permitted by Ohio law.** Kim Nuesse asked Hank Solowiej if it were possible to look at establishing this type of fund and said she thought it would be a good idea to have the members of the Audit/Finance Committee look into its setup and structuring.

**Upon motion of Kim Nuesse and second of Pervis Brown, the Commissioners voted to have the Finance Department and the members of the Audit/Finance Committee look at setting up a Severance Payout Reserve Fund for compensated absences.**

*Discussion:* Dan Kaman said he hopes that when the next sets of contracts are completed, we look at eliminating or cutting back on some of these things like other cities in the country are doing.

**Roll call on the motion: Yeas: Pervis Brown, Dan Kaman, John Hamilton, Kim Nuesse, Dave Waddington and Brett Fuqua, 6. The President declared the motion passed**

Kim Nuesse asked Hank Solowiej if he had additional copies of the updated budget numbers and he then distributed them.

Kim Nuesse asked Don Icsman if he anticipated a balanced budget to be presented by March 22 and he said he does not know if this will happen by the next meeting because of the nature of the AFSCME layoffs, but that the deficit has been reduced from \$522,000 to \$255,000. He said we are approaching a balanced budget with a deficit of less than \$20,010± in order to keep the city's carryover where it is and not take money out of our "savings" to keep the city out of fiscal watch. He said technically this is not a deficit budget but does help us to maintain a carryover balance of at least \$2.8 million. He said we will have to do more based on the economy and the projected revenues. Don Icsman said we will be talking to the union representatives about things that are not under our control: the economy and our revenues. Kim Nuesse said the city is trying to remain fiscally healthy in this difficult economy. She said we are trying to maintain a carryover balance as healthy as possible and are using the carryover balance to reduce the budget. Kim Nuesse said we are trying to show ourselves as being financially stable and responsible by reducing expenditures. Kim Nuesse asked what an acceptable percentage of carryover would be in order to maintain our bond rating. Hank Solowiej said at the bottom of Page 8, the Reserve (percentage of expenses) is currently at 16.2%; this is the same percentage we ended with at the end of 2009. At a minimum, this should show Moody's we do understand that revenues are dropping but that we are doing things too. We are being proactive by having staff reductions and doing things to maintain our current balance but he cannot say for sure if they will be comfortable with this or not. The normal, accepted carryover would probably be around 20%. Kim Nuesse said she would like us to be balanced by March and that we are within \$10,000 – \$15,000. She asked if we would get to this by June to get us to our projected carryover amount. Hank Solowiej said once the other moves are made and we get to mid-year, we should be assuming revenues come in as projected. He said there are options for members of the bargaining units which are hard to predict. Some employees will be eligible to retire, bump others or choose to stay unemployed and there are too many variables. Hank Solowiej said he hopes some of the upcoming moves will be enough to cover the deficit.

Dan Kaman said for the past six years, we have had to battle with the County Commissioners, we have dealt with the unions and other Commissioners and Mayors who have wanted to use our cash balance and before he came here, the carryover balance was kept at \$3 million. He said over the course of a year, this will be less than \$1 million if we start nibbling at it to pay salaries. He said we could end up with a negative balance and that we should keep 20% or better, or \$3 million, as a carryover balance. Kim Nuesse said she agreed this should be higher. Kim Nuesse asked what we need to do to keep from eating into our carryover and balancing our budget as she is opposed to passing an unbalanced budget. She said we are projecting hope out in to June on unknown variables. She does not see the economic recession ending anytime soon and would like guidance and input to become financially solvent and stable.

Dan Kaman asked Don Icsman to talk a little bit about the city's plan. Don Icsman said much has already been accomplished with great effort from our staff. He said the savings realized thus far has been because of the IAFF health insurance contributions. He said it is delicate to discuss what we may or may not be doing because of ongoing union negotiations. He said he would expect a similar type of savings with the Police and AFSCME contracts. He said it is known we are going to lay off more employees and members of AFSCME know this, but he does not want to negotiate in public. He said this will provide additional savings and AFSCME may be the most difficult. He hopes to have the contract for the Police Department at the next meeting and the deficit will be shrinking. He said we are stuck with a previous MOU or we would have done this all at the same time. He said the plan included layoffs of six Fire

Fighters and six Police Officers and there will be six AFSCME employees as well as the Administrative positions.

Ed Widman said we are currently at about 98.5% of where we want to be and are within about 1 ½% of our goal. He said we can make a strong argument with the rating agencies with our expenses down to about \$16 million, no planned increases, and measures taken to control our decreases and make a smooth transition. He said there are a lot of good things we have done and prefers to be dealing with a budget that can be increased and maintained. He said the staff should be asked to squeeze the additional 1 ½% and if the bottom line number changes, the Commissioners can ask for further budget modifications. This may not be done by March 31. Dan Kaman said last year at this time, the city had a \$961,000 deficit and he is happy to pass a budget that has a \$255,000 deficit. Ed Widman said the overall budget is getting smaller while maintaining a 2.8% carryover. Kim Nuesse thanked Ed Widman for this explanation and said it was important for the public to know the city has a plan to work on the budget and our service delivery.

Under **Audience Participation**, the following offered their comments:

John Ginty, 5055 Providence Drive, said he did not feel the city should be spending money for a study for City Hall with the current economy. He asked about his idea to relocate the City Commission meetings to the County building downtown.

Jason Singer, Sandusky Register, asked about the projected 4% drop in Income Tax which is currently at 19% so far this year. He asked if there would be a backup plan if this did not change.

Sharon Johnson, 1139 Fifth Street, asked about the FirstEnergy grant which was supposed to be \$325,000. She said only a portion of this is reflected on the budget handout. Hank Solowiej said the Commissioners voted to use two thirds (2/3) of these monies to preserve the remaining workforce and the other one third (1/3) for capital projects. Sharon Johnson asked why we keep police cruisers running or idling when not in use as fuel costs money. Brett Fuqua said the reason is because the computers and cameras are hooked to the vehicles and once the vehicle is shut off, these electronic devices turn off and take several minutes to get back online. Lt. Max Jarrett said the video system times out and recording stops when the cars shut down and this also drains the battery. Sharon Johnson said when we get money, we start to spend it and to be careful with this. Sharon Johnson said she was surprised at the amount of cost overruns for 2009 which amounted to \$470,685. She said she believes there is a cushion in the contracts and Dan Kaman said some have contingency funds, but not all. Sharon Johnson said she thinks this information should be presented in a format for the public. She said the Water and Sewer funds are getting low and expressed concern about the city asking customers for more money for their water and sewer service. Ed Widman said Phase II of the sewer expansion project is upwards of \$20 million and monies must be encumbered to offset the costs. He said the payments made by the city will be reimbursed to us by the Ohio Water Development Corporation and the encumbrance will then be reduced. He said these costs are paid through debt service and spread out over 30 years and are not a true encumbrance such as when the city purchases a truck. Ed Widman said the Sewer Fund is currently \$9 million lower than it should be (at the end of February) and the Water Fund is about \$1.2 million lower. Sharon Johnson expressed concerns about cost overruns with projects and their cause. Don Icsman explained that sometimes there are good reasons for Change Orders and these are not dirty words. He said cost overruns are not a fault of the specifications or the bidding process and that it is misleading to give out a document that does not reflect this. He said our documents for large projects are top notch and that Change Orders can be good, although sometimes they are a negative. Change Orders can be a benefit and are not always the fault of someone as they can be items that were not thought of or things that improve a project. The city's process includes a notification process, pricing and approval processes. If work is performed prior to these approvals, unless it is an emergency, this can modify the contract and invalidate it. He said it would be unrealistic to think that everyone has thought of everything and that we have a perfect bid document.

Dave Waddington said he is the liaison for the Engineering Department and Kathy McKillips calls him about Change Orders as they are identified. He said sometimes we do not know things until we begin digging.

Dave Waddington stated he will not support new taxes and he believes they are a bridge to nowhere in the current climate. Dan Kaman said he agreed with this statement.

Upon motion of John Hamilton and second of Pervis Brown, the Commissioners voted to hold an Executive Session regarding Collective Bargaining. Roll Call: Yeas: Dan Kaman, John Hamilton, Kim Nuesse, Dave Waddington, Brett Fuqua and Pervis Brown, 6. The President declared the motion passed.

Dan Kaman announced the adjournment of the Special meeting and at 6:10 p.m. the Commissioners went into Executive Session. At 6:55 p.m. the Executive Session was adjourned.

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Kelly L. Kresser  
Clerk of the City Commission

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Daniel J. Kaman  
President of the City Commission