

MARCH 15, 2007

6:00 P.M.

On **Thursday, March 15, 2007, at 6:00 p.m. a Special Meeting for the Proposed 2007 Budget and an Executive Session on a Personnel Matter, Unrepresented Employees related to the Proposed 2007 Budget** was held by the Sandusky City Commission at the City Building Commission Chambers, 222 Meigs Street, with City Commissioners Craig Stahl, Dannie Edmon, (*Dan Kaman-excused*), Dennis Murray, Brian Crandall, Brett Fuqua and Dave Waddington in attendance; as well as the Charter Officers of the City Manager Mike Will, Law Director Don Icsman, Finance Director Ed Widman and the Clerk of the City Commission B. Joyce Brown; and Administrative Staff of Director of Engineering Services Kathy McKillips, Fire Chief Mike Meinzer, Police Chief Kim Nuesse and Administrative Services Director Warrenette Parthemore. The meeting was open to the public and the news media.

Vice President Dannie K. Edmon asked that Mr. Stahl offer the **prayer** and requested that everyone remain standing for the **Pledge of Allegiance to the Flag**.

The Clerk called the **roll** with the following Commissioners present: Stahl, Edmon, Murray, Crandall, Fuqua and Waddington.

Mr. Jim Ruthsatz, Chairperson of the Finance Committee, said every year, whether financial conditions are good or bad, local governments must decide how to use the tax resources that they anticipate receiving in the upcoming year. When conditions are good, the discussion tends to focus on adding services, doing more capital projects or contributing more to savings. When conditions are bad, the discussion tends to focus on reducing services, getting more efficient, adding new taxes, or creating growth that will improve receipts in the future.

Mr. Ruthsatz said we continue to be in the 'conditions are bad' category due to flat and/or declining revenues. Bad, in this sense, means that our decisions are harder because they involve a reduction of workforce. It does not mean that our funds have been mismanaged, or that we are in such dire straits that we do not have enough time to make the best decisions. Even during the past two years of 'conditions are bad' we have been able to grow our cash reserve, control spending, and continue to make progress on our redevelopment strategies.

Mr. Ruthsatz said as a matter of fact, we have sufficient cash balance to pass a budget with our existing employment base and then make some staffing adjustments throughout the year to further reduce expenses without having a significant impact on reducing services. We will likely spend into our cash reserve in 2007, but it will give us some time to do a few of the following things:

Mr. Ruthsatz said first, it will allow us to work our redevelopment strategies further. I would not expect that we would see major increases in revenues due to one more year of implementation of the strategy, but we will be able to make an assessment as to whether we will be heading in that direction in the future. Second, it will give us time to consider and assess long-term adjustment options that could be implemented in 2008. Those options could include service reductions, regionalization efforts, efficiency improvements, tax increases, or some combination of all of them – any of which would be improved by being able to get extensive feedback from the public. Third, it will allow us to pursue and see the impact of a potential change in the way that we do health care coverage. There is no guarantee, but the information that we have received so far seems to indicate that we might be able to reduce our expenses enough to help balance the 2007 budget. Fourth, it will allow us to assess our revenue situation again. The rest of the country has been growing for a while now and we may be lagging behind them. We might also get a final determination of what will happen at the two local auto plants and then be able to plan accordingly. Fifth, we will be able to consider alternative strategies that are in between the two extremes of either a tax increase or a reduction of workforce. One such option, and I am sure that there are many more, would be to do a temporary tax increase that is designed to complete a capital improvement project and improve the neighborhoods around that project. The theory here is that we would be using a temporary tax increase to drive growth and enhance our development strategies while taking care of our neighborhood concerns. Part of our work, collectively, throughout 2007 would be to determine the efficacy of this option and many others so that we can make the best decision.

Mr. Ruthsatz said I, in conjunction with the Finance Committee and the Finance Department, I am recommending the attached budget. There are summary sheets for every division that allow you to make a quick assessment as to how the budget proposal compares to previous years. Attached to each summary is the detail behind each account. Part of the 'zero-based budgeting approach' is to list and justify all expenditures. There is a detailed list of each individual expenditure attached to each summary. Our original budget requests were much greater than this. The justification process has allowed us to significantly reduce our overall request.

Mr. Ruthsatz said the budget, as recommended, is not balanced. It is the opinion of myself, the Finance Committee and the Finance Department, that we should work to reduce expenses immediately after the passage of the budget. We feel confident that we can do this in two major ways. First, we would continue attrition efforts while also looking for other areas to reduce staffing levels in the general fund without having a big impact on service delivery. The strategy focuses primarily on staffing because all attempts have been made to reduce every other line-item in the existing recommendation. Second, we would bid out our health care services in the hopes that we can provide this service at a significantly reduced amount. With a full year of savings in both of these areas, we would anticipate a balanced budget.

Mr. Ruthsatz said today, we are at about the same amount of full-time employees that we had twenty years ago (252 in 1987, and currently 258). In contrast, there are more police calls, fire calls, streets needs, code enforcement needs, and more parks to maintain now than what there was twenty years ago. We feel confident that we can continue to maintain service levels even with a little further attrition. We are also confident that we will have reached our limit at that point. Further reductions in personnel will require us to eliminate essential services that our citizens are used to receiving and have come to expect us to deliver. There are significant challenges associated with any personnel reductions in each city department. The next section is dedicated to giving a brief understanding of each department and the challenges they face.

Mr. Will said for **Department Summaries, Fire Department** - Currently, the Fire Department feels confident that 90% of the time it will be able to respond to fire and EMS calls in less than five minutes. Most of the time, they will handle those calls with Sandusky Firefighters and Paramedics, but there has been an increasing use of mutual aid over the past couple of years. Our personnel are trained extensively and when you use our services you will see their expertise and appreciate the quality of their work. In 2006, we compared our total wages in the Fire Department with other Fire Departments of cities our size and demographic makeup throughout Ohio and learned that we pay average wages. We are not high or low in pay compared to those other cities.

Mr. Will said The National Fire Prevention Association (NFPA) sets standards of safety for full-time fire departments. For a city with our call volumes, the NFPA standard for minimum manning is 15. Our reductions in recent years have led to our actual minimum manning being at 12, and the attached budget proposes to maintain our staffing levels at a minimum of 12. We have found ways to operate while maintaining safety, efficiency, and response times, but it is clear that any further reduction in manning would be going further than any of us feel comfortable going. The safety of our employees and residents would be compromised significantly. Also, we have utilized the services of neighboring communities an increasing amount over the past couple of years and we believe we have reached our limit in those areas.

Mr. Will said we are a high-performing department compared to other fire departments around the country. Our call volumes are above average and our manning levels are below average and we are able to maintain better-than-average response times with highly trained personnel. You have continued to rate our fire and EMS services very high.

Mr. Will said the **Police Department** - The story of the Police Department is similar to the Fire Department. Our response times have been excellent. Like the Fire Department, most of the time we are getting to you within five minutes of your call. The police personnel that handle your calls are trained in dispute resolution and police techniques so that they can handle each incident with respect to all parties involved while still diffusing any potential disputes. The analysis of wages

that we did for fire personnel was also conducted for police personnel and again we learned that we pay average wages, not too high or too low.

Mr. Will said we are making some flattening adjustments in the current year to get to the level of reduction that was achieved by the Fire Department, and when we hit that level we will be at manning levels that are at or below industry standards. To make further reductions would not only impact the safety of police officers and citizens, it would also make it more difficult to give you what you have asked for in our recent citizen survey – an increased police presence in the neighborhoods. Our Police Chief and staff are reorganizing our efforts so that we can get the most out of our current system. As it stands, we have higher-than-average levels of activity, like violent crimes, and we have lower-than-average manning levels. But we have continued to achieve rapid response times with professionally trained staff. We do not recommend reducing our level of service in this area.

Mr. Will said we are working to get the most out of the tax dollars that you give us by partnering with other local agencies wherever possible. Our work in these areas has led to a focused effort on drug activities and violent crimes. It has also led to other partnerships with state and federal agencies. There are more opportunities and we will try to take advantage of them in the interest of being able to provide more for less. Our current budget proposal is set up to maintain current manning levels.

Mr. Will said the **Department of Development** - Maintaining a beautiful city is essential to being successful at becoming a place of choice. Our Department of Development employees work every day to maintain over 300 acres of parks along with the park equipment it takes to perform the maintenance, operate a golf course, increase recreation programming, create community events, maintain approximately 20,000 trees, provide housing opportunities to people of all incomes, improve the quality of life for the people living in the 11,000 housing units throughout the city, and much, much more. Over the past two years, the people in this department have figured out how to accomplish all of this with some of the most severe cutbacks of any department. They have exceeded the average department reductions by reducing their full-time workforce by almost twenty percent. Any further reductions in this department will result in a noticeable difference in the beauty of our community. During the past year, you advised us that you want us to aggressively enforce our beautification codes, and we will not be able to do that without maintaining our existing staffing levels.

Mr. Will said the economic development activities, another responsibility of the Department of Development, have been at an all-time high. With minimal staffing, we have successfully received and implemented millions of dollars of grants for brownfields, we have sold out our business park, and we have created development opportunities in many areas along our waterfront. Our personnel in this area are essential to the implementation of our strategic plan for growth.

Mr. Will said our existing budget proposal for the Department of Development calls for maintaining our staffing levels, but we believe that there are some adjustments that we could make throughout the year to maintain our service levels while becoming more efficient.

Mr. Will said the **Department of Engineering** - This is the largest department in our organization. It houses more than one fourth of our full-time workforce and includes the divisions of water treatment and distribution, sewer treatment and collection, building, engineering, and streets. Water and sewer services will undergo major construction projects in the near future and our staffing levels will need to be maintained to manage the construction while delivering the service at least to the levels required by law. Our building division handles all of the residential, electrical, and plumbing permits and inspections for the entire city. There are thousands of these activities every year. A large portion of the cost of running this department is covered by fees associated with those permits. During years of high development activity, like what we have experienced in the past two years, we utilize supplemental staff to assist with handling all of the activities.

Mr. Will said our streets division handles all of the maintenance of our 107 miles of paved streets as well as the traffic signs and equipment associated with them. During the past year, this division put together a timeline for reconstructing every mile of street in the city over the next twenty-five years. They also estimated the funds needed to accomplish this. If we were attempting to achieve replacement every twenty-five years we would need to triple our annual capital allocation. Currently, we use a small percentage of our income tax collections plus all of the license fee money

to fund the city's share of roadway improvements. Our recent streets study performed by the University of Toledo showed that the condition of our streets is above average compared to the other communities that they assessed. There are some efficiencies that we can gain during 2007 in this division.

Mr. Will said the **Finance Department** - The Finance Department has reduced its workforce by approximately 30% in the past couple of years while experiencing no decrease in output. As they try to deliver services with less staff they have successfully maintained their quality of service, but it is clear that further reductions would lead to longer times to process, maintain, and report on data.

Mr. Will said when asked to comment on the recent history of his department and the philosophy of his approach, Mr. Widman stated the following: *"I made the decision with much opposition to not conduct business as usual - our audits have remained positive and the department budgets have remained flat or decreased - we switched to Regional Income Tax - in the past, there were many hours of overtime in the tax office but now there is none - elsewhere in the office we rarely had overtime in the past but now we have some on a regular basis - overtime is cheaper than health insurance. I am not comfortable hiring an employee full time until I see an improved economic basis for the city. If you need my story for the budget narrative, I think this is it - we are getting by, not moving ahead but managing the critical needs in a reasonable manner - everyone seems to get paid - we make some mistakes but the cost of being perfect is expensive."*

Mr. Will said the **Municipal Court** - Judge O'Brien has worked with the city over the past couple of years to manage our finances. While other departments were reducing their workforce, Judge O'Brien found ways to reduce his. The story about workload is similar.

Mr. Will said in a recent survey of 22 single Judge Municipal Courts in Ohio (Sandusky Municipal Court was included) prepared by the Clerk of Hamilton Municipal Court, it was found that the average number of cases was 15,544 per year. The average court had 23 employees to handle those cases. That averages out to 676 cases per employee. Sandusky Municipal Court had approximately 15,693 cases in 2005. In 2007, the court is working with only 15 full time employees to handle more than the average caseload. If the court has close to 15,693 cases in 2007 each court employee will handle an average of approximately 1,046 cases.

Mr. Will said in some ways the Municipal Court captures the activity levels of the City as a whole. Its caseloads remain high (driven by police and nuisance activities) even while the population (and the tax base) of the city is dropping. The current budget proposal maintains the current staffing levels.

Mr. Will said the **Law Department** - As our Economic Development, Police, and Code enforcement efforts get stronger, the demands on the Law Department increase. Although the Law Department has participated in the attrition process over the past couple of years by way of staffing and expenditure reductions, we will be looking for added support with various civil and development programs in the upcoming years. Their current budget maintains the authorized staffing level of the 2006 budget. It is our intention to fill the vacant Assistant Law Director/Prosecutor position, use it to keep up with our follow through on code enforcement issues, and reduce expenditures on outside counsel. The expenditure reductions will increase as the knowledge and skills of the new employees grow and we would expect that the position would end up saving the city money.

Mr. Will said the **Administrative Services Department, Human Resources** - The duties of the human resources division are critical to any organization. This group of three employees works extensively with our management team to make sure that we hire, train, and effectively and fairly manage our entire workforce. We have compared the amount that we spend on human resources to other cities throughout the country and we have found that we are a little less expensive than most. We also view the human resources division as being essential to managing better performance and improved efficiency of our whole system. It is not about making employees happy, rather it is about creating the right employment conditions to maximize our performance. Employee satisfaction is usually a result of doing this well. Their primary functions include, but are not limited to, job description review, advertising for open positions, accepting/sorting applications, interviews, job offerings, orientation, reference checks, form completion, cooperation with finance, OPERS, benefits enrollment, scheduling physicals, drug tests, background checks, filing, employee safety, and assisting with the management of the conflict that can result

from running a multi-million dollar organization. They coordinate 10-12 educational programs per year and they are budgeted to increase that amount in 2007. The current budget proposal maintains existing staffing levels.

Mr. Will said the *Fleet, IT, and Building Maintenance* - Fleet maintains 81 vehicles with an average age of 7 years; 76 pieces of light equipment, 39 pieces of heavy equipment with an average age of 18 years; and 34 golf carts. During storms, they work 24-hours to make sure equipment is available as needed. Our cost to provide this service is below market. We have set equipment replacement schedules, but in recent years the City's capital funds have not been enough to keep up with them. We are operating with equipment that is a little too old.

Mr. Will said the IT maintains 120 devices connected to the WAN, including 102 workstations, radios and telephones. They do the AV work. There were 565 repairs in 2006 and 90% were completed in less than 24 hours. Those that were not repaired within 24 hours were due to the need to wait for parts. Our current budget proposal calls for maintaining our existing staffing levels. We spend far less, on average, than most of our comparison cities on IT.

Mr. Will said the Building Maintenance covers 15 buildings with a total of 201,875 SF. They are computerizing repairs and creating a maintenance program that will help prevent future problems. They are working with the energy conservation people to find ways to save money. They also clear sidewalks and keep the buildings safe for employees and the public while working on various small construction projects around the city. Our building needs are also supported by the city's capital funds. There are some opportunities to gain efficiencies in this division in the coming year.

Mr. Will said **Recent Position Reduction** - Over the past two and a half years, all of the above departments have worked to reduce costs while maintaining and/or improving the service that we deliver. The following is a list of the many positions that have been frozen or eliminated during that timeframe:

- 4 patrol officers – Police
- 2 police captains – Police
- 1 Assistant Chief – Fire (will be changing soon, but without increasing costs)
- 2 Lieutenants – Fire
- 3 Firefighters – Fire
- 1 Assistant Planner – Department of Development
- 1 Office Manager – Finance
- 1 Payroll Clerk – Finance
- 1 AP Clerk – Finance
- 3 Secretaries – Law, Administrative Services, Horticultural Services
- 1 Department Head – Community Development
- 1 Public Information Officer – City Manager
- 1 Purchasing Agent – Administrative Services
- 7 Superintendents – Fleet, Streets, IT, Water Dist., Water Plant, Sewer Plant, Recreation
- 1 Sanitary Engineer – Engineering
- 5 Maintenance II – Streets, Forestry, Horticultural Services (2), Greenhouse
- 1 Animal Control Officer – Department of Development
- 2 Custodians – Administrative Services
- 1 Deputy Clerk – Municipal Court
- 1 Dispatcher – Police
- 1 Assistant Prosecutor – Law
- 1 Chief Construction Inspector – Engineering

After a question, Mr. Widman said I think on top of the notes every month, a lot of very good comparisons. I know looking at some of the history that we share with the Commission, you know in one year in 2005 we were down to just over a million dollars. And by the end of that year we were at \$3.15 million. Mr. Waddington said so this is what I'm trying to relay, it looks bad, we're on the battlefield now, but the fact is now it's coming back in. If we put this back in, at the end of the year, and we were mindful that we were watching it right now closer than we ever did in the history of Sandusky, we're doing the best job that we can and nothing is going to sneak by us. So if we go down to 10% or 11% and give Mr. Will some wiggle room to work to get us through this year, we know the RITA is coming and the end of the year Bed Tax and Admissions Tax is coming back. And then that's when our real challenge is I think will be in the fall. Mr. Widman said August, September and

October is always our highest months in terms of our total reserves. Mr. Waddington said so it will bounce back. Mr. Waddington said give me a number, does it go to 10 or 11 or a \$1 jump up to what? Mr. Widman said I don't necessarily think 10% is going to hurt us, especially relying on the fact that we're watching this very closely. We can also tell anyone that's looking at rating us we have a lot that's happening to the City compared to 14 years ago. There's the Paper District Project and maybe there's a negative here and there, but there are some positives there too. I can't really give you a concrete number. A lot of what they tell us when they rate us is how they're looking at a lot of communities. I have a hard time finding a community that's doing gangbusters. There are a lot of cities that are struggling just like we are and I think we're keeping on top of it. Mr. Waddington said I appreciate all of the efforts and everything, but Mike's got a lot of things on his plate now and Mr. Packan and the City do. And I think if I was a business outside of Sandusky looking at this, and all of a sudden its stalling, that's what my biggest concern is.

Mr. Will said the cash balance as of the 2005 as of the end of February is not substantially different than what ours is right now at the end of February. Mr. Widman said so actually in 2005 at the end of February we're at \$1.8 million. And 2006 was totally identical to where we're at right now.

Mr. Widman said the other thing, and this is where either this current Finance Committee or I was told the gentlemen that served before, said if you could get into reducing your workforce with layoffs, you have a big surge money, but you have to pay the accrued benefits. I have always been kind of hesitant to recommend it. That's in part why the reallocations took place years ago. I never liked this issue because you need to get rid of one person because of their job. Basically you need to get rid of two because you got to pay them off, you got unemployment, and you're looking at making a cash drain to get rid of them, one a void. Mr. Murray said I think it would be helpful if you had the opportunity to talk with a bond rating agency to get a little bit of input. That may be one of those things that you don't want to ask. If that's the case, don't ask. I will leave it up to your discretion.

Mr. Murray said following up on a point that Mr. Stahl made, and thinking towards 2008 and having in front of us, we should be thinking about a menu of horrible things to fall I bet. Just think about the horrible options that we might have to look at or we could look at. I think it behooves us if we can tread water through the course of the next year, spending down the cash reserves to no more than the \$300,000 Mr. Stahl indicated. It will be helpful to me to know or to start to think about those options towards the end when it comes up often. What would we save if we closed the Greenhouse and purchased the plants? I realize so much history and value and things that are special that the Greenhouse provides that can't be replaced, but its one of those things that we obviously have to look at. And I would like to know, we don't account for these things the same way businesses might look at their greenhouses, the golf course and the Municipal Court. And say yea these are independent things if you will, and what are their impact or drain on or contribution to the General Fund. So I would like to know for my own purposes, is the Court really a breakeven proposition or does that cost us money, and the same with the Golf Course and the same with the Cemetery? And extending beyond that, a general discussion about Mr. Icsman, the same call upon you or Mr. Widman, but I would just like to get some sense here of what our backstop here is. If a municipality gets to the point where it's not able to provide essential services, including safety services, what happens? Do you go into receivership at some point and how far are we from providing minimal safety services that we might face that prospect? I know we don't want to dip below the 5-minute standard for police and fire. I talked about what if we close the Cedar Point Fire Station? We didn't save much of anything because we still have minimum staffing levels and we still have to have that number of people there. Mr. Icsman said I will defer that to Ed. But from a liability standpoint, I think that we would not incur liability that legislators have been wise enough to protect when you have scare resources and you try to do something in good faith allocate them the best that you can.

Fire Chief Meinzer said there's isn't a one size fits all for any department. It's very unique across countries and just like the City of Sandusky, there are many fire departments facing many challenges. Number one, you can only provide a service that you can afford. Number two, if you don't pay attention to lesson number one, lesson two is going to hurt real bad. Your loved ones, your family, your property, you

have a duty to protect it and if you can't afford it, you just have to accept the fact that you're going to lose it. And right now, to some degree, I believe we are already failing, at least our neighbors. Our request for mutual aid has doubled since 2005 and 2006 because we have cut back our staffing levels. We called Perkins 50 times last year and the year before it was 25 times. So in fact our neighbors, we're creating a burden on them. I don't know how long that's going to last. If we were all healthy, we would all help each other out, but it depends on that they are swamped to the point that I believe that Margaretta, Perkins and Huron to some degree are bailing us out on emergency calls. We used Perkins three times yesterday to help us out on responses. And that was trying to keep to the minimal staffing levels and trying to keep our response times under five minutes. Mr. Murray said they may face similar threats if their levies fail. I don't know how they're going to be able to help us out.

Mr. Will said a point, what we've been trying to do is performance measurement over the past couple years to try to illustrate, I think the citizens kind of sense from time to time that maybe there's too many people employed for the City. So what we have been doing is trying to prepare ourselves in other places and see where we are in it. We didn't know how it was going to turn out. And when you compare it to other cities, as far as maintaining of fire personnel with cities our size and call volumes our size, to find out if we're too high or too low or in the middle. And what we learned is we're below average in those areas as far as the number of people based upon the number of cases that we have. So we're already working really hard and we want to continue doing the best that we can. If we go further with that, which we are totally allowed to do with police and fire, even with reductions, our risk level is middle height. It's just we don't feel comfortable as staff to be able to deliver the amount of services people have expected. We are allowed to do that, but it's getting very uncomfortable. A discussion ensued.

Mr. Fuqua said hypothetically, if we have to do something with the golf course, cemetery and greenhouse, how would we privatize that or sell it to get it off the City's back? Mr. Will said that's a tough question. It's hard to consider that as an option because I think it's pretty regulated and it's a fantastic thing for our citizens. You would have a whole list of scenarios that you would run through if you were to consider that or any other service that the City provides. (Mr. Will gave a scenario of the City not cutting our grass any more.) A discussion ensued.

Mr. Edmon said I would like to go department by department to figure out why we need some of the increases from last year's actual to this year's budget. I'm looking at the Street Fund right now, 216-6200. Last year's actual was \$745,778, but we appropriated \$848,314, with a difference of \$102,536. I think we should go case by case and then we can make decisions on whether we think it's appropriate to cut or not to cut. Certainly different departments have different reasons why they want increases or why we think they merit decreases. I want to make sure that the Commission buys in with this, but we can debate what flows without actually looking at the numbers that are being presented to us, but I don't think we will get too far. Mr. Will said keep in mind this budget does not add people, it's taking away. If you look at the summary of the total in the major categories, you'll see that the only area besides wages and fringes that have increased are in the training I believe. It's because you should have increased training, especially when you have less people around. And that training amount that increases, and it is not by an amount that would contribute towards the \$900,000 or \$500,000 nest or whoever you look at it. The deficit is caused clearly by wages and fringes and not with the increase of people. Mr. Edmon said well sometimes. And sometimes it's contractual services. I'm looking at our Street Capital right now and I'm certainly for fixing our streets, I think we've neglected them long enough. But we're going from \$88,000 to \$300,000. That's a big jump. Mr. Will said that's not zero funding. That's not related to that \$900,000 for streets. It's funded by gas tax. It's funded by other taxes. I see what you're saying about the big jump, but that doesn't do anything as far as the \$900,000. Mr. Widman said it's just basically that has for a number of years now stood on its own. You can't take those monies and use them somewhere else. Discussion ensued on different funds and the purposes they could be expended for.

Mr. Waddington asked how soon would we know as far as the health insurance? Like Mr. Stahl said, we got \$300,000 and would we know that number and that would have a big impact on the City. Mr. Will said we will be able to put a pretty

good estimate on the Wellness Plan as soon as the contracts are passed and the Wellness tests are taken. That Tuesday, we're trying to get to those tests for around the first week of April. So shortly thereafter we should be able to put together an estimate as to how much that saving would be off of the current budget. It seems like a couple of month's process before we will be able to figure that out.

Mr. Waddington asked how many employees right now signed up for the Wellness? Mr. Will said they're not going to make the decision until after they get the test. They will get an actual test saying you passed a certain standard in five different categories. They would make a decision right then and then we will know how many are in the Wellness Program. And others that are not starting the Wellness Program, they're paying in on that contribution towards the premiums. Mr. Waddington asked could we guess a ballpark on that? Mr. Will said if you remember back in the fall as we were going through contract negotiations, we made it available for all of the employees, the opportunity to take these tests. About 4 of the 5, the fifth one being the smoking test, we figure there is no reason to test that. You know if you smoke or not. But out of the 4 of the 5, we had about 40 or 45 people who took the test. And if you go by the results of those 40 or 45, which were primarily AFSCME employees and administrative employees, then you can kind of make a guess as to how many people. I sort of in my estimate, have been using maybe 25% of them will not pass enough tests so they will have to go the contribution route and contribute 75%. A discussion ensued.

Mr. Edmon commented again that even if you took out the wages and fringes, the budget has increased this year from the actual. Mr. Will gave an explanation and a lengthy discussion ensued.

Mr. Crandall asked when were we going to bid out the healthcare? Mr. Will said we are in the process of that right now. Mr. Widman said we have two external folks that we're working with and the one that we are most comfortable with we will proceed in advertising using their choice.

Mr. Crandall said one of my major concerns is for the Police Department. What upsets me is a few weeks ago we passed to contribute \$15,000 for an event downtown and then I learn that our police officers do not have bulletproof vests, not all of them. I see here they're listed for a second chance and it looks like five, six or seven were going to be purchased, is that enough money to adequately cover everybody's department? Because if not, somebody is going to have to cut something because I want to make sure the police department gets money so the guys on the streets, this has nothing to do with you (Chief Nuesse), because I want to make sure everyone of those officers have bulletproof vests. Because it is inexcusable, when I went home and did the math, that we could have 21 bulletproof vests for the \$15,000 that we contributed for an event. So I guess I'm asking, what will it take to outfit everybody with a bulletproof vest? Chief Nuesse said we're looking into that. A discussion ensued.

Mr. Stahl said a \$896,000 deficit. We think we might be able to come up with \$450,000 more out of that for the Healthcare and the Wellness Program, at least \$446,000. I think we're pretty well in general agreement that where \$300,000 is all we want to kick in from our... Mr. Will interrupted and asked can I give clarification of the \$450,000? That is \$200,000 for Wellness and \$250,000 for bidding out. Mr. Stahl said okay. Mr. Will said the one you're missing is attrition reduction throughout the rest of this year at about \$150,000. Mr. Stahl said well, the trouble with the attrition reduction is it has major costs that go with them. Mr. Will said no, that's layoff reduction that would. Mr. Stahl said we have some big costs with some of these guys that are going to retire and walk out of here with some pretty big checks. So you know I'm going to factor that in. If we're right on the \$450,000 and the \$446,000 and the attrition takes care of it, we're right at the \$300,000. Mr. Will said by accident. I didn't even know you were bringing that number up tonight, but that would still get us around \$300,000. Mr. Stahl said that would get you right to the \$800,000 before you would have to. That's with attrition. That's with the healthcare savings. Everyone is crystal clear on that, it would be with attrition and with the healthcare savings. And if the healthcare savings did come in, you'd have to make some staff deductions. Bottom line to accommodate that number (\$300,000).

Mr. Edmon said on contractual services, I see last year we spent about \$63,000 actual and this year we budgeting \$150,000, can you tell me why we're have such a jump? Chief Nuesse said yes. We had a jump in contractual services because of the non-anticipated commercial testing for sergeants and lieutenants. Fifteen thousand dollars for police providers, plus another \$2,600 for psychological tests for the new hires. And then we also had the \$11,000 for the MDT (Mobile Data Terminals) planned for the cruisers for them to be able to do the reporting from the car.

Mr. Edmon said I also see we have \$11,000 for Nextel phones and then we have the Sprint plan, could they be combined to give us a cheaper rate? Chief Nuesse said it's not the same thing. Mr. Edmon said but they're both phone companies right? Chief Nuesse said they're both phone companies, but they're not both phones. Mr. Edmon said I understand that, but with one company as opposed to two companies, usually they give you a break. Chief Nuesse said Nextel doesn't do the Global Data computers in the cars. Mr. Edmon asked if we have radios in the cars, why do we need telephones too? Chief Nuesse said we don't have telephones in the cars. Mr. Edmon said we have radios right. Chief Nuesse said yes. Mr. Edmon said well, we have the 12 phones for \$7,252.40? Chief Nuesse said that's the Detective Bureau. Mr. Edmon said okay. So there is no way we can combine? Chief Nuesse said no, we already looked at that. A matter of fact, this is the cheapest way that we can get for these items. A discussion ensued.

Chief Nuesse said I would have to go through the entire budget, but if you want me to do that, I would be happy to do that for each item that you have concerns about. Mr. Edmon said it was just the big jumps. Chief Nuesse said if you also look further down the list at vehicle maintenance chargeback at \$75,000, that was a large interdepartmental charge that we had last year to outfit the cruisers and repair them. We got the Maintenance Division so that was added in this year to try and anticipate those repairs on vehicles and outfitting them. Mr. Edmon said I would like to know how much we spent in previous years. Was last year just a fluke here when we looked at \$75,000 or was that a consistent thing? And if it's consistent, I question why we weren't budgeting that in before? Mrs. Parthemore said last year was the first year that my department, the Police Department, started charging back to this department. Prior to that time, all of that charge stayed within the Police Department. Last year we relayed the charges back to this department so that if there's any grant money that comes to that department or like sewer or water, it can be charged to that department versus everything being charged to my department as police. Mr. Edmon said okay. Mrs. Parthemore said so when I get my budget you'll see some numbers from mine and they will be charged back at the end of my line items, that explains to you how each of these departments had a fleet charge to it. We based it partly on what the history was last year. We took what our anticipated budget was. We took the percentage of our budget from last year that each department used and charged that back to them. We're also putting a system in place where we can start tracking buying vehicles and buying pieces of equipment, the life of that equipment so if we can see if it can cost us more to have it than it would to get rid of it. Hopefully, with a year's worth of history we'll be able to help make that more concise, but right now it's based on estimates. If nobody's car loses a transmission for the next year, it will be lower. If you have 12 cars lose transmission, it's probably going to be higher. Mr. Edmon said so that estimate was based on previous years what they actually had? Mrs. Parthemore said they've only tracked it for one year. It's what's based on the percentage of what was used last year and an estimate by our mechanics based kind of on the age of the vehicle and the turnoff of what we expect will probably happen. Mr. Will said the Administrative Services budget looked better last year than what it really was.

Mr. Crandall asked for records of vehicles that we have and if she would throw out a couple of model years that we have? Mrs. Parthemore said we had a grater that was from 1956. And the average age for the life vehicles for our cars is 9.4 years. Our mid-size truck is 10.1 years. Our heavy trucks is 13.3 years and our heavy-duty equipment like some of the fire equipment, some of the large equipment from Kathy's (Engineer) department is 8.9 years. And we have other things such as grater and some of the equipment that's 20, 30, 40 and 50 years old and they're maintaining it. Mr. Will said our fleet people are making lists taking the maximum useful life or they start to see after a certain point whether it would cost more to maintain it than it does to get rid of it. So they're putting together those lists and we're going to roll into

a Capital discussion after we pass the Operating Budget. We're using all of the Capital money that we get, but we don't have enough to keep up with those things. So we're doing the best we can do to make due with the equipment that we have. One particular large item that concerns me in the upcoming years is the sweeper. We need a new sweeper. We needed one last year. Was there any way to lease one so that we can find a way to make it go into an operating budget better? But we have a lot of equipment that we have a hard time keeping up with because again, the money for capital is tied to the income tax.

Mr. Murray said were we still eventually going to develop a long term Capital Budget, a 10-year Capital Budget once we get past this budget, something you had in mind with the fleet? Mr. Will said yep. The department heads have already put together their expectations over the next 10 maybe 20 years and gave it to Kathy McKillips' department. So that would be the next plan. A discussion ensued.

Mr. Edmon said I don't think we're at a point where we're ready to vote on this yet though. There's still a lot of questions. I would suggest that we all go back and digest some more and think about some of the things that we're saying and some of the explanations that we were given tonight. Mr. Will said would you like to schedule another meeting or wait and see what questions you have, get answers, then become familiar with the past or whatever to the point you feel satisfied by it and then go from there. Mr. Edmon said I'm one of seven. I think we should have all seven of us Commissioners here. I was kind of disappointed that we scheduled the meeting and we knew that Mr. Kaman couldn't be here. This was something important enough that we should all find time that we can all be here, just my opinion. Mr. Will said Mr. Kaman wasn't concerned about it. Mr. Edmon said I would suggest that we e-mail, call and try to see when everyone is free so we can set up another meeting and notify the press in the right amount of time. Mr. Will said note that too we will have to have a special meeting to pass this budget because we wouldn't be able to get it prepared for the next regular meeting. Mr. Will said can we make plans to bring it to the next meeting (March 26th) and then you guys can have a choice then whether you want to vote on it right then or wait until later in that week. Mr. Fuqua said so moved. Mr. Waddington seconded the motion. Thereupon the Clerk called the roll as follows: Yeas: Stahl, Murray, Crandall, Fuqua, Waddington, 5. Nays: Edmon, 1. The Vice President declared the motion passed.

Vice President Edmon asked for a motion to hold an executive session. Mr. Murray then moved to have an **executive session on Personnel, Unrepresented Employees**. Mr. Fuqua seconded the motion. Thereupon the Clerk called the roll as follows: Yeas: Stahl, Edmon, Murray, Crandall, Fuqua, Waddington, 6. Nays: 0. The Vice President declared the motion passed.

At 5:32 p.m. an **executive session was held on Personnel, Unrepresented Employees**.

At 7:20 p.m. Vice President Edmon returned to the table and entertained motions for adjournment. Mr. Fuqua said so moved. It was seconded by Mr. Waddington and carried.

ATTEST: _____
B. JOYCE BROWN
CLERK OF THE CITY COMMISSION

DANNIE K. EDMON, VICE PRESIDENT
SANDUSKY CITY COMMISSION