

VILLAGE OF SEVILLE
FINANCE COMMITTEE MEETING
FEBRUARY 16, 2010

Mrs. Schwartz called the meeting to order at 7:15 PM.

Present: Mayor Carter, Barbara Schwartz, Rick Stallard, Jim Lovejoy, Kathy Rhoads, Roger Kilgore, Richard Barbera, Fiscal Officer Jim Carrick

The minutes from the January 19, 2010 Finance Committee Workshop (motion by J. Lovejoy, seconded by R. Stallard) and the minutes from the Finance Committee Meeting from February 1, 2010 (motion by R. Stallard, seconded by J. Lovejoy) were approved. Aye votes all.

B. Schwartz read into the minutes a documented statement presenting to Council a history of various previous meetings, decisions, and budget revenue and appropriations from the past several years. All had a direct effect on the financial difficulties that the Village is now dealing with. Documentation attached.

R. Stallard presented a proposal to have the Police Department restructured. One chief, one sergeant and the other officers would be patrolman. Communication issues within the department were a factor. An interview process was discussed. The committee stressed their desire to not lose an employee. Salaries and hourly wage cuts within the department will be adjusted downward.

Mr. Carter asked when the budget needed to be finalized and submitted. March council meeting is the deadline. Mr. Pipa questioned how much of the police budget was salaries and benefits. Neighboring community police wages were discussed. Police staffing equations were discussed. 84% of a recent police budget represents salaries and benefits.

The committee stressed that Village finances and the economy drive our issues.

K. Rhoads brought insurance information to discuss cost saving. (Copy attached) The committee will continue to explore measures, either co-pay and/or out-of-pocket expenses, to generate additional savings in the budget. We also addressed employee contributions. B. Schwartz suggested involving the BOPA trustees in any discussions on health insurance changes. BOPA trustees finished their workshop meeting and were called in and given copies and a brief summary at this time.

Sergeant Milton talked with the committee about equating rank and money. He stressed the importance of having a ranking officer in charge. It was stated if you lose rank, you lose power. R. Kilgore reiterated that we no longer have the money. Under Chris Weir, we had one sergeant (Burson) and the other officers were all patrolman.

B. Schwartz advised the committee that based on the most recent CCA collection reports that compare January and February 2009 vs. 2010 are down \$28,245.97, almost 30%. The CCA assumptions for revenue in 2010 are not as conservative as ours, but are down quite a bit. Our businesses are struggling.

B. Schwartz queried the council about freezing wages and also asking the employees to pay more for health insurance. Any insurance changes and the savings would not take effect until July.

The committee discussed the amount of the carryover for 2011. The 2009 carryover was approximately \$180,000.00. January 2010 we had \$230,000.00 in expenses. Although we did have revenue come in, we show a downward trend for revenues from all sources. K. Rhoads asked if we could prudently have a carryover of between \$180,000.00 and \$190,000.00 for 2011. The Committee as a whole was not comfortable with that amount. Chief Burson was asked about any increase in overtime if one officer was eliminated. Chief Burson said he could make it work with one less officer.

Fiscal Officer Jim Carrick stated his desired carryover would be in the neighborhood of at least \$200,000.00. He would like to see it build up in the next few years to a \$300,000.00 carryover. B. Schwartz advised the committee that Westfield Township has a carryover of approximately

\$500,000.00, as they mind their money very well. K. Rhoads stated we used to in Seville.

J. Carrick told the committee that if we did not eliminate one position within the police department, our carryover for 2011 would be about \$130,000.00 even with the payroll reductions. Chief Burson was more comfortable eliminating a patrolman than a sergeant as less money was invested in training. He stressed he needed the right people remaining to make it work. Chief Burson advised that his department would be willing to give up certain paid holidays. This would have to be done by legislation and would effect the entire Village workforce. The intention would be to also go to 80/20 co-pay on insurance and possibly a premium adjustment. J. Carrick advised that some of the premiums were for BOPA employees and does not come out of the general fund so that factor would effect the amount of savings. R. Barbera advised we need to look at whether our reduction in employees put us at a different tier with our insurance carrier.

B. Schwartz reiterated that we needed a carryover of a minimum of \$200,000.00. All departments have made their adjustments and police was the last budget to be addressed.

The committee decided to take a five-minute recess at 9:05 PM.

The committee reconvened at 9:10 PM.

Paula Gordon asked about the pay cuts within the department and the sergeant testing.

K. Rhoads reiterated that we are continuing to turn the numbers every way possible, to try and eliminate laying off an employee to balance the budget and reflect what the committee feels is an appropriate carryover, keeping in mind Village finances, projected revenues and the economic forecast.

B. Schwartz asked each committee member to give their input on the budgets already presented by each department. J. Lovejoy asked about the streets budget. All members were in agreement on that budget. After discussion on streets workers being paid out of the park budget, all approved

the Parks budget. It was also decided to keep parks and streets as separate budgets.

All approved the fiscal officer's budget. Contractual services were increased for audit expenses. The payments for the building are listed at the bottom of the budget as Principal, Interest, and Debt Service. This expense is approximately \$120,000.00 per year.

All approved emergency Management budget. All approved Zoning & Planning. Mayor & Administration budget was approved by all.

The Legislative budget, after reducing the solicitor's fees by \$6,000.00 to the previous year's budget of \$29,000.00, was approved by all committee members. Revised Legislative budget total \$149,868.40.

All members also approved the Tax Administration budget. There was brief discussion about the $\frac{1}{4}\%$ tax increase in reference to the CCA. The Village levied the tax and it was determined they should have contacted the residents. CCA only collects the tax. RITA may be explored as a future option for tax collection. The fees from the CCA are approximately \$7,000.00 per month.

In reference to Mayor's Court R. Barbera gave the committee detailed information on the process and expenditures. There was discussion about a need to increase the number of citations in the Village in order to make it work. Mayor Carter is not in favor of name-dropping to get out of a ticket. Mayor's Court pays for the prosecutor. After several minutes of discussion on the Mayor's Court budget, it was decided to eliminate it. Lovejoy and Schwartz voted to keep it for at least next year, but the decision was voted down 4-2. Appropriate adjustments will be made in the budget. We will talk with Ted Lesiak about any needed legislation. We briefly discussed using the BOPA drop box to drop off payment for tickets. Mayor Carter would like to see hours posted for when an officer will be at Village Hall.

The last budget that needed to be finalized was the Police Budget. Based on the budget numbers, it is possible we will lose an officer. When the department added the three sergeant positions, there was no cost factor to test. The committee stressed that the communication issues needed to be

fixed. If we lose a patrolman we would be left with a chief, 3 sergeants, and 2 patrolmen. The Chief is concerned about losing supervisors as well as personnel. He would prefer to keep his veteran people. Mayor Carter expressed her concerns over the current department. It was decided to move forward with specifics for all personnel involved. B. Schwartz wanted to know if there were any other funding options available to the department for hiring or retaining an officer. COPS FAST may be the program, and it is not available at this time. With keeping the wage cuts in place and the savings of \$6,000.00 from the Legislative Department we have opened up the option of either a patrolman or sergeant.

B. Schwartz questioned the structure of 3 sergeants and 3 patrolmen. She also queried the role of the Chief of Police. That position is not 24/7. The Chief shared that this structure is a new paradigm, being taught at North Western University. We are the only department in the area that is using this structure. Typically, around 3-5 years a patrolman can work a shift by himself.

B. Schwartz expressed her extreme displeasure with the circumstances that led to this point in the process. She feels that the position we find ourselves in was a result of wasteful, arrogant spending. She feels that the position we find ourselves in is unfair, unnecessary and it didn't have to be this way.

Mayor Carter shared with the committee her concerns within the police department. J. Lovejoy shared his and the mayor's conclusion after the sergeant interview. After further discussion, it was determined to make a final decision tonight.

B. Schwartz asked if everyone was comfortable enough to take a vote. B. Schwartz asked the Chief, if the elimination is of the Senior Staff Sergeant, would he be able to pick up those duties or would that leave a hole in the department. It was noted that their job descriptions pretty much mirror each other. The Chief stated he would be able to pick up any duties.

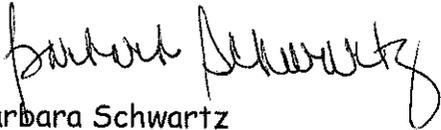
R. Stallard indicated to make a specific choice and J. Lovejoy suggested to vote initially more generally; sergeant or patrolman.

Everyone on the committee voted to eliminate a sergeant position; more specifically the senior staff sergeant position. This is a recommendation by the Finance Committee to Council based on economic reasons. All members shared their levels of upset and agony in making this decision. A special council meeting will be called.

There was a motion to adjourn made by J. Lovejoy, seconded by B. Schwartz. Aye votes all.

The meeting adjourned at 11:35 PM.

Respectfully submitted by,

A handwritten signature in black ink that reads "Barbara Schwartz". The signature is written in a cursive style with a large, looping initial 'B'.

Barbara Schwartz
Finance Committee Chair

VILLAGE OF SEVILLE

REVENUES:

2007=\$2,192,912.08

2008=\$2,036,504.32

2009=\$1,872,780.41

2007 to 2008= 7% drop = \$156,407.76

2008 to 2009= 8% drop = \$163,723.91

Council and the fiscal officer anticipate a drop in 2010 revenues. After detailed discussion and review of all sources of revenue we unanimously agreed on a projected 10.5% decrease in revenue or \$1,677,000.00. This represents a decrease of \$195,780.41.

Two employees being laid off and 1 quitting with no notice translated into a budget savings when you include salary and benefits of over \$206,000.00.

We still need to make additional cuts of OVER \$120,000.00. This will give us a carryover of approx. \$200,000.00 for 2011.

CCA reports have indicated for several years a decrease in income tax and net profit tax.

The CCA list of Seville's top 10 businesses in December of 2008 has changed so dramatically that 3 of them are no longer in the top 10. The October report showed decreases of income tax paid to the Village. The average was a 13.3% ytd decrease or \$31,077.00. The tri-annual property reappraisal will be done in 2010 and there will be a decrease in collections for 2011.

At year end 2009 we had a CARRYOVER of approx. \$180,000.00. The expenses for January 2010 were \$230,000.00. There was additional income in Jan. of approx. \$95,000.00.

SOME OF THE SAVINGS with the new administration:

Eliminating the cleaning crew \$4590.00

Eliminating one of two payroll systems 2009= over \$5000.00

Incorporating the payroll acct. into the general fund acct.

eliminating fees 2009= ~\$1200.00

TOTAL \$11,000.00

OVER \$850.00 yearly contract to check and change oil on our \$30,000.00 generator. Kevin B. has agreed to maintain for the cost of the oil.

Over \$3,000.00 in property taxes being paid on parcels that should have been "exempted". In process, anticipating refunds.

Programmable thermostats are being used to their potential.

Phones, including cell phones, are being revisited to make sure we are on the most affordable plans.

Temperatures are being monitored in all buildings to keep them comfortable when there, not tropical.

Two sides of the paper used for copying purposes when possible.

All departments working together, doing more with less, and
SAVING TAX DOLLARS.

The police budget for 2007 was \$841,262.00.

2008 = \$867,025.00

2009 = \$731,686.76

2010 proposed based on Levy Passage = \$819,705.14

(salary and benefits \$684,319.66)

2010 proposed based on Levy Failure = \$726,023.35

(salary and benefits \$612,033.88)

IN 2007 the Village stopped giving back to the residents and businesses the Kilowatt-hour tax. That money stays in the general fund and pays expenses.

THE SAME YEAR 2007, the Village retroactively raised by $\frac{1}{4}\%$ the income taxes on those residents who work outside of the Village. This passed in November 2007 retro to January 2007. The Village collected not only the tax, which represented according to the CCA about \$40,000.00, BUT several residents paid the penalties and interest and the Village also KEPT and SPENT that money.

We borrowed over \$60,000.00 to buy 3.71 acres of land adjacent to Sue Frey's house and Leohr Park. The purchase was from Ben Wetter and we have never even mowed it, nor do we have the funds to improve this wet, rocky land. The residents gained no benefit from this purchase.

We paid \$60,000.00 for the Giaugue property. We had previously abated the property as a "nuisance".

Two memos in December 2007 (12-12 and 12-19) implemented a suspension of spending except on necessities and one week later a request for all budgets to be reduced by 5%. Mayor Sarnowski and the finance committee stated "tough financial times", "financial crunch", and that the Village did not feel they could give the % COLA increase in 2008. The police budget reduction of 5% was off of the proposed budget for 2008 and NOT OFF of the 2007 budget. Therefore their 5% decrease was ACTUALLY AN INCREASE. WHAT SHOULD HAVE BEEN A 2008 BUDGET OF \$799,198.90 WAS \$867,025.00. A \$67,826.10 INCREASE.

In July of 2008, council approved raises for 13 employees in an amount of over \$40,000.00. One increase represented 18%. That correlates to the value of the $\frac{1}{4}$ % tax increase. THAT MONEY IS GONE EVERY YEAR.

We have \$203,000.00 set aside in the general fund, THAT CANNOT BE SPENT, to cover our Bond Debt Obligation. This is a mandatory fund to cover the funds borrowed to pay for the renovation to this building. We have been paying on this loan since 2006 and still owe APPROXIMATELY \$1.26 MILLION. We pay yearly over \$114,000.00 on the loan for the renovations to this building. The loan will not be paid off until May 2025.

THE REVENUES HAVE BEEN DECREASING FOR SEVERAL YEARS IN 6 FIGURE AMOUNTS. THE BUDGETS HAVE BEEN INCREASING. THIS WAS A \$20,000.00 YEARLY BUDGET CONCERN THAT IF ADDRESSED WOULD NOT REPRESENT THE OVER \$300,000.00 BUDGET CUTS THAT THIS COUNCIL INHERITED.

January 28, 2008 Police Meeting:

--disaster plan needs yearly update

February 5, 2008 Finance Meeting:

--cash flow crunch---spending for necessary items only—waiting for revenue from county tax bills

February 27 2008 Police & Safety Meeting:

--3 staff sergeant proposal—administrative, training, equipment/OSHA

March 4, 2008 Finance Meeting:

--BOPA requested payment of the KWT tax to keep their savings up to the minimum required on the AMP Ohio Loan

March 10, 2008 Council Meeting:

Ordinance 2008-27 Loan agreement with First Merit for current operating expenses.

March 26, 2008 Police Meeting:

--Chief Burson reduced the clothing allowance to \$550.00 from \$700.00

April 8, 2008 Finance & Government Meeting:

--NO QUORUM TONIGHT

--Discussed borrowing money (\$500,000.00) to help the Village for the time being.

May 6, 2008 Finance Meeting:

--NOT OFFICIAL MEETING—NO QUORUM

--No word yet from First Merit about the loan

May 22, 2008 Parks Meeting:

--discussion of job description of full time Assistant Parks Superintendent

--BOPA tore down the Giauque house—Village could not afford to hire anyone to do it

May 28, 2008 Police Safety Meeting:

--Chief Burson thought that overtime should be calculated on hours worked....not on "after 80 hours"

June 6, 2008 Finance Meeting

- appointments made with First Merit and First National regarding loan applications,
- Debt fund is at shortfall of \$105,000.00. Committee advised this will show up in the audit.
- still at cash crunch
- Supervisors advised evaluations need to be turned in and recommendations of any level changes.

June 25, 2008 Police Safety Meeting

- OT should be calculated on hours worked and/or on comp time

July 8, 2008 Finance Meeting

- Landis will meet with Leonard to discuss the levels and decide what the impact of the raises will be.

August 28, 2008 Parks Meeting

- Kiwanis looking for another community project

October 22, 2008 Police Safety Meeting

- need for 3 computers
- Chief has started the process of reviewing the Disaster Plan Preparedness

October 22, 2008 Streets Meeting

- there will be no meetings in November and December due to the Holidays.

Funds have not been kept going or re-established to purchase and/or repair necessary Village vehicles and equipment. Several of the streets and parks equipment have not been replaced for over 10 years. Money has not been set aside to keep us on a rotation of vehicles, trucks, snowplows, mowers, etc. Funds were not set aside for police vests or cruisers.

- The Village bought the building for the new Village Offices on 9-25-02 for \$270,000.00.
- The Village, working with the Summit County Port Authority in 2005, borrowed 1.4 MILLION DOLLARS to cover the renovations for this building.
- WE MOVED INTO THE NEW OFFICES JANUARY 2006.
- In 2007, the Village Council started keeping the kilowatt-hour tax, which was previously returned to the residents and businesses.
- In 2007, the Village Council RETROACTIVELY raised by $\frac{1}{4}\%$ the income tax of all residents who work outside of the Village.
- In 2007, the Village Council borrowed over \$60,000.00 to purchase land from Ben Wetter adjacent to Sue Frey's house and Leohr Park.
- In 2007, the Village Council purchased the Giaouque property for \$60,000.00 and didn't have any money to tear it down. BOPA did the work at no cost to the Village.
- In December 2007, the Village suspended spending except on necessities, HOWEVER, BUDGETS CONTINUED TO RISE.
- In 2008, the Village attempted to borrow \$500,000.00 from two different banks, to "help us for the time being". Neither bank presented a proposal. The Ordinance 2008-27 was passed as an emergency measure, the request was dropped.
- In July of 2008, the Village gave out over \$40,000.00 in raises to 13 Village employees.
- In October of 2008, knowing there was NO MONEY, Council had a first reading on legislation to eliminate the Board of Public Affairs Trustees in an effort to replace them with a Village Administrator. There was no money in the budget for such a position.

- The Village spent the SURPLUS (several million dollars) left by the Administration of Mayor Jean Jamison.
- We borrowed 1.4 Million dollars to renovate a building.
- We started keeping the kilowatt-hour tax, to the detriment of our residents and businesses.
- We raised the income taxes of our residents-RETROACTIVELY.
- We kept the penalties and interest paid by our residents on the income tax fiasco, even though that money should have been returned.
- The Village borrowed money to buy land we didn't need.
- The Village spent approximately \$150,000.00 on additional parkland, which is against the resident's wishes, as stated in the Comprehensive Plan.
- In 2008, the Village attempted to borrow \$500,000.00 to help with expenses, from two different banks.
- With revenues dropping, Council kept approving budget increases. 2008 was supposed to represent at 5% reduction in expenditures, but did not. 2009 budgets were adjusted and we only were able to have a \$180,000.00 carryover into 2010.
- After exhausting every source of additional revenue possible to obtain additional monies to cover expenses, the administration of Conrad Sarnowski and an experienced council, attempted to eliminate the Board of Public Affairs trustees.
- Mayor Sarnowski walked out during a Finance Meeting in November 2008, when questioned about Village finances. The meeting was adjourned without a motion and the Mayor subsequently resigned, never addressing the resident's concerns.

VILLAGE OF SEVILLE
ORDINANCE NO. 2008-27

AN ORDINANCE OF THE VILLAGE OF SEVILLE, MEDINA COUNTY, OHIO AUTHORIZING THE MAYOR AND THE CLERK TO ENTER INTO A LOAN AGREEMENT WITH FIRST MERIT BANK FOR CURRENT OPERATING EXPENSES AND DECLARING AN EMERGENCY.

WHEREAS, the Clerk and the Finance Committee have determined that it is necessary to borrow funds to meet current operating expenses of the Village; and

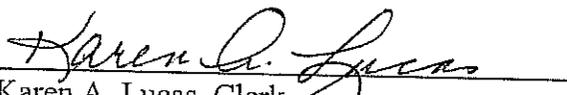
WHEREAS, Council now desires to authorize the Mayor and the Clerk to enter into a loan agreement with First Merit Bank in order to obtain loan funds to meet current operating expenses.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE VILLAGE OF SEVILLE, THAT:

1. The Mayor and the Clerk are hereby authorized to enter into a loan agreement with First Merit Bank to obtain loan funds in the sum of Five Hundred Thousand and no/100 Dollars (\$500,000.00) to meet current operating expenses of the Village, pursuant to the terms of the agreement attached hereto and made a part hereof and marked Exhibit A.
2. This Ordinance is hereby declared to be an emergency measure necessary for the preservation of the public peace, health, safety and welfare of the Village of Seville and its inhabitants; the specific reason for the emergency being the immediate need to avoid a financial crises in the Village and obtain funds to meet current operating expenses of the Village, and therefore, this Ordinance shall take effect from and after its passage.

First Reading: March 10, 2008

Passed: April 14, 2008



Karen A. Lucas, Clerk



Conrad Sarnowski, Mayor

Annual Funding Exposure

The Village currently provides an 85/15% funding plan. Given the current member insured, 5 Single and 18 Family (7 Employee+1; 11 Full Family), the Village has a current annual exposure of \$69,700.

The annual exposure would vary based on funding levels.

| Funding Level | Employee Out of Pocket | Annual Exposure |
|---------------|------------------------|-----------------|
| 80/20% Plan | \$400 / 800 | \$65,600 |
| 75/25% Plan | \$500 / 1000 | \$61,500 |
| 70/30% Plan | \$600 / 1200 | \$57,400 |

4,100
3,200
12,300

Premium & Exposure Cost Savings

The Village has eliminated 3 members from the health plan over the last year.

| Name | Ending Date of Coverage | Monthly Premium | Annual Savings |
|-------------------------------|-------------------------|-----------------|--------------------|
| [REDACTED] | 9/1/2009 | \$1085.66 | \$13,027.92 |
| [REDACTED] | 2/1/2010 | \$1085.66 | \$13,027.92 |
| [REDACTED] | 2/1/2009 | \$1085.66 | \$13,027.92 |
| Annual Premium Savings | | | \$39,083.76 |

Also, all three members had family coverage with a potential funding exposure of \$3,400 each or \$10,200 total.

Annual Employee Contribution Comparison

Current

| | Monthly | # of Contracts | Annual |
|---------------------|---------|----------------|-----------------|
| Employee | \$0 | 5 | \$0 |
| Employee+1 | \$50 | 7 | \$4,200 |
| Family | \$100 | 11 | \$13,200 |
| Total Annual | | | \$17,400 |

Option

| | Monthly | # of Contracts | Annual |
|---------------------|---------|----------------|-----------------|
| Employee | \$25 | 5 | \$1,500 |
| Employee +1 | \$75 | 7 | \$6,300 |
| Family | \$150 | 11 | \$19,800 |
| Total Annual | | | \$27,600 |

Difference: \$10,200