

ASHTABULA CITY COUNCIL WORK SESSION

DATE: Monday, January 11, 2010

TIME & PLACE: 6:00 p.m. – Municipal Building 2nd Floor Conference Room

MEMBERS PRESENT: Mr. Joseph L. Rose (Ward 1), Mr. August A. Pugliese (Ward 2)
Mrs. Ann I. Stranman (Ward 3), Mrs. Julie A. Lattimer (Ward 4)
Mr. James M. Trisket (Ward 5), Ms. Betty S. Kist (Vice President)
Mr. Charles P. Brockway (President)

MEMBERS ABSENT: NONE

ADMINISTRATION/OFFICERS /DEPARTMENT HEADS

PRESENT: City Manager Anthony Cantagallo, City Solicitor Michael Franklin,
City Auditor Michael Zullo, City Treasurer Lori Mackey,
Clerk of Council LaVette Hennigan, Police Chief Robert Stell,
Fire Chief Ronald Pristera, Public Services Superintendent Dominic Iarocci,
Waste Water Treatment Plant Superintendent Michael Mearini,
Deputy City Auditor Karen Jury, Income Tax Administrator Marge Pavolino,
Systems Analyst Charlene Pfouts

STAFF PRESENT: VARIOUS

**SCHEDULED
VISITORS:** NONE

MEDIA: Star Beacon

REPORT OF BUSINESS CONDUCTED

1. 2010 BUDGET DISCUSSION

a. COUNCIL PRESIDENT'S OPENING REMARKS

Council President Brockway welcomed everyone, asked every to speak with respect, said he welcomed input, and turned the floor over to the City Auditor.

b. CITY AUDITOR'S REMARKS

The City Auditor provided an overview of the report titled, "Certificate of the Total Amount from All Sources Available for Expenditures and Balances", and reported the following:

- * General Fund (GF) Cash as of 12/31/2009 = \$22,629.00. The numbers were arrived at as follows:
 - * 2009 GF balance before adjustments (-94,729.52), which includes the 27th payroll;
 - * 2009 Food Service Fund balance before adjustments (-1,423.75); and
 - * 2009 Health Insurance Fund (HIF) balance before adjustments (-373,928.60)

- * He only wanted one (1) fund in the negative at the end of the year so would only get one (1) State citation. He decided that would be the Health Insurance Fund since it was going to be negative anyway. So he:

- ** Did not make the General Fund transfer to the Health Insurance Fund;
- ** Reworked November's deposit to the HIF in the amount of \$117,359.00, thereby placing that much money back into the General Fund, thus making the Health Insurance Fund that much more negative;
- ** Reversed November (\$1,200) and December (\$1,200) deposit to the Food Service Fund and put it in the HIF and then pulled it out, thus making the Health Insurance Fund that much more negative.

- * Balance after adjustments:
 - General Fund: \$22,629.48 (which was submitted to the Ashtabula County Auditor);
 - Food Service Fund: \$976.25;
 - Health Insurance Fund: (-493,687.60)

ENCUMBRANCES:

- General Fund: (-\$16,781.51), with the final 2009 carryover at \$5,847.97;
- * General Fund and Food Service Fund ended in the positive; Health Insurance Fund ends with (-\$493,963.60)
- * He believes his research reveals that \$70,000.00 was never transferred back to Sanitation; the money was transferred with an ordinance from the General Fund to Sanitation, and can only be returned the same way;
- * Consensus is no Health Insurance savings were realized because of "our usage"; Seven (7) people maxed out on the \$50,000.00 limit; December was highest month he remembers; It is getting worse, not better; may get better in January because it is "free game" for anyone who maxed out on deductibles, co-pays, and HSA's, and the City has to put up the rest of the bill. Insurance max outs average usually two (2) per year. As health care goes up it is getting easier to max out.

BUDGET SHORTFALL

- * **Health Insurance Fund** **\$494,000**
- * **Fire Department Overtime** **\$115,000** (requested \$200,000.00; budgeted \$80,000.00)
- * **Police Department Overtime** **\$110,000** (short of what was requested)
- * **Police Grant** **\$143,000** (if employees are reduced a police grant might have to be returned which effects the revenue side of the 2010 budget)
- * **2010 Total Budget Shortfall** **\$862,000**

The City Solicitor reported the Police Grant was made subject to the "anti-supplanting statute", which means if the grant is for a specific purpose, in this case to hire two additional officers to replace those who were lost through attrition in previous years, then the commitment from where we would ordinarily pay the salaries has to remain constant. We can't just supplant \$140,000.00 from the General Fund with this grant money and quietly reduce appropriations to the Police Department. In trying to keep everything at level, I think we inadvertently do exactly that. We put into the Police Department something approaching what we did the year before, not really fully realizing that we were counting on the revenue side, the grant, and by not increasing the appropriations for the following year by the amount of the grant to hire the two additional officers, we were probably supplanting – using the grant to supplant General Fund monies in that sense. So, the choice is we follow through and hire the two officers and keep the grant, which means we would have to replace the money we took out of the General Fund; or we don't hire the officers and give the money back, in which case we probably then still don't have enough money to make the existing payroll and probably have to lay off two officers. So, at that point we're losing not only the two we were going to hire, but two existing officers. So, giving back the grant is probably not the best move from a management perspective. Like any budget, the 2010 has some assumptions built in to it.

c. CITY MANAGER'S REMARKS

The last time I stood up here and brought the budget to Council and the other people that were sitting in this room, Council said, through several voices, including Mr. Pugliese (on December 30), who said I think we ought to go back and talk to the people who work for this City and see what thoughts they have regarding our situation. So, I did that. On the following Tuesday I met with the unions, some of the department heads and we met for about 2 hours and 45 minutes; and they took me through their thoughts. Then last Friday I sat down with Mr. Brockway, Ms. Kist, Mr. Franklin and Mr. Zullo, and we went back through, for about another 3 hours, these numbers, trying to come up with a way to solve this problem. But the goal of doing all this was so that we could avoid (and this is more my idea than anyone else's), that we could avoid any further layoffs of any employees. Laying off people – I didn't relish doing it last spring and I certainly don't relish the thought of doing it again. So, after last Friday, after our long session, we went through all this and we came up with some thoughts, a combination of mines, Mr. Franklin's, Mr. Zullo's and the President of Council and the Vice President. And we met again this morning for several hours and refined it. And here's what we've come up with (see attached). And you all obviously have the opportunity tonight to comment on it, object to it, do anything you'd like, say anything you'd like, you can throw anything as long as it's in a plastic bottle. But, here's what we have come up with as what we think. And, I'm going to stress this phrase, what we think is the best way to do this without having to send anyone home. As Mr. Zullo told you we have to get to \$862,000.00. The number \$862,000.00 is arrived at by four or five lines items which Mr. Zullo explained quite eloquently. What I want to go on to tell you is I don't want you to leave here tonight and think, oh the \$862,000.00 is cast in concrete and whatever is concluded that's the number. I can't guarantee that. To be candid with you no one in this room can; and let me tell you why. I had lunch last week with one of the CEO's of a rather large company in the City of Ashtabula who went to his people last spring and told them you have to take a 10% pay reduction; and they took it. And, six weeks later he went to them and said you have to take another 5% pay reduction; and they took it. And, then they laid off forty-seven (47) people. Those forty-seven (47) people, I don't know how many of them live in the City of Ashtabula, but I'm sure it's quite substantial, and the people who took the pay cuts, including himself, quite a few of them live in the City of Ashtabula. So, the people who are getting laid off in the City and people who are taking pay cuts, they are not paying as much income tax as they were paying before. And if you sit and look at Mr. Zullo's numbers, one of his line items for income coming into the City is income tax. And unless you've been living on a planet other than this one, but if you've been reading the newspaper, listening to the radio, or watching the television, this is not a problem that is sitting just in the City of Ashtabula. It's in the cities, in the counties, in the states, and in the country as a whole. So, let me tell you now, rather quickly, what it is that we have come up with, with the stress on the fact that we're doing this at my instigation. So, if you're going to yell at somebody it's me. Remember what I am saying is, I brought this to Council, to Mr. Franklin, and to Mr. Zullo, to the President of Council and the Vice President, as ideas. They worked with me diligently to refine them. But, this goal, the goal of which I'm about to tell you, is designed so that I – I – and I don't very often speak of myself, I don't have to write anymore you're lay off letters. So, what we're going to do is we're going to use the system of furloughing, which means those are days when you won't work and you won't get paid. And, basically it looks like this." (See attached proposal)

The Manager touched on the following items:

- * Details regarding Workers' Compensation Funds (\$250,000.00 shown on attached proposal is suggested to be borrowed and placed in the General Fund). The funds have to be returned by the end of the year; Auditor said they probably won't be return by end of year because the Health Insurance Fund has to get back to a positive number, so the return "hopefully will be soon in the future"
- * **Employee Suggestion:** Citizen Street Light payment restructuring; (City's bill was \$32,000.00 per month; now \$38,000.00 per month); possibly have citizens pay for street lights with exception of major intersections; entered agreement with Cleveland Illuminating Company to save \$80,000.00 by doing "some things"; Solicitor has written the proposal to take to the people to ask them to pay a part of the bill; Solicitor is "going through the legality of putting it together; Conneaut has done this; it seems to be working so far in Conneaut; so we're going to take a look at it;

- * **Employee Suggestion:** Income Tax change to charge people who work outside the City but live in the City a percentage of the income tax also;
- * **Employee Suggestion:** Leachate Intake;
- * Regional Sewer Agreement activity, including Joint Economic Development Districts (JEDDs): no money will be realized until the very last quarter of 2010 and realistically will not see something of great value until the first quarter of 2011.
- * **Manager:** “I don’t like to have to do this. I don’t like to have to take a cut in my compensation. I don’t know anyone who likes to take a cut in their compensation unless they are terminally brain dead. I have things I like to do with the money that I make, and I’m sure you all do too. I want you just to keep one thought in mind, and the purpose of all this is I do not want to – and I am very, very prone and very against going to the position where I have to lay somebody off. We have to find a way to do this without doing that. And, if you are upset, disgruntled, mad, disheartened, then let it be with me, because I had to write those letters last spring and I had to sign them; and I am d_ _ not happy with having to do that; and I don’t want to do that again. I, as the City Manager (and I hate the pronoun I, but it happens to be I in this case), I have certain people in the City who work for me and those are the people that I would have to lay off; and I’ve done that once already. And, I’m just violently opposed to doing it again. So, if someone says, or if someone is thinking well rather than me taking a cut in what I make, I think somebody else should get laid off, then we have a disagreement. I don’t think it is fair. There are people sitting in this room, all of whom have car payments, and house payments, and kids in school, and I didn’t like having to lay the people off that I did last spring, and I want to work diligently to bring them back. I hope, and it is my fond hope, that you can at least understand the amount of time and effort that went into this. I can guarantee you there’s no one going to leave this room tonight happy, but many of you won’t be as unhappy as you would have been if I would have said I’ve gotta come in here and lay off a fireman, and I gotta lay off policemen, and I have to lay off people in this department; I have to lay off people in Waste Water Treatment; and the people that don’t get laid off can say well I didn’t get laid off so it’s not my problem. Well, my position is to avoid the layoff, I think maybe – not maybe, it’s much better off – we’re all much better off if all of us take some of the hurt and some of the pain. And we’re going to work diligently. I’ll close by telling you that I told City Council (and I ask them and told them at the same time), that in the coming months, next two or three weeks, this City Council and myself, and Mr. Franklin, and Mr. Zullo and any of you who think you have a good idea, this City Council and the City Manager are going to have to sit down and have to start looking very, very closely as how we’re going to raise money. If we don’t raise money this problem could get worse; and, it could get worse. If you read the paper you know what’s going on in the County and you know that we have a problem; and the problem could get much worse. Because if the people who are in the City and who have businesses continue to lay people off, continue to reduce people’s income, then our income is going – [our] meaning the City’s, our income’s going to continue to come down, and when that comes down then we’re going to. Mr. Zullo’s number of 862 (\$862,000.00) will go up. And, when that number goes up then we gotta come back here and sit down and figure out how in the h_ _ _ we’re going to do this. So, we are going to – [we] meaning them and me and Mr. Franklin and Mr. Zullo, are going to be spending quite a bit of time in the next month coming up with ideas as to how the City can make more money so that we don’t have to go through this anymore. Our desire is to grow, not to retract in size or space. I will be more than happy. I think Mr. Zullo and Mr. Franklin and myself, will be more than happy to answer any questions that you might have.”
- * **Solicitor:** “As we discussed this morning and just to make it abundantly clear, this is a proposed change to the annual appropriation that we call the budget. The proposal includes three items that I want to draw to Council’s attention. In the AFD (Ashtabula Fire Department) – Overtime/Furlough there’s an assumption that the savings was a reduction of \$115,000.00 that could be obtained. Furlough days for Local 1197, there’s an assumption that \$141,000.00 can be saved. APD (Ashtabula Police Department) Overtime/Furlough - there’s an assumption that \$110,000.00 can be saved.

What those assumptions relate to is the belief in the faith that we have that the heads of those departments and their employees can find ways to operate a little bit short some shifts and save or budget, and give back to the budget that amount of money. If that is not possible, if for example one or more of the unions declines to participate in that and insists that if someone is sent home from work, he or she be permitted to take a vacation day or a personal day, or if the safety forces insist that it is unsafe for them to work short any shift or any portion of any shift, then we would propose – [we], the administration, would proposed that the appropriations for those departments, nonetheless, keep these assumptions. Because, at that point the only thing left to do is to lay people off. And that, in and of itself, creates some problems because we do have a proportional lay off clause in one of our contracts which insist that if we lay off one (1) firefighter, we lay off two (2) police officers, three (3) members of 1197 and one (1) non-union employee. And, the unions with people who have either been laid off already or with positions that have not been replaced are, I would say are, prone to argue that that proportionality clause should not be applied to them at this point because of the situations they find themselves in. So, lay offs become complimented and time consuming and contentious. But, it is the only other – that is the only way to further reduce expenditures. So, keep in mind that those three items will require the consent and participation of union employees in those work places.”

The following items were discussed, questions asked, or comments made:

* Councilor Pugliese: Is everyone on the attached proposal taking (2) furlough days; the reply was no; (4) will take (2) furlough days per month; the remainder of the employees will take (1) furlough day per month. When asked why only 4 will take 2, the President replied, “We had proposals from some members of Council to reduce those positions and in fact abolish some of them. And actually a reduction was more than that but we refined that this morning on Mr. Zullo’s comments that what we were doing was more unfair. And, I don’t know how you find any way to make this fair, but this was the lesser of the evils of abolishing a position, of cutting people to half time – so that’s how we arrived at the (2) days.”

* Manager: Judge Camplese has consented to \$32,000.00; how he will arrive at that is his decision. That’s what we asked him to do and he came back and said he would. He’s also getting rid of his clothing allowance at the courthouse. The Solicitor reported the Judge will “follow through and do an amnesty day.

* Manager: There’s some proposed legislation Mr. Zullo and I will be working on and presenting to Council very shortly, to encourage people to come in and pay the amount of the income tax owed and in return receive a waiver, at least of interest and penalties, as long as they meet certain requirements.

* Solicitor: The Judge has a similar possibility and it’s been used somewhat successfully in Cleveland, whereby people with outstanding warrants – and we have lots of people with outstanding warrants. Many of them didn’t show up on traffic court day and they didn’t pay a fine. They’re not serious criminals. They have a problem and they’re avoiding taking care of it because they’re afraid that if they show up at court they’re going to be taken to jail. And, what the Judge is proposing to do is to spend a Saturday – he and I and some of his employees who’ve agreed to take comp time in return; and we would process people who would be invited by advertisement to come in and take care of their warrants. They would be assured, unless it’s a violent felony, they’re not going to go to jail; but that they need to bring some money and they need to be ready to enter into a payment program. And, it is a thought that some tens of thousands of dollars of fines and court costs that are on the books can be eliminated much more quickly than they otherwise could. And, in fact we could probably hit some between twenty and thirty thousand dollars (my estimate) into the budget this year that we don’t have right now.” The Auditor said no numbers were “plugged into the revenue side”, and that that the thirty thousand (the Judges savings) needs to be an actual cash transaction to the City. It can not be, well my employees are not going to take a vacation day and that counts towards the thirty-two thousand, because we need cash help.”

* Why a furlough day versus a percentage: The Solicitor replied it's easier from a payroll perspective to just assume to reduce it in 8 hour blocks, but was not sure. "It seems to me that if we're going to say to our people, show up for 40 hours and get paid for 32; that feels kinda wrong. It feels a little better I'm getting something back as an employee if, alright, I didn't get paid today, but I didn't have to work today. Maybe I'll pay for it tomorrow; I'll have all that work on my desk. But, if you read studies about American workers, right now they're not terribly satisfied. One of the reasons around the country is they feel they're working too many hours. They're loosing too much out on family time and personal time. Now, whether you agree with that perception or not, that's a very widespread perception. And, for many people, a little time off has a value. It maybe is not as much as they'd like to put in their wallets, but it has a value."

* Employee's desire might be to take a percentage cut versus furlough;

* Solicitor: "Going straight across the board really seems even by everybody; whether union, non-union, administrative, courts. This would be a policy decision for Council to make with respect to their direct employees; and it's something you can suggest that the Manager do with his direct employees. An amount can be decided upon for each department and the departments be told to find a way to live within their budget. The number that's being recommended to you is based upon the assumption of some sort of agreement concerning overtime, or furloughs, or working short some portion of some shifts, can be worked out. If they prove impossible then, as I said, the more direct, the more conventional way to handle it is just to give someone a layoff notice. We in the City government are being challenged and are challenging ourselves to be creative."

* Auditor sees percentage versus furlough to be the same;

* Councilor Lattimer: The affect of having some miss certain days and not others in a department is uncertain; so departments should be given the option to determine what's best for their operations. The Councilor reported it her idea to remove the position of Systems Analyst, "which has nothing to do with the personnel who's there because everybody knows Char does above and beyond her job description and more. But, it is a cost saving measure for the City. Many cities are going with it. It would save us money. I know the President said we're trying to cover the lesser of two evils; but if we're going to taxpayers and you want to ask them to pay for lighting, but yet we're doing something that we know we could have a cost saving measure in by outsourcing it, I don't understand why we wouldn't do something like that. Somebody threw out to me also, well then why don't we outsource our sanitation if that would be better. But then I reminded them that if we did something like that every time that we have tires thrown on the side of Ohio Avenue, we have to run out; we have to have those picked up. We do free leaf pick up, that wouldn't be happening. So, there would be a lot of extra additional charges and fees that would occur if we tried to outsource a lot of things that our Sanitation Department already covers for us throughout the City. So, I still will throw that out there. I know I'm probably the only person that really looks at that. The other position I looked at was the Computer Data person, so that we had somebody non-union, somebody union, and cutting the Treasurer's position to part-time. And, adding those on. Originally I was looking a 2% pay cut across the board but that wouldn't save us quite enough money. We would have to go with more like a 5% pay cut, is really what you're talking about that's needed across the board in order to match our budget. And, I don't know if 5% adds up to the day that everybody's talking about or the two (2) days by departments under Council. And, then there's the thing with the Workers' Comp Fund. We're hoping to return the \$250,000.00, but last year when we looked at borrowing funds for that we were presented with a letter from the State Auditor saying we should maintain a certain percentage in that fund. It's not required but it was suggested. So, I think playing around with that fund we either decide is it something we can or can not do. We couldn't do it last year but now we're doing it this year."

* Councilor Stranman: Everyone should have received my suggestions. I was thinking along the lines of the Manager in avoiding layoffs; was looking at the departments under Council and was suggesting the equivalent of four (4) furlough days per month; cutting everyone down to 32 hours per week; switching hours of the two accounts to have coverage every day (one working Monday through Thursday; the other Tuesday through Friday); and the same in the tax department.

Is there a reason why only (4) were suggested to take (2) furlough days. Something doesn't seem to add up to the suggested \$44,000.00 cut under Council with only taking two (2) furlough days taken by four (4) people. Is there a formula used to reach the \$44,000.00. The Auditor said he didn't remember how "we calculated it, but I believe it was in conjunction with cuts that were already taken in those budgets. There's already 5% accounted for in those budgets." Councilor Stranman asked if the 5% is still in effect for the other department heads at this point. The Manager replied, "No, we went to the furlough days"; The Solicitor said even with those furlough days he was pretty sure they would still be short – "that hits the equivalent of 5 personnel cut".

* Solicitor: "Just to clear up any misunderstanding and to bring this out. An ordinance was passed in 2007 setting the compensation for the Manager and the Solicitor for the coming 4 years. That ordinance basically calls for a 3 or 3.5% annual increase. The Manager and I have indicated we will defer that increase from this year to next and we'll get it next year. So, we're deferring the 3.5% and we're waiving 5%, just so that it's understood."

* Manager: "I would like to respond to Mrs. Lattimer the best I can. I have been here 4 years. I don't know all 147 employees who work for the City by their first or last name, but I have come to know a lot of them. I guess, one of my faults is (and I have several), one of my faults is being loyal to people. And, I have not had the opportunity to really view any City employee with the utter thought process that the person doesn't do a d _ _ _ thing. That this person comes in, in the morning, swipes in, swipes out, goes home and I can look at them and say in my own mind they're the laziest person I've ever met. I don't have anybody I can say that about. Do I have people who work for the City that I can say they don't work as hard as someone else. Absolutely. But I would tell you that what drew this whole discussion with the employees a week ago, with Council on two, I'm sure marathon sessions that the new President and Ms. Kist, and Mr. Franklin and Mr. Zullo could have done without, was my feeling and my insistent that I think everything worldly possible be done so that no one, A) loses a job; and no one, B) has to go through a layoff which we went through last April. And, that was the purpose of it; the goal. I know what my life is about and what my financial obligations are and the checks that I have to write every month and the payments that I have to make; and just to say to someone we're going to do away with your job is very difficult for me. So, my thought process across the board was I just don't want to live through April again. I just don't want to do that. So, I was the driving force for this. If you want to say instead of doing the furlough days let's calculate arithmetically and across the board and tell the whole City everybody's going to take a extra percentage reduction in your salary, that might take Mr. Zullo, Mr. Franklin and myself a couple hours on the computer to do that. I was of the opinion and still am of the opinion that this (attached proposal) is a better way. But, I would have to say that the concept that you see on this sheet of paper (attached) it basically came from me. I don't want to do away with any jobs and I don't want to send somebody home. And, if that sounds emotional, so be it. That's just the way I feel about it."

* Councilor Lattimer: We keep waiting for the restructuring but it's not here, if it was here then maybe we could be moving employees around and they wouldn't be losing their jobs. There would be other positions and we could still be saving their money. The Manager said the small restructuring that's been done is to contract with the County, which Council passed an ordinance approving. We move one person out of Engineering into the [Rental Inspection Department] and they are running it around somewhere, depending upon - since last September, between seven and fifteen thousand dollars a month, that those two people are bringing into the City. That's a modest restructuring. We and the department heads (*under the Manager*) are looking in other areas to restructure. We looked and restructured something that may not be a huge significance, but the Fire Chief restructured the City's cell phone contract and saved some money there. I am in the process, at the present time, of looking at doing that but really it – I don't want you to be under that impression that - we only have 140 something employees and they're pretty much a given. The Fire Department, Police Department, Waste Water Treatment are givens. And, after you get through those three givens there's not much restructuring to do in there because of the educational requirement. So, what I am in the process of doing is talking to two or three other employees in the City about what we can do to move things around within their sphere of influence – and we're in the process of doing that. The restructuring isn't going to find \$862,000.00.

We have to look at how to pay the light bill that's over \$38,000.00 per month and I don't want to tell the people you have to pay more taxes. There are only two things that control what you see on this table – income and expenses. Our income is going down and expenses are either staying neutral or going up. Mr. Pugliese had a good idea in suggesting we go back to the people that do the jobs and get their input. We did that. We sat down for 3 hours, gnashed our teeth and grounding our fingers into the table and they came back with 9 things and I've shared three of the big one with you. But my whole desire was to do this with as much fairness and parity as possible. And, if you don't like it, it's my fault."

* Vice President reiterated the hours spent and the desire not to send anyone home, layoff, or take a job away. Taking away a job would defeat the purpose of the meeting. Lessening the number of Council meetings, which in turn reduces the number of meetings the Clerk of Council, has to prepare for and transcribe, as required by law was suggested. The Finance & Personnel Committee would meet each month, items from other committees could be placed on the F&P or Pre-Council agendas. We were trying to be fair, and not send any home, and keep the City operating.

* Councilor Lattimer went back to the suggested/proposed restructuring; said there will be new positions coming into the City; she keeps thinking the restructuring is going to be finalized but it's not; said an overall plan needs to be created that tells us not only the flow of departments, but a flow of personnel, so it's known what shifts will be made in the future; and when shifts happen other areas may be eliminated/

* Councilor Rose said he was with the City prior to having a Systems Analyst and believes money was saved by hiring the task in-house. If the position is eliminated now with all the computer systems in operation, the City will pay "10 times what she's worth". Councilor Lattimer said she received a proposal for \$40,000.00 per year to outsource the computer operations per year. Other political subdivisions are doing it because it's more cost effective. She said she's not looking at the person in the department now, who does a great job, put the position; and trusts that when other positions open she would like to look at dissolving the Systems Analyst position. The need to have confidentiality in the position was discussed. Councilor Pugliese asked that union contracts and rights in relation to outsourcings be considered. Councilor Lattimer said she is aware that all suggestions have to go before the union before being enacted. President Brockway said the Councilor has broached the dissolving of the Systems Analyst position twice and told her she doesn't have the support.

* President: Said he keeps hearing it's the Manager budget. He can't say it's Council's budget, but he stands behind everyone that met to come up with the attached proposal. He said people can say the proposal is not fair, but in light of the suggestion to abolish jobs, the proposal, as presented, is fair to him. Councilor Lattimer clarified her position in that her suggestion was when the restructuring takes place, and positions open up, and people can be moved, then the position should be reviewed at that time.

* Councilor Trisket: Council's pay comes to \$17,000.00 a year; 2 members of Council have elected not to receive pay (*since May 27, 2009*); suggested other 5 members forgo their pay (each gross \$2,400.00 per year, the President grosses \$2,600.00 per year), and apply it to the suggested \$44,000.00 reduction in the (4) salaried personnel under Council;

* Police Chief Secretary Linda Dragon asked about the \$20,000 grant for Walnut Beach planning;

* Waste Water Treatment Plant Superintendent Michael Mearini provided an update on the Brine intake;

* Fire Department Administrative Assistant Kathy Grey said she agrees with the furlough day layout;

* Solicitor asked for Council's input into the clothing allowance which is scheduled to be paid out in February. The President suggested the formal request to suspend the clothing allowance for this year be brought to the floor at the Tuesday, February 1 Council meeting. The Vice President said we have to see how "this is going to pan out, too, I think with the unions, to see if they can go along with this part of it too; or, where we're going to be. Let's face it, we need to know if this is going to be agreeable. Probably they'll have to get back to the Manager and then we might have to go a different way." The Manager said, "It's my responsibility to go back to the police, fire and 1197 unions and sit down and walk them through the details and get their response. I would have to say that my experience has been with the three unions that they're sophisticated and educated enough that they know what's going on in the world. So it's not a matter of dealing with people who don't get it – they get it. So, I will take on that responsibility and do it. I don't relish it, but I'll do it. Because I'll have to go back and say this is what we're doing and this is the reason. I don't think they want to see people laid off, but even taking the furlough days, it affects people. There's more of an affect than I'm getting less money. There's the emotional and family affect and things of that sort."

* Manager reported receiving a letter from the US Department of Agriculture a month ago which said the 2010 projected census shows the City of Ashtabula's population dropping from 20,350 to below about 19,300. This allows citizens in the City to borrow Department of Agriculture funding; the bad news is fewer people will be paying taxes if the population drops.

* Manager: 1.8% income tax renewal is scheduled to be placed on the May 4, 2010 primary ballot; the City needs to canvass for support; a 1% income tax can be assessed without going to the people, the .8% decrease will hurt more than projected \$862,000.00 shortfall. He reported on the other items scheduled for the same ballot which may impact the City's income tax renewal. He said citizens call about potholes, snow and trash, and the administration and Council needs to let the people know the City is taking the need for income tax seriously. He said when employees give something up and continue to do their jobs, that it goes a long way in the eyes of the public.

* Councilor Lattimer asked the Manager if when he negotiates with the unions if he's going to ask for a dollar amount reduction, or will he ask them to consider furlough days, will department heads be given leeway, etc. The Manager said he would like to do it in such a way to create the smallest amount of an accounting headache. He would sit down with Mr. Franklin and Mr. Zullo, tell Mr. Zullo this is the number to reach and ask him what the easiest way, from his perspective, to get there. The Auditor said the amounts on the attached proposal can not be decreased. He said it would be easier to go citywide furlough days, but even if the department heads are given leeway, once they do the math they will come up with the exact same number."

* President: There needs to be a concern about our health care;, the renewal for is coming up in June; he welcomes everyone's input; said the City has to get control of these costs somehow; said he's not advocating employees not receive health care benefits, many of which he fought for, but somehow the bids perhaps need to be made to be more competitive; perhaps look at some changes because "not only did we have a \$400,000.00 surplus then we ran over by \$350,000.00 so we're looking at a \$750,000.00 turn around in one year, and no one can absorb that; so we need to look at doing something more competitive". Councilor Stranman said the first item on her distributed list of cost cutting suggestions was that of a citizen who mentioned looking into a coop with surrounding cities such as is being done with the Vo-ed, Buckeye, and Conneaut schools. The Auditor said when the health care plan was switched, employees went from paying zero to paying \$1,500.00 out of pocket for HSA; or they went from zero up to \$3,000.00 for being on a traditional plan. He said the change backfired on us because of huge claims and increased health care costs, which cost will only continue to increase. He agrees the City needs to be aggressive and creative and change the City's health care plan. "We can not continue to absorb 10 to 15% increases per year. This year it's 10% of 2.4 million dollars and next year it will be 10% of 2.7 million dollars. Last month was the biggest month I remember paying for health care – it was almost a quarter of a million dollars."

The Auditor suggested looking into coops; and stop participating in the self-funded plans. He suggested getting on a more traditional, totally covered plan where our costs for the year are known on January 1. He said self-funding worked in the past, but is not working today. He suggested thinking outside the box.

* Auditor: Legislation is not required for every budget changes he reported on at the beginning of this meeting.

Ms. Kist moved, Mr. Pugliese seconded, to adjourn the meeting at 7:40 p.m.

Scribe: **LaVette E. Hennigan, MMC**
 Clerk of Council

RECEIVED
 JAN 11 2010
 ASHTABULA CITY COUNCIL

2010 Budget Changes

	Shortage
	<u>\$862,000.00</u>
<u>Two (2) Furlough Days/month</u>	
** Council Clerk	
** Treasurer	
** IT	
** Deputy Auditor	<u>\$44,000.00</u>
<u>Income Tax – Amnesty</u>	<u>\$50,000.00</u>
<u>Leachate</u>	<u>\$75,000.00</u>
* <u>AFD – OT (Furlough 1 DAY)</u>	<u>\$115,000.00</u>
* <u>Furlough days 1197</u>	<u>\$141,000.00</u>
* <u>APD – OT (Furlough 1 DAY)</u>	<u>\$110,000.00</u>
* <u>Non-Union (Furlough 1 DAY)</u>	<u>\$29,784.00</u>
* <u>Furlough (1 DAY)</u>	
Auditor - \$4,164	
Manager - \$4,116	
Solicitor - \$3,936	
<u>Total</u>	<u>\$12,216.00</u>
* <u>Muni Court (Furlough Days 1 DAY)</u>	<u>\$32,000.00</u>
<u>Muni Court Clothing</u>	<u>\$4,000.00</u>
<u>Clothing – three (3) non-union</u>	<u>\$1,200.00</u>
<u>Workers Comp Fund Transfer</u>	<u>\$250,000.00</u>
Total	\$864,200.00

* 1 DAY / per employee / month
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