

Special Council Meeting Minutes

Budget Work Session

July 29, 2013

The special meeting of the City Council, City of Audubon Park to work on the budget was held on Monday, July 29, 2013 at 3340 Robin Road with the following present: Mayor Michael Scalise, along with Council Members Joanne Bader, Vince Osbourn, Mark Stevens, Nancy Zinner and Cary Campbell. Council Member Al Huber was absent. Also present were Police Chief Jeffrey Cox and City Clerk Stephanie Lee.

Call to Order: Mayor Scalise called the meeting to order at 7:00 P.M. followed by the Pledge of Allegiance. Mayor Mike Scalise noted that tonight's meeting was a special meeting to work on the PROPOSED BUDGET ORDINANCE FOR FISCAL YEAR JULY 1,2013 – JUNE 30, 2014 and he advised that there was no public comment session.

Mayor Scalise opened the meeting by noting that the budget has been worked on in small groups for several months but the biggest issue before the Council is dealing with a shortfall in revenue which was due to the City having collected more sanitation fees than they were allowed. The biggest change from the budget that was presented at the first reading is that the City has cut \$87,557 from the previous draft of the budget. The Mayor said no discussion was needed on the other revenue items on the budget. Joanne Bader noted that she, Cary Campbell and Vince Osbourn had met with the Mayor on July 10th to discuss the budget and several areas were identified for further clarification in specific line items by the Mayor; they had received no response from him so she suggested he respond to those issues first.

The Mayor began to respond to specific questions that had been posed on the expenditure pages. He noted that one question centered on the \$6000 PVA fee and whether that could be cut by bringing the tax bill preparation in-house. The Mayor said that that fee is actually for proprietary information the PVA provides on home valuations used to generate the property tax; the City would not save any money even if they prepared the tax bills themselves because the fee is actually for the information.

Regarding the workers compensation costs listed, Joanne Bader said they had requested these costs be broken out by cost center; the Mayor said he hadn't done that yet but that wouldn't change the bottom line. Joanne Bader said she wanted to go on record to request these expenses be allocated by cost center.

There had been a question about a cut in Council compensation but, after checking, the Mayor determined it could not be cut so this change in the previous budget was deleted. Nancy Zinner asked why the Mayor should be drawing a salary when he doesn't even bother to return phone calls noting an incident the previous week; the Mayor said he had been unaware of the issue.

Joanne Bader questioned the figures listed in the City Clerk's Office salary (5350 account) which previous versions of the budget had listed as \$44,800 but subsequent "actual" figures listed at \$39,250; it had been presented by the Mayor as including a salary for the City Clerk and the Treasurer who was paid \$19,200, thus the number is too low. The Mayor said there had been a misprint. Vince Osbourn noted that what was the Treasurer's salary is now shown in the line called Professional Services, which in the new budget is \$16,000, reflecting the costs of the accounting firm that is replacing the Treasurer. This is a \$3000 savings from before. Joanne Bader suggested that the costs for the accountant may actually be more than reported with extra hours needed to change our financial reporting systems. The Mayor said the proposal for this service is \$750-1250/mo.

Joanne Bader suggested that we cut out the funding for ReachAlert which she first championed to disseminate information to the residents; with only 60-70 signed up so far, this is a luxury the City can't afford in light of needed cuts. She gave kudos to Jim Curtis and the police department for their notification system which seems to duplicate ReachAlert. It was agreed to delete this expenditure.

The City Attorney expenses have not been decided yet; figure there is just a placeholder. Joanne Bader asked whether the City planned a retainer again for the Attorney; she noted that so far the City has paid Mr. Leachman more than \$4400 from November to July which exceeded the amount budgeted for his services last year. Cary Campbell questioned why this had not been negotiated yet when the Mayor had announced the proposed appointment two months ago; the Mayor said Mr. Leachman had been on vacation and it would be addressed.

On the issue of health insurance supplement, the Mayor explained that the City did not pay health insurance but supplemented pay so they could buy their own health insurance, as long as they supply proof of insurance. This benefit is only for full-time employees. These costs are broken out in each cost center – general fund, public works, and public safety – and approx. \$4000/yr per employee.

The Mayor explained that City Clerk General Expenses (5300) budgeted at \$12,000 included printing of ordinances, office supplies, fees to the Courier Journal for publishing legal notices, etc. Charlie Veeneman suggested we change the name of this to "administrative costs", not City Clerk.

City Hall General Expenses (5500) includes \$3375 for cleaning of City Hall and \$2550 in identified costs last year but the Mayor said it needs to include other costs which were not included last year such as damage to the roof, police cars and a wall of City Hall which was paid by insurance but not yet completed. Cary Campbell suggested the \$6215 paid for the repair not be included as an expense in this year's budget, but should have been recorded in the previous year when the insurance check was received. Mark Stevens questioned whether insurance-related costs and reimbursements shouldn't be a totally separate line item. This category also includes \$5000 in credit line expense which the Mayor kept to keep the credit line open. Joanne Bader asked the Mayor to check with the accountant whether the credit line expense should be in this account or recorded differently; the Mayor agreed.

The Mayor explained about Payroll Expense-Other which reflects pension liabilities owed this year to the former police chief and a former officer; the latter will be paid in full with only two more payments this year. Cary Campbell questioned whether this wouldn't be better listed under Public Safety or pensions be listed under the cost center in which they were incurred. Joanne Bader asked whether the City shouldn't start accruing for pensions the City will owe in the future; the Mayor noted that the line for Defined Contribution Plans/457 Plan is how the City would like to expense "pension" costs in the future – where the City will match a certain percentage of contributions from the employee for anyone eligible for the benefit that wants to participate. Cary Campbell noted that we still are doing the same thing where the city is paying for an expense (pension) that wasn't planned for. Joanne Bader asked how many employees are currently vested, where implementation of a 457 plan currently stands, when the plan would actually be in place. So far, only a few discussions have been held according to the Mayor and the personnel policy would have to be changed. A municipal order would be needed for the Personnel changes. Cary Campbell questioned whether employees already vested are going to be given a choice about changing to the 457 plan.

Discussion was held about the expenses for the awards dinner. Joanne Bader said it was a nice gesture but she would rather the employees have a job than a nice dinner for one night. Vince Osbourn concurred. This item was deleted from the budget.

Discussion was held on the code enforcement officer expenses. When asked, the Mayor explained this employee checks trees and property, sends out code enforcement letters as needed, has extensive OSHA background regarding required codes and helps with maintenance issues in the park. Chief Cox noted that OSHA requires some jobs to be done by two people so he helps Public Works. In addition, the Mayor noted there is a line expense for Otto Mock to fill ooze tubes for new trees planted by the Forest Board to ensure their survival in the first year. Cary Campbell suggested this expense should be listed under Public Works.

In Public Works, the budget recognizes one employee who works 8 hours/day, five days a week. Maintenance expenses of \$2500 reflect a savings from \$4000 actual last year.

Cary Campbell directed the conversation back to the Pension and Defined Contribution Plan. He asked the City Clerk how long she had worked with the City; she responded ten and a half years. He then asked how close she was to potentially retiring; she noted she had a contract with the City. Cary remarked that the Mayor just said that when the policy switches over, the old pension will go away. If the employee doesn't agree to this change, the City needs to put money in the budget for the former "pension" cost. Mark Stevens said there would have to be some sort of pro-rated compensation to those who have already vested certain benefits under the old plan before the 457 plan would go forward. Cary Campbell said this has been glossed over and not addressed; evidently employees have not even been informed about possible changes. The Mayor originally budgeted \$12,000 for the 457 plan (3% x \$400,000) but then cut back the amount because of the budget situation due to less employees and fact that not all will join in. Vince Osbourn noted the amount should reflect the maximum likely number of employees that could participate in the 457 Plan. There was much discussion whether the City

should expense "pension" benefits as a lump sum or pay as we go for annual costs for this. If employees are grandfathered in under the old plan, that needs to be addressed and the \$5000 under the 457 Plan is woefully inadequate. It was decided this number needs to be revisited.

It was clarified that the Public Works salary does not reflect overtime; instead comp time is given to offset extra hours worked. The Mayor noted there was no supplement to his salary from Road Funds.

In Public Safety, general expenses (Acct 6100) were dropped from \$40,000 to \$37,000. This includes costs for uniforms, Verizon expenses of \$800/mo for the MDTs in the police cars, maintenance and parts expenses for police cars, drug tests, a PT mechanic for cars, etc. Cary Campbell asked for a copy of these expenses. Joanne Bader asked whether it included legal costs and the Mayor noted that \$4453 was included for outside legal expenses for a personnel hearing. Joanne Bader asked how many police officers used take-home cars; Chief Cox replied all full time officers and that they received a gas allowance not to exceed \$500/mo which includes patrol miles and no one has exceeded the limit. Further discussion was held about how the gas policy worked. It was questioned whether the mechanic in the general expenses category shouldn't be in maintenance/gas and Chief Cox noted that auto fuel should be its own category and should be \$38,000.

The budget for Public Safety Salaries of \$276,745 represents 6 FT and 4 PT officers. Cary Campbell asked whether this reflected two employees per shift and Chief Cox said he would not discuss shift staffing. When he became chief, staffing was 7 FT and 6 PT officers, so cuts have been made. He tries to maintain two officers per shift, especially on weekends, with backup as needed by Louisville Metro. Current staffing levels are adequate to maintain police accreditation, but it is contingent on much more than staffing levels alone. The City received its accreditation in 2005 which dropped our liability coverage costs by about \$17,000/yr. One of the biggest contributors to the salary cuts was the elimination of a FT officer who had a higher salary as well as 3 PT positions. The Mayor noted additional cuts were made in overtime, court pay, vacation, and payroll taxes to reflect fewer employees. Joanne Bader noted that workers comp costs had to be added into this cost center to better reflect actual costs for the police dept., and the Mayor indicated he would work to get those numbers from Charlie Veeneman. He will retitle that line item as workers comp/liability to reflect all insurance costs. Vince Osbourn asked how many police cars the City maintains and the Chief estimated the number at nine. Cary Campbell noted that the only way to significantly cut costs in this cost center is to cut additional employees and wondered whether we had an idea how much that would reduce ancillary expenses such as workers comp, car payments etc associated with each employee. He noted the City is still more than \$78,000 away from balancing the budget. Joanne Bader said that the liability/workers comp number is the same from previous budgets and likely is high because it doesn't reflect the cut of 1 FT and 3 PT employees.

Under Parks, the Mayor had reduced expenses from \$7500 to \$2500. Joanne Bader said she spoke with Gene Stotz about the \$5000 grant to the Garden Club; Gene indicated that all but about \$1000 of the grant was used to pay for pruning in parks, planting in flower beds, easement tree planting etc. Joanne Bader suggested that this grant be under the Parks

umbrella since it is primarily used for park/tree maintenance. Mayor Scalise concurred. Vince Osbourn noted that \$9700 was actually paid last year so this year's allocation of \$2500 seems too small and Cary Campbell agreed and felt that we would have to come back to this category. Mayor Scalise indicated that he felt that cleanup of storm damage was a legitimate use of some of the excess sanitation funds.

Joanne Bader said that Anne Bobigian of the Forest Board said that it was critical to have funds for hazardous tree removal (\$5,000/yr) and structural tree pruning (\$1,500/yr) of which the latter is in the Garden Club block grant. The Forest Board is trying to get a \$6,000 grant to treat the Emerald Ash Borer which would be cheaper than removal of trees. The grant is a matching grant and the City would have to put up perhaps half of the money if they get the grant. The Mayor said that last year the City spent about \$3,000 on ash borer treatment and about \$13,700 to remove trees damaged in Robin Park during a storm, so actual costs spent were about \$16-17,000. Mark Stevens remarked that the City should budget the \$2500 for the grant in addition to a figure like last year's \$16,000 for parks this year. Joanne Bader said that when asked how much the City really needed to budget for parks and trees this year, Anne Bobigian suggested \$13,000 which includes \$4,000 within the block grant, but if they do strategic pruning of some hazardous trees, this number might decrease. Various options for handling hazardous trees were discussed. Council members seemed to agree that additional monies need to be added to the Parks category; Cary Campbell noted that the aesthetics of our trees is what adds to the appeal of our community. Joanne Bader reported that we are getting a large value in in-kind labor from the Forest Board. Mayor Scalise lauded the Forest Board for its efforts over the years but noted while surveys have shown that about 2/3 of trees lost have been replaced, the City is falling behind. Joanne Bader commented that the City has never budgeted for storm damage, despite 3-4 major storms in the last five years, and we need to begin to do this because these costs/storms will continue due to the age and condition of our trees. She suggested taking a portion of the excess revenue from the sanitation fee to designate for a storm damage reserve fund but suggested it should be put in a special revenue fund to control those funds with more oversight; perhaps some could be allocated for replanting. Cary Campbell and the Mayor thought these monies could not be used for replanting. Joanne then suggested maybe the City could impose a new fee, e.g. \$50 -100/household/year to be designated for a storm cleanup reserve; Mark Stevens asked if this could be rolled into the sanitation fee. Mayor Scalise noted that he had discussed with Charlie Veeneman theoretically doing away with the sanitation fee and instead raise the tax rate to include sanitation etc; Joanne noted that this would require a vote to raise taxes more than 4%. Mark Stevens said there is a cost to the City for every tree we lose, because they enhance the value of the City; this needs to be considered. Vince Osbourn said we will need to come back to this discussion.

The Mayor suggested that the meeting adjourn since discussions had been over two hours. Joanne Bader commented on the difficulty of getting all Council members together at one time and said the Council needed to spend more time to discuss the Road Funds and Cary Campbell noted that the funding gap had yet to be closed.

In addressing the Road Funds, the Mayor noted that under the original budget \$10,000 had been transferred over to General Funds but those funds have been replaced back in the Road

Fund. He noted that \$58,000 exists in the checking account for road funds and the City expects to get \$3,000/mo for the coming year (\$36,000/yr) so there will be \$94,000 available in revenues. The Mayor said there is a deficit in the Road Fund so he suggests the City only spend \$50,000 on street paving and perhaps apply something to the deficit every year. Joanne Bader asked whether there could be agreement that the money in the Road Fund account only be used for street paving. The Mayor noted there could be a legitimate use of some of these monies for other work done on the roads but agreed that the City would solely use it in this budget for paving.

Vince Osbourn asked to clarify the Garden Club grant. Joanne Bader explained that \$4000+ of the grant is used for parks. Some additional money was allocated to the Dogwood Festival and Community Christmas Celebration which benefitted all residents. She thought the Garden Club could cut some of those costs so \$4100 could be allocated to the grant.

Mike Scalise said we have identified nearly \$90,000 in savings plus the nearly \$16,000 for storm cleanup which could legitimately be considered a sanitation fee expense so over \$100,000 has been identified. Joanne Bader said she thought the \$6,000 for the City Attorney expense was too low. Vince Osbourn noted that leaves another \$70,000 or so to go. Discussion was held on what could legitimately be expensed against the sanitation fee. The Mayor said he'd had discussions with the Dept. of Local Government and State Government and Jonathan has talked to attorneys at the Kentucky League of Cities and all agreed there is a figure for hidden costs that sanitation fees can be used for but the attorney for the Dept of Local Government did not say what that figure was and referred the Mayor to his City Attorney.

The Mayor questioned whether the City cut further than \$90,000 whether that would damage the City. Cary Campbell questioned whether we even had a choice not to cut more and felt that at least an additional \$55,000 should be cut. Mark Stevens suggested that the Council needs to educate the residents about proposed cuts and what impact that might have on City services – the possibly of less maintenance in parks, cuts in police coverage etc. Joanne questioned whether not having 24/7 police coverage would affect the costs of insurance. Vince Osbourn asked Chief Cox what were the minimum staffing levels before the City is at risk. Nancy Zinner asked about lawsuits the City needs to pay for; the Mayor noted those costs are covered by insurance. Vince Osbourn asked whether the City had any assets that could be disposed of to produce revenue. Chief Cox noted that he is looking at selling the bus on a government surplus website used for such sales/auctions. He didn't know how much more could be cut out of the police budget without cutting more people and/or services.

Cary Campbell suggested that it might be helpful if the City had to increase taxes that it would be able to explain to residents what they would experience as a result of cuts that would have to be made to offset the need to raise taxes, such as potentially cutting the police department. Chief Cox said a petition a few years ago indicated that the residents wanted the police. Cary Campbell wanted to have more specifics in staffing or hours so residents could be educated about what cuts might entail.

Mayor Scalise noted that he planned to discuss a contract with Jonathan Leachman and there are other issues needing to be resolved. He suggested that the Council meet again in two weeks on 8/12/13 at 7 pm at City Hall. Joanne Bader asked that the Council receive budget materials the Friday before that meeting to review and Cary Campbell asked for copies of some of the actual expense details the Mayor referred to during the meeting.

Mark Stevens made a motion to adjourn the meeting, Vince Osbourn seconded, and the motion passed unanimously to adjourn.

ATTESTED

APPROVED