

Diedre Cole called the meeting to order at 5 p.m. after the **Invocation**, given by Pervis Brown, and the **Pledge of Allegiance**.

The clerk called **the roll** and the following Commissioners responded: Pervis Brown, Diedre Cole, Wesley Poole, Keith Grohe, Jeff Smith and Julie Farrar.

Upon motion of Pervis Brown and second of Jeff Smith, the commission voted to excuse John Hamilton. The Vice President declared the motion passed.

City staff present: John Orzech – Police Lieutenant, Paul Ricci – Fire Chief, Don Icsman – Law Director, Nicole Ard - City Manager, Hank Solowiej – Finance Director and Kelly Kresser – Commission Clerk.

Nicole Ard presented several proposals to reduce the general fund balance expenditures in the 2013 budget as directed at the February meeting of the Audit/Finance Committee. Nicole Ard said employees are working on initiatives during 2013 – 2014 to mitigate the impact on the fund balance. These items have not been vetted through the unions or with staff; this is an attempt to address the direction given by members of the Audit/Finance Committee.

The items below should be kept in mind as they are currently being done without:

- Street repairs which are in significant disrepair (potential funding sources with 0% loan)
- Update road condition survey of pavement
- Traffic controllers need to be addressed as they are outdated
- Safe Routes to School reimbursement (these items will need to be paid up front and will be reimbursed to the city)
- Repayment of Sandusky Transit System loans
- Storm water issues need to be addressed (adding \$5,000 for mapping, good housekeeping inspections, etc. which are required through Erie Soil & Water)
- Sustainability for recreation – Paper District Marina/Dockside seasonal slip sales (potential revenue enhancement)
- Lions Park – estimates/grants for parking lot entrance
- Zoning Code updates
- 1997 Consent Decree general plan potential changes
- Modification for building inspections (continuity with new engineer; computers, software)
- Code Enforcement – one-stop shop for assistance to developers, businesses and residents

The items below are already works in progress:

- Placement of cameras at central fire station due to theft in employee vehicles
- Cameras in the police department which is a safety and liability issue
- Series of salary adjustments (for engineer, police chief and one employee who did not receive 5% pay increase upon completion of probationary period)
- Third party vendor researching fees for out of town residents at fault in accidents
- Information technology – phone system is outdated and un-repairable, network improvements and monitoring, computer software enhancement
- Training in different divisions (some have not had training for years)
- Human Resources Director to eliminate issues and address items previously contracted out

Nicole Ard said she would like costs to be kept as low as possible but the city still needs to provide services. Pervis Brown said every year, the carryover balance is banked or saved and suggested some of this money be used to take care of some urgent needs while trying to keep the city's bond level in place. Pervis Brown said hiring a Human Resources Director would cost money initially, but in the long run it would help the city to save money. Pervis Brown said he is not really concerned about needing \$200,000 to balance the city's budget because these are merely projections of income and revenue. The city has not proposed a balanced budget the past few years and projections have been conservative. The city has an excellent finance director who keeps an eye on the revenues and expenditures month to month to keep the city from getting into trouble. Diedre Cole asked if the city is mandated to pass a balanced budget per the Ohio Revised Code and Don Icsman said it becomes a policy choice as to whether to spend the carryover balance and for purposes of deficit spending, there is money in the bank. This money is an asset; the city cannot have a deficit budget but if there is money in the bank to cover expenses, it is not deficit spending. Diedre Cole said there will no longer be estate tax or local

government funding and asked if there will be a 19% decrease again in 2013. She asked how the city compensates for this now and in the future. Hank Solowiej said this percentage has been around 25% and he will take 19% at this point. There is not much relief at the state level and local government revenues are not being replaced, they are being taken away. Diedre Cole said Pervis Brown brings up a valid point, but if the city knows it will lose a significant amount of resources, it needs to show restraint; dipping into reserves will not compensate the city for the money lost next year.

Wesley Poole asked what a comfortable number is for maintaining the city's bond rating and Hank Solowiej said the Government Finance Officers Association recommends between 25% - 30%. Hank Solowiej said the city previously made tough decisions and it holds a lot of weight with the Moody's process to have done what we said we would. Moody's also looks at the area as a whole, the economy, job trends and tourism. Wesley Poole said staff needs to tell the commission what they are comfortable spending from the carryover and Hank Solowiej said the Audit/Finance Committee members do not want to take from this balance. Wesley Poole said he heard Don Icsman say the commission should come up with a budget that is in deficit and the members of the Audit/Finance Committee have said the balance should remain. Wesley Poole said the city had \$88,000 more of a carryover balance than the previous year and asked if this can be spent for some of the items mentioned.

Nicole Ard said she has presented a series of proposed reductions and has tried to estimate savings for the balance of this year and part of 2014, and these reductions include people/employees with service impacts. If the commissioners do not want to lose employees, the level of service provided will be affected. For example, with the new health care laws, seasonal employees working beyond six months will be required to have health care coverage. Diedre Cole said she believes Nicole Ard needs help in her office (administrative support) and it is counterproductive for the city manager to type letters and make appointments and this is not an effective use of her time. Nicole Ard said this goes back to a one-stop shop and she would prefer moving people around in the building so persons enter in one area and employees take shifts to help visitors with various issues. Nicole Ard said she would prefer to have money for road repairs. Wesley Poole said he is having trouble dealing with the needs of individual departments versus whether the city manager should have a secretary with what is trying to be accomplished with the budget. If there is a vision for an organizational chart and how services are provided, this needs to be presented as a plan of action. He does not understand how tying this idea pairs with the budget.

Nicole Ard said there is a difference between revenues and expenditures and she has just proposed \$500,000 worth of cuts to help address the expenditures. Nicole Ard said for 2014, she has provided \$900,000 worth of proposed cuts and she is asking for feedback from the commission about reducing or eliminating services. Wesley Poole asked Nicole Ard to discuss the elimination of the general services superintendent position in terms of service level. Nicole Ard said these duties have been split with foremen in different divisions and there will be little change with staffing. Citizen committees such as the Tree Commission and Recreation Board will continue to be handled by current staff members. Nicole Ard said she would like Troy Vaccaro, who is a Foreman and Mechanic, to be relieved of some of the duties he has taken on. The job posting for the Director of Engineering Services included supervision of all of the divisions previously under engineering plus some of the divisions currently under the department of general services. Certain employees can be relieved from tasks they are currently performing and after interviews for this position, Nicole Ard said she will better know what the candidate(s) can handle. Street and other transportation-related activities should be continued through the engineer's office as it was previously. Nicole Ard said since the departure of the General Services Director, certain duties have been assumed by the Finance Department (invoice collection), and there has been discussion about payments being made at city hall rather than at the services center for certain activities. These are things that need to be kept in mind in terms of providing good customer service. Diedre Cole asked if there is a body currently associated with the position of administrative assistant in general services and Nicole said the person currently holding this position is Kelly Kromer.

Wesley Poole asked what the reduction of part-time reserve officers translates to regarding service. John Orzech said if these positions are eliminated, there will not be a reserve program. Currently, the Sandusky Police Department is using reserve officers for evidence room related duties and for the court officer position. In 2011, there was a public outcry from the commission for reserve police officers after the killing of Officer Andy Dunn. These are part-time positions working from 8 a.m. – 4 p.m. who perform a lot of tasks for the officers and this is an issue of officer safety. This will essentially eliminate manpower and the full-time officers will be tasked. Nicole Ard said several former full-time officers have been hired as reserve officers. John Orzech said they get all of the training at a reduced cost as normally it would take three months to bring officers up to speed once hired (it takes approximately six weeks for reserve officers).

Diedre Cole said she went through the police budget carefully and asked about the open Sergeant and Assistant Chief positions and if they could be abolished and absorbed or redistributed. Nicole Ard said she is looking at a reduction of the force and if compared to other positions with lower salaries, the city will not accomplish the task to cut the budget. Pervis Brown asked if the part-time police officers are included in the proposed draft budget as well as the current fire staffing levels. Paul Ricci said the proposed budget includes all current staff with the exception of the SAFER employees (grant funded staff). Pervis Brown asked Paul Ricci if he is comfortable with this and Paul Ricci said he is. Paul Ricci said at the end of the year when the SAFER funding runs out, the city will be looking at spending another \$416,000 in order to keep these firefighters. John Orzech said the budget, as submitted, includes full staffing at 47 officers, plus the reserve officers in the current budget. There were unexpected issues last year and a lot of retirements which affected the budget and there were positions not filled for months at a time. John Orzech said last summer the department had only 40 officers which was not safe and 47 is an adequate number of officers in addition to the part-time officers. The budget was consistent with the previous year. Diedre Cole said she is not on board with making any cuts in the police department budget especially since a permanent police chief is not yet on board.

Pervis Brown said \$218,683 is needed to “balance” and asked what would happen if this was taken from the reserve fund to balance. Pervis Brown said he would like the commission and the city manager to work this out without having to make any drastic cuts. Pervis Brown said the ending balance percentage of actuals is the highest it has ever been at 23% which is commendable. There is a lot of catching up to do in order to make a more efficient operation at city hall and perhaps this is something Hank Solowiej and Nicole Ard can work on.

Keith Grohe asked Hank Solowiej about Moody’s and if putting money in reserves is more of a posturing to get a better rating which adds to the equation. Keith Grohe said he does not agree with Pervis Brown to spend reserve funds because the problem is just being pushed down the road and is doing what past commissioners have done. Don Icsman said it is always a process and the budget is a living breathing thing. He believes what he hears being said is what has been done previously; there is a plan so if revenues are over-estimated, adjustments can always be made. The plan, as put forth, has options as to what to do and this is the process. Don Icsman said he remembers the target being less than what the city ended up with which means the employees have been doing more with less. The city previously was faced with a \$1½ million deficit which caused tough decisions to be made and this is not where we are. Projected revenues and expenses are almost in sync and the city can work with this and adjustments can be made mid-year, if necessary. Don Icsman said as long as there is money to cover the reserves, the city will never be in violation of the law. Don Icsman said he remembers an attorney getting a \$10 million judgment many years ago who was going to go against city accounts and the city can never be prepared for something like that. Keith Grohe said as the city adds or subtracts from its ending balance, Moody’s takes this into consideration and at some point, the city will have to face critical decisions.

Jeff Smith said the ending balance is on a balance sheet and it is not like anyone is giving more money to their boss to put into paychecks to balance the budget. This is an asset and it is not like passing an unbalanced budget as the balance sheet shows the city has a certain amount. If the expenditures were more than the balance sheet, this would be an unbalanced budget and it does not make sense to say we are going to take money out of one bank account simply to put it into another as this is all the city would be doing. Don Icsman said to build upon this, the honesty of the persons in this process is important as you can play with the projected revenues and all of a sudden the carryover is gone and this would be a dishonest way of dealing with this. This is still a moving target and you cannot keep fudging revenues to meet expenses as eventually this will catch up with us. Wesley Poole said he agrees the goal is to make the revenues and expenditures balance. Adjustments have been presented and he does not see why the commission cannot go through the department expenses and determine why they are as high as they are. Wesley Poole said, as an example, he does not understand what the \$24,000 contractual services are in police department. John Orzech said this is for dispatching services. Wesley Poole said the wages and fringes in the police patrol have gone up 9% and the proposed appropriations in the last column is a total that is too high (larger than the revenues). Wesley Poole suggested looking at these items to see where the city commission can save some money or justify the large numbers. Diedre Cole said these documents have been provided since October, 2012 and Hank Solowiej has provided monthly finance reports. If vigilant in reading these documents and asking questions, a lot of these questions could have been answered previously. It is counter-productive to go through projected budget appropriations when Nicole Ard has painstakingly provided a synopsis. Diedre Cole said the commission needs to figure out what cuts are acceptable and the city can live with and which can merely be tolerated. Nitpicking the budget line by line is not going to get it and Diedre Cole said she remembers years ago when the city commission did just that. Wesley Poole said it is up to a vote of the commission and Hank Solowiej does not have the answers as to what money was spent on, he puts numbers in columns. Wesley Poole said

in terms of his asking questions for the past three months, Hanks Solowiej has given him all of the answers he can give. Wesley Poole said Nicole Ard has given her interpretation of what could be cut; he suggests this is not all that could be cut. Nicole Ard said when departments submit materials as far as what numbers to put into columns, Hank Solowiej did provide advice for the health insurance increase and this should be considered as well as other changes. This is what the commission sees and these changes will be discussed at another meeting.

Wesley Poole said wages and fringes are increasing by 21% for the mechanics with supplies and materials decreasing by 7%; mechanics work with materials and if less supplies are being bought, why are they doing so much work? These are explanations that are not unreasonable to ask and he does not necessarily have to go through item by item, but there is room for the numbers to change. Meeting the expectation of a balance budget in terms of revenues and expenditures planned for this year is a worthy goal and the commission should be able to explain it. Wesley Poole said there has been time since October to call this meeting and talk about what is going to be spent and he would like to know what services and improvements there will be from each department. Nicole Ard said in reference to the mechanics, there are charge backs for contracts with two other communities. There are departments where salaries are paid through different funds and the budget worksheets are not necessarily reflective of this. Wesley Poole said he does not vote without all of the information and only getting half of the information is just not his style. Nicole Ard said if there are questions regarding changes to the budget, these can be answered. Julie Farrar said the city's income tax has been 1% since its inception 46 years ago and no one pays the same price for anything. The city has continued to cut during the five years she has been a commissioner and there are things now that *could* be cut, but the city also needs to find revenue, implement cost cutting measures and seek grants. The city has talked about partnering with the schools for print services, there is a downtown parking study which identifies a source of revenue, and other ideas to generate revenue. Julie Farrar said she does not want this community to end up like Youngstown where only police and fire were left because the people did not want to pay for anything else. Julie Farrar said she is only 46 years old and is willing to pay a couple of extra pennies to know she will have a policeman at her door if necessary, to know her leaves will be picked up and her streets will be plowed. It is insane to argue and a plan has been laid out by the city manager and she (Julie) does not want police or fire services to be cut. If the city gets to a point where it needs to ask the residents how much more they are willing to cut. They do not understand we really are this short. The city is already making money from two other communities because fleet maintenance staff works on their vehicles and this is a form of revenue. The city needs to look at ways to raise money and will not get it by arguing. Diedre Cole said one of the things that would help is to tie the budget document into the strategic plan. The areas of livability, safety services, police, fire and street maintenance are the city's top priorities. If this is the case, these are the baskets into which the city needs to throw its eggs. There is a public perception about crime in the community and it seems there are two reasons. Diedre Cole does not want to see changes to the police department at this time. There is not a permanent police chief in place and when hired, he should be given the opportunity to work with some of the proposed cuts. Diedre Cole asked how losing the Director of General Services, the Administrative Assistant or the Foreman protects the city's ability to provide services to the community and what the impact is. Diedre Cole said the city needs to focus on things it should be doing and slowly bring in other items for consideration.

Nicole Ard said she would like feedback for expectations of service levels from the city commission including part-time staff to supplement full-time staff. If visibility in the community is something the commission is willing to forego (additional part-time employees), some of these things can be considered. Diedre Cole said a decision cannot be made here, but she is not willing to sacrifice one single police officer (part-time or full-time) at this time. Wesley Poole said he does not see benefit in eliminating all of the reserve officers and they are the most cost effective money spent in the police department. Wesley Poole asked how many items are optional and said he is willing to speak to the department heads about what they recommend. He cannot explain how these changes will affect the service levels and he is not voting for anything on faith anymore.

Pervis Brown said Nicole Ard has asked the commission what they want and her job is to manage the employees; the commissioners' job is to tell her what they want her to do and this is what they were elected for. Pervis Brown suggested going along with the proposals outlined in the second draft of the budget. Income tax, admissions tax and hotel/motel tax are all up and we are already ahead of the game as compared to last year. This can be monitored and at the end of the year, the city can still make it up without touching anything. Pervis Brown said there needs to be some trust in city manager to take care of business. Diedre Cole said she is not certain "throwing caution to the wind and hoping things work out" is a strategy she is willing to support. Pervis Brown said he is saying the finance director and the city manager are the watchdogs for the budget. Wesley Poole asked what Pervis Brown is proposing to make a decision upon. Pervis Brown said the budget, as presented, should be approved with latitude for adjustment by the city manager. Wesley Poole said giving the city manager latitude is not telling her

what the commission wants. Diedre Cole asked how cutting two maintenance positions in general services impacts the department. Nicole Ard said this is an example and this could be in any department; once seasonal employees are in place, they will be shifted to do work in other departments. There is a point where the commission has to say what they are comfortable in cutting or not cutting.

Nicole Ard asked Thomas Schwan to share some of the revenue generating ideas he has been working on. Thomas Schwan said a good transportation system helps the community by getting people to jobs but the city needs to have match money. He has looked at advertising on the buses, has worked with private companies for their transportation needs and considered advertising in the shelters which will be going up. Transit buses are the best “billboards” for the city and are more visible than the newspaper and other billboards. Wesley Poole said Thomas Schwan does an excellent job with the Sandusky Transit System (STS) but things that are being tried are not part of the budget. Thomas Schwan said the STS is controlled by a grant and is not part of the city’s budget. Nicole Ard said money was used by the STS from the general fund and this is potential income to help pay this back. Nicole Ard said a couple of weeks ago, members of the Audit/Finance Committee asked for ways to mitigate the use of fund balance and these are examples of how this could be done. There are other ways to do this and there are other revenue sources that could be talked about.

Nicole Ard said to think about what the comfort level is with potential cuts to fire services, police services, street maintenance and outside legal work. Diedre Cole said the duties of the Stormwater Coordinator need to be conducted as mandated, but other things will not get done on the list as a result. The position of General Services Director is vacant and the administrative assistant is proposed as a cut and Diedre Cole asked if this is something the city can live without and these are questions being asked of the city manager. Nicole Ard said she is letting the commission know these are options and the savings has been calculated for the remainder of this year, and for all of next year as well. The revenues could change based upon tourism and the city needs to be flexible.

Pervis Brown asked what would have to be done to balance the budget if the proposals outlined in the second draft are implemented. Nicole Ard said not filling the vacant position will help alleviate some of the shortfall as well as reducing legal services. Diedre Cole asked if the city could defer hiring a city engineer and have the same type of arrangement as with the previous engineer. Nicole Ard said the city paid an engineering firm \$15,000 last year but it is not fair to ask employees to not have a permanent director as there is no continuity or stability. There used to be six engineers in this department and they did a lot of work which is no longer being performed. Julie Farrar said the spreadsheet shows reductions at 32 weeks and this can be adjusted. She appreciates anything staff can do to help seek additional revenues and does not believe the city can raise enough revenue to take us back to the 1970’s, but investment needs to be made in the community to reduce calls about houses, drugs and potholes.

Diedre Cole asked if there is a way to consolidate services by partnering with others to get things done with less people as it breaks her heart to think of cutting personnel. Diedre Cole said she knows the members of the Audit/Finance committee have said they would not support an unbalanced budget with revenues less than expenditures. Going forward, there are many unknowns in addition to the loss of estate tax and local government funding. None of these can be lived without as they are important to implementation of the strategic plan. Pervis Brown said these cuts have already been anticipated with the draft budget and Hank Solowiej affirmed they have been.

Wesley Poole asked how Nicole Ard arrived at the conclusion to make the cuts proposed. Nicole Ard said at the recent community forums, it was stated these are primarily staffing cuts and these are the persons who provide the services. The only non-personnel item is reduction of our legal services. Don Icsman said all of the money can be cut from outside legal services, but progress is being made. There were expenses in past years but things have been built such as the new paper district marina, the Chesapeake Lofts, an active Brownfields program that is addressing Apex, American Crayon and Sandusky Cabinets. This is being done by getting the right advice from the right people at the right time and this costs money. There used to be three other lawyers working here but the way things are being done is much more effective and is not always for a negative reason. Don Icsman said every department gives back money and not all of it is being spent. Wesley Poole asked why specific positions were identified as opposed to others. Nicole Ard said there are some positions in general services (this and next year) and the potential to contract out services for some of these employees. There are also positions in fire and police as outlined in the ICMA recommendations. Beyond this year, there are suggestions for cuts to positions in law, administrative services and finance and sacrifices being made on behalf of the organization. Nicole Ard said all of the departments gave up funds last year in order to maintain the police department’s level of funding. Figures are presented in terms of what this could be and this is a portion of the general fund as some of these positions are paid with other funds (i.e. sewer or water). Wesley Poole said in order to make decisions about positions that can be cut, he needs to

understand the city manager's operation plan for providing services. Nicole Ard said this is in response to the Audit/Finance Committee recommendation as a plan if the city cannot meet the budget. Nicole Ard said there are a variety of services these employees provide and with feedback, the commission can specify what they want to do. Wesley Poole said no one knows the impact removing a foreman would have. Keith Grohe thanked all of the department heads for the jobs they do and the decisions they make and said he appreciates their work.

Upon motion of Keith Grohe and second of Wesley Poole, the commission voted to adjourn the meeting at 8:08 p.m. The Vice President declared the motion passed.

Kelly L. Kresser, CMC
Clerk of the City Commission

John F. Hamilton
President of the City Commission