



Special Council Meeting

Council Chambers

March 7, 2018

A) CALL TO ORDER

The Council for the City of Norwood met in special session on the above date with Mrs. Donna Laake presiding. The meeting opened with a prayer and the Pledge of Allegiance.

B) PRAYER

C) PLEDGE OF ALLEGIANCE

D) ROLL CALL

On roll call, the following members answered present: Mr. Bonsall, Mr. Clark, Mr. Thompson, Ms. Stevenson, Mrs. Hanrahan, Mr. Sanker, and Mr. Breadon.

E) REQUEST TO ADDRESS COUNCIL ON AGENDA ITEMS

There were no requests to address Council on agenda items.

Mrs. Laake informed Council that when Mr. Bonsall invited all members of Council to attend the Finance Committee meeting to review the Financial Recovery Plan, that it was theoretically a special meeting of Council, if all members took part in the meeting; due to being under a time frame, Mrs. Laake called this special meeting of Council.

Mrs. Laake stated the second item for discussion on the agenda is already in the Finance, Budget, and Audit Committee, and is being removed from discussion for this special meeting agenda.

Mrs. Laake also stated that she met with Mr. Bonsall, Safety-Service Director Geers, Mayor Williams, and Anna Mary Thomas, with the State Auditor, and completed some preliminary work on the Financial Recovery Plan. Mrs. Laake then deferred to Mr. Bonsall to review the plan.

F) DISCUSSION

1) REVIEW OF FINANCIAL RECOVERY PLAN

Mr. Bonsall stated the meeting with Ms. Thomas lasted about four hours; Mrs. Laake, Mr. Geers, and Mayor Williams were also present, and Mr. Bonsall thanked all who attended. Mr. Bonsall stated the Fiscal Recovery Plan is a six-page revision to the original plan that was passed on July 6, 2017. The projections of the current plan, with no other changes, will have the city facing a \$1,200,000 deficit by the end of 2022; this is not a viable plan and will not be accepted by the Financial Commission.

Mr. Bonsall stated the Fiscal Recovery Plan is based on projections from the Auditor's office. Below are the items discussed in the Fiscal Recovery Plan, along with Mr. Bonsall's comments:

- Revenues:
 - Municipal Income Tax
 - In the beginning of 2017, the city received an income tax receipt that should have been received in 2016; this reflected a higher percentage for most of 2017 reporting.
 - For 2018 and beyond, income tax is held flat, except for a 1% increase.
 - Hotel Tax
 - The hotel tax was increased, because of new hotels, and does not yet include Quality Inn.
 - Ms. Stevenson asked about the status of the former Quality Inn Hotel and when they plan on generating income; Mrs. Laake stated unofficially, that it could open before the end of this summer.
 - Intergovernmental
 - SAFER grant funds are included in this key for 2018; the rest is made up of estate tax, cigarette tax, liquor tax, etc. Local government funds have been cut.
 - Charges for Services
 - This includes police or EMS charges, vacant property registration fees, and recreation fees; these are projected to remain flat for the duration of the plan.
- Expenditures:
 - Mr. Bonsall stated there was a 25% increase in employee healthcare in 2018; an increase of 15% is estimated for each year thereafter. This represents almost a 60% increase in employee healthcare costs by 2022.

- City Council
 - There were no changes and there are no healthcare costs.
 - Mrs. Laake mentioned contractual costs have an increase, as this covers the codification of ordinances.
- Clerk of Council
 - There is an increase because the salary now exists for the Secretary to the Clerk of Council; the previous salary was not fully paid out of this key.
- Mayor
 - Everything stays the same, except healthcare costs; the secretary to the Mayor is split between this department and the Safety-Service Director.
- Mayor's Clerk of Courts
 - Only increase is for healthcare costs.
- Prisoners Housed Outside of Norwood
 - This was estimated at \$4,000 for the rest of the plan.
- Law Director
 - The Law Department will receive a new computer. Computers are being updated throughout the city; there is currently a security risk because of the age of some computers. Several other departments will receive computer upgrades.
 - They had a full-time law secretary, which, upon her leaving, went unfilled for a while in 2017; the salary is now back to where it should be. Mr. Brown's salary is split 35% Law Department and 65% Public Lands & Buildings; the 65% is servicing the greater city in an IT capacity.
- Auditor
 - The increase is for health insurance.
 - A new air conditioner is built in for 2018 under materials and supplies.
- Treasurer
 - The appointed positions are left at the rate of the last employee.
 - The contractual expenses are due to bank service charges; the Finance, Budget, and Audit Committee will look for savings opportunities with the banking fees.
- Treasurer's Earnings Tax
 - One position is currently open; the projected salary for this position is at the highest pay rate with family insurance.
 - There are contractual employees who make a set amount and do not require health insurance.
- Civil Service
 - The personal funds are shared with the Secretary to the Clerk of Council.
 - There are increased costs for Civil Service testing for union jobs.
- Service Director's Office
 - The only increase is for healthcare costs; not salary.
- Transportation – Unassigned Vehicles
 - This covers the cost of fuel for vehicles; increases are based on inflation.
- Building Department
 - Increases cover healthcare costs.
 - The contractual services were based upon a three-year average.
- Police Administration
 - This covers the Police Chief, a data entry clerk, and a shared secretary; any increase is in healthcare expenses.
 - Fixed expenses are for electricity costs.
- Police Crime Control
 - In 2018, there are 48 police officers forecasted; this number remains for the duration of the plan. Mrs. Laake stated that Ms. Thomas quoted a new hire with salary and insurance is about \$120,500 each per year.
 - This includes \$219,000 in severance pay for far in 2018; it is estimated at \$250,000 for 2019-2021.
 - New computers are needed for the police cruisers; they have requested 13 with two spares.
 - Mrs. Laake stated the amount under principle and interest covers a new police cruiser.

- Half of the lease for new radios appears under fixed expenses for both police and fire.
- Mr. Bonsall stated the police and fire both provided a list of their expenses in 2018; this should still be looked at further.
- Auxiliary Police
 - Costs will remain the same.
- Fire Administration
 - The Fire Chief was getting paid out of the wrong key, which explains the decrease in 2017 and the increase in 2018.
 - This covers the Fire Chief, a shared secretary, and the secretary to the Bureau of Fire Safety.
- Fire Department
 - 2018 appears with the current level of 50 firefighters; 48 firefighters are projected for 2019-2022, which is the same staffing number projected for the police.
- EMS
 - Mrs. Laake stated this covers the drugs and equipment on the unit itself; principle and interest for the next five years are for the EMS unit that was purchased.
 - Some revenue is generated from EMS services.
- Superintendent of Public Works
 - The increase is because of healthcare costs.
 - It may be necessary to pull seasonal employees; if this happens, it will decrease the personal costs.
- City Garage
 - Increases are for increased healthcare costs.
 - Principle and interest is for a vehicle the city is trying to purchase; US Bank has not approved the financing for a Public Works vehicle.
- Community Center
 - In 2016 and 2017, an employee was paid out of the wrong key; she was previously paid out of the water fund.
- Public Lands & Buildings
 - 65% of Mr. Brown's salary was contractual in 2015, 2016, and 2017, but it is now coming from personal.
 - This also covers repairs to city buildings; fixed expenses are for electricity.
- Parks & Playgrounds
 - Personal expenses are paid for from the water fund or street fund; this plan doesn't have the room to get them into the correct key. The goal in the future is to resolve this matter, as there are 6-8 employees pushed from general fund and into other funds.
- Dispatchers E-911
 - Increases are for healthcare costs.
- Health Administration
 - Increases are for healthcare costs.
 - Mrs. Laake stated Dr. Frank Perrino is currently acting as the Health Commissioner and the Medical Director of the Health Department at no cost to the city.
 - It is possible that not having a full-time Medical Director or Health Commissioner could cause a loss of state funds in the future.
- Health/Medical Services
 - This covers two full-time registered nurses.
 - There was an employee being paid out of the wrong key.
- Health/Environmental
 - This covers a registered sanitarian and a nuisance inspector.
- Recreation
 - This covers the pool and recreation leagues.
 - There are no healthcare costs, since all personnel are part-time and seasonal.
 - They have to evaluate the funding more, so that chlorine for the pool and concession stand items can be purchased.
- Non-Departmental Expenses
 - Retiree Healthcare

- Subsidy C-9 Trust
 - Retiree Healthcare and the C-9 Trust are projected to cost \$900,000 per year through 2022; there will not be a savings of \$900,000 per year with changes to the C-9 or retiree healthcare, but it will be a smaller amount.
 - Mrs. Laake stated she submitted a draft plan to the Law Department; it is being reviewed. Ms. Stevenson asked if it will be discussed in Committee of the Whole; Mrs. Laake confirmed it will be discussed and she is willing to share her draft with members of Council.
- Dretac
 - This is a deduction on property tax revenues.
- Worker's Compensation
 - This will remain the same, with small increases.
- Settlement of Claims
 - This will appear as "0," so no one can say it was "planned."
- Outside Legal Fees
 - About \$30,000 is for the labor union lawyers; this amount will change to reflect an increase every three years, which is when contracts are negotiated.
- Real Estate Tax
 - An exemption for acquired properties was not filed by the city, so backed taxes need to be paid on these properties; the plan is to auction these properties. All of these properties were acquired before 2016; only 5% of these property taxes paid actually come back to Norwood.
- Earnings Tax Incentive/Refund
 - These are targeted employers who have high employees and high growth; this amount is tied to the earnings taxes we give.
- Random Drug Testing
 - This is conducted quarterly at Public Works and also covers anyone who has an accident; this is contractual.
- Debt Service
 - This is based off of bonds previously incurred; it should continue to go down and there are no plans to acquire any new debt in the general fund.
- In 2018 it appears there is a surplus but that has to be applied to the debt from the end of 2017; there is a debt of \$1,200,000 in the general fund by 2022. Mr. Bonsall stated that as it stands, this plan is not going to work.
- Mr. Thompson stated the numbers looked to be going in the correct direction, then something obviously happens, and he wonders what it was; Mr. Bonsall responded by stating that is when increases in health insurance "catch us."
- Recovery Plan Items
 - Mr. Bonsall stated these items are to be considered, but the "levers to be pulled" have not taken place yet.
 - Review of 911 – in process
 - There is no estimate on this; the administration is working with the county on ways to utilize our 911 center.
 - Review of Retiree Health Insurance – in process
 - Review of Current Employee Health Insurance – 15%
 - This is looking at the savings to the city if employees paid 15% of their healthcare costs; if put into place, the savings in 2019 would be \$411,000.
 - Movement of Street Employees – 2 each year
 - The street fund is not currently being used to repave streets; it is being used to pay for salt and personnel. If some of these employees were to be moved out of the street fund, by 2022, this would add an additional \$759,500 in expenses to the general fund, but would have a positive impact of funds freed up for streets.
 - Movement of Lighting out of Fund 02 & 03
 - This currently costs about \$159,500 a year; need to find a way to move this back into the general fund. This should not come out of the streets fund.

- Reduction in Fire Personnel
- Reduction in Police Personnel
 - The Police and Fire Departments would be reduced by three members each; these are not lay-offs, it would be from not back-filling.
 - This would reflect a savings of \$309,000 in 2019 from the fire department and a savings of \$330,000 in 2019 from the police department.

The “discussion draft” of the Fiscal Recovery Plan is on file in the Clerk of Council’s office.

Mr. Bonsall stated Ms. Thomas was not available to attend the meeting tonight; she is interested in attending a meeting next week, though. This may potentially be discussed at the next Council meeting; a special meeting may need to take place the third week of March to approve the Fiscal Recovery Plan. Mr. Bonsall stated this is not the only time the plan can be amended. Mr. Bonsall also stated that just because money appears in the plan, this is no guarantee that Council needs to appropriate that full amount.

Mr. Thompson asked a question about the formula and carry-overs for the last two lines on page six; Mr. Bonsall stated the summary line appears to be missing and further described the formula in detail with other scenarios and options.

Mrs. Laake wanted to make sure everyone had an understanding of what was going on, and stated there was no rushing through the process this time around; Mrs. Laake also thanked Ms. Thomas.

Ms. Stevenson asked about the need to select a time for a meeting; Mrs. Laake stated she is waiting to hear back from Ms. Thomas regarding her availability. Mr. Bonsall suggested that if Ms. Thomas isn’t available, to possibly schedule a Committee of the Whole meeting to have further discussion. Any questions or suggestions can be sent to Mrs. Laake or Mr. Bonsall.

Mrs. Laake stated she has a breakdown of requests for supplies and materials from the Police and Fire departments; copies were distributed to all members of Council.

2) CABLE TELEVISION ACCESS FEES

(this matter was removed from the agenda, since it will be discussed in the Finance, Budget, and Audit Committee)

G) EXCUSE ABSENT MEMBER/S

There were no absent members.

H) ADJOURNMENT

On a motion by Mr. Clark, seconded by Ms. Stevenson, it was moved to adjourn. All present voted, “Yes”.

Joseph S. Geers
Clerk of Council

Donna M. Laake
President of Council