

Cuyahoga Falls City Council
Minutes of the Special Finance and Appropriations Committee Meeting

November 4, 2024

Members: Mary Nichols-Rhodes, Chair
Mike Brillhart, Vice Chair
Meika Penta, Brian Ashton, Joe Siegfert

Ms. Nichols-Rhodes called the meeting to order at 7:19 p.m. All members were present.

Legislation Discussed

Temp. Ord. A-102
Temp. Ord. A-103
Temp. Ord. A-104
Temp. Ord. A-105
Temp. Ord. A-107

Discussion:

Temp. Ord. A-102

An ordinance authorizing the Director of Public Service to amend Contract No. 8762 with CTI Engineers, Inc., for the Water Treatment Plant improvements and declaring an emergency.

Mr. Russ Kring, Water Utilities Superintendent, presented Temporary Ordinance A-102 to Council. The existing softener building and ion exchange softening system at the Water Treatment Plant is 87 years old, obsolete, and in need of replacement. The current open-air brine treatment system is obsolete, open to the elements, and in need of replacement and updating. Optimizing the use of salt brine will minimize chloride discharge to the Cuyahoga River, which is regulated under the City's existing National Pollutant Discharge Elimination System Permit, Unforeseen obstacles in the project require an amendment to the existing contract.

The Director of Public Service will be authorized to amend Contract No. 8762 with CTI Engineers, Inc. for the Water Treatment Plant improvements in an amount not to exceed \$760,000.00. The total contract price after modification as authorized herein shall not exceed \$1,350,000.00. The Director of Finance will be authorized to make payment for the same from the Water Fund, Line Item Capital Outlay.

Mr. Kring stated that the design of the new softener building began in the summer of 2023 with the original plan being to construct an ion exchange softener system, which is what they use now, in the new building. After performing additional testing and analysis of the existing salt brine and the waste produced from the current softening program, they could not continue to meet the EPA requirements. This required the exploration of alternative softening methods. The required increase to the building footprint has increased the design cost for the existing project.

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Ms. Nichols-Rhodes stated that the softener building is 87 years old and it has an open-air brine treatment that is considered obsolete now. Mr. Kring stated that they could have gone back to that, but by using brine, they create a discharge that currently goes to the river that they were required to monitor and report monthly to the EPA. They did some additional testing on that and found that it is high in chlorides and the total maximum daily load that they are allowed to discharge into the river by trying to use that ion exchange process would be too high. They looked at the different processes that would allow them to control the softness of the water better and reduce the amount of discharge into the river.

Ms. Nichols-Rhodes stated that this particular legislation is to increase the contract with CTI not to exceed \$760,000 and the total contract is not to exceed \$1,350,000. It is coming from the Water Fund Capital Outlay.

Mr. Balthis asked about the overall timing of the project during this change. He also asked if this softener would impact the hardness of the City's water or would it stay about the same. Mr. Kring stated that the new technology will allow them to better control the hardness of the water. It is a membrane system rather than using open beds and it would give them more control over the hardness of the water.

Mr. Balthis asked if the operating costs of this system will be higher or lower than the current system. Mr. Kring stated that it would be comparable. The upfront cost will be more, but there will be less maintenance moving forward. The one benefit that they would have with the system would be they would no longer need the brine that they currently use. That is a very labor-intensive and expensive process. They are required to rehab that brine well every five years and the price of that is getting high, so being able to move away from the brine system would have benefits. They hope is to complete the design in 2025 and go out for construction in 2026. They are currently looking for some funding sources.

Mr. DeRemer asked if this would stop the need for someone to have to climb down there to clean all the brine out of the back. Mr. Kring stated that would be not be affected. That is their iron and manganese filtration, so that will not necessarily be affected by this process. That is sort of a beginning step.

Mr. DeRemer stated that when he was a teenager, he worked for the Water Plant as a temporary employee and the job he had was cleaning that stuff. It was no fun. Mr. Kring the technology has changed so that they are able to use their vacuum trucks to clean it.

Ms. Nichols-Rhodes stated that Mr. Kring and the other members of the Water Department hosted Council members to come and check out the Water Department and realize the very coordinated, long-term plans to improve things. This is part of it and they appreciate that.

Mr. Brillhart moved to bring out Temp. Ord. A-102, second by Mr. Siegfert . Motion passed, voice vote (5-0).

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Temp. Ord. A-103

An ordinance authorizing the Director of Public Service to enter into a contract or contracts, according to law, for the improvements to the Bailey Road and State Road booster pump stations, and declaring an emergency.

Mr. Russ Kring, Water Utilities Superintendent, presented Temporary Ordinance A-103 to Council. The Director of Public Service will be authorized to enter into a contract or contracts, according to law, for improvements to the Bailey Road and State Road Booster Pump Stations. The Director of Finance will be authorized to make payment for same from the Water Fund, Line Item Capital Outlay.

Mr. Kring stated that the Bailey Road and State Road pump stations are used to fill the elevated tanks in each location. They are two of the most critical location in their department. This is a rehab of both of those stations.

Ms. Nichols-Rhodes stated that the Bailey Road tank is the Indian Mountain tank and the State Road tank is behind Cascade Auto. These would happen one at a time and would start after the first of the year. She asked how long the project will take. Mr. Kring stated it would probably be a couple of months for each station. A lot of the new equipment will be specialized, so it would depend on some lead times.

Ms. Nichols-Rhodes asked the cost. Mr. Kring stated that combined it is right around \$1.2 million. One was \$450,000 and one was \$750,000. Ms. Nichols-Rhodes stated that this is coming out of the Water Capital Outlay.

Mr. Brillhart moved to bring out Temp. Ord. A-103, second by Mr. Sieferth. Motion passed, voice vote (5-0).

Temp. Ord. A-104

An ordinance authorizing the Director of Public Service to enter into a contract or contracts, without competitive bidding, with Superior Drain for emergency sanitary sewer repair assistance in the city right of way and declaring an emergency.

Mr. Russ Kring, Water Utilities Superintendent, presented Temporary Ordinance A-104 to Council. Superior Drain was the only available contractor able to assist in emergency sanitary sewer repairs. Although no specific expenditure for repairs in the City right-of-way has individually exceeded the threshold competitive bidding amount to date, collectively the expenditures may soon exceed the competitive bidding amount of \$75,000.

The Director of Public Service will be authorized to enter into a contract or contracts, without competitive bidding, with Superior Drain for emergency sanitary sewer repair assistance in the City right-of-way in a total amount not to exceed \$105,000.00 for the 2024 fiscal year. The

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Director of Finance will be authorized to make payment for same from the Sewage and Disposal Fund, Line Items Capital Outlay and Other Operations.

Mr. Kring stated that they are asking to increase the amount they spend with Superior Drain without competitive bidding for the following reasons: One, they perform the work that is related to the homeowner's assessment. This is the contract where they are pre-qualified to do the work and build the homeowner layer. They can perform, schedule and engineer utility repairs within the right-of-way so they can do the City's work if they are short on time. They own and operate specialized sewer televising equipment that allows for televising sanitary lines from the main towards the house which eliminates the need to access residents' basements.

Ms. Nichols-Rhodes stated that Superior Drain has been doing this for 20 years. Mr. Kring stated that in 2005 was when they put the assessment process together with for the storm water inspections. At that time, they had two contractors get pre-qualified and they would bid on the work. One of those two fell off the list and Superior Drain has been on it for pretty much the whole time. They have done a lot of it and they know what to expect and are good working with the residents.

Ms. Nichols-Rhodes stated that this is so that Superior Drain can receive more than the \$75,000 limit. Approval of this legislation is for \$105,000 total, \$30,000 of it that is out of the Sewer Other Operations and \$75,000 out of Capital Outlay Sewer.

Mr. Balthis asked what they were doing to make sure is pricing is in line and if they are confident that the pricing that the City is getting is good. Mr. Kring stated that it is not that they could not get prices from other contractors at certain times for a water service. The only time they do not specifically go out to get a bid is when they go for the residents' assessment because they are pre-qualified. The nice thing about that for the residents is the contractor knows that they are trying to keep the City happy, so they give residents the best possible price. They are more concerned about keeping the residents and the City happy, so he is confident of that.

Mr. Brillhart moved to bring out Temp. Ord. A-104, second by Mr. Siegfert . Motion passed, voice vote (5-0).

Temp. Ord. A-107

An ordinance amending Ordinance No. 68-2024 for the purpose of amending the list and schedule of special assessments to be levied for the purpose of paying the costs of an Energy Special Improvement District project related to the acquisition, installation, equipping and improvement of certain public improvements in the City of Cuyahoga Falls, Ohio in cooperation with the Akron Summit County Energy Special Improvement District, Inc., reapproving certain documents; and declaring an emergency.

Ms. Janet Ciotola, Law Director, presented Temporary Ordinance A-107 to Council. Ms. Ciotola stated that Council may recall adopting three previous special assessment ordinances related to

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this project at 172 Akron Peninsula Road LLC. At the time of passage, she indicated the amount of the assessment contained in the legislation was based on the estimated interest rate. Once Council passed the legislation, they were able to obtain the actual interest rate. This ordinance will amend the previous ordinance that sets the interest rate. The bonds issued by the DFA are nonrecourse.

Mr. Brillhart moved to bring out Temp. Ord. A-107, second by Mr. Sieferth. Motion passed, voice vote (5-0).

Temp. Ord. A-105

An ordinance establishing annual appropriations of money for the current expenses, capital expenditures, and other expenses of the City of Cuyahoga Falls for the fiscal year ending December 31, 2025, and declaring an emergency.

Mr. Bryan Hoffman, Finance Director, presented Temporary Ordinance A-105 to Council and thanked Council for their consideration of the budget.

Mayor Walters presented Council with an introduction and overview of the City's proposed 2025 Budget. He thanked the department heads for their work preparing this. Revenues are strong and at record levels. With having extra revenues, they can do a lot of great things. They have set enough aside to cover all long-term debt for five years. They will be hiring more staffing, more police and more firefighters. Key people in different departments will be added. With the money, they can serve the public better.

Mr. Brice Pulley, Director of the Commercial and Industrial Energy Efficiency Program, presented an overview of the sustainability and educational outreach they have been doing with the public and residents.

General Fund Five-Year Forecast (Page 41)

Revenues

Property Tax - Slight decrease in year 2025 (< 1%), to account for property valuation appeals from triennial update for 2023 tax year (2024 collection year). Revenue category is flat again for 2026, then increase of 3% for sexennial re-appraisal in 2027, then flat again for 2028, and 2029.

Admissions Tax - They are projecting an increase of 30% in 2025, due to an increase in the number of performances and ticket fees in 2024. Actual as of September 2024 is \$983,177.65 with another large concert in October. Then 1% increase in subsequent years (2026-29). They are cautiously optimistic it will maintain small growth.

County Local Government - Increase of approximately 0.5% in 2025 over adopted 2024 budget. The 2025 budget is based on our Official Certificate of Estimated Resources for the fiscal year

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beginning January 1, 2025 as prepared by the County Fiscal Office on 8/5/24. They have an increase of 1% increase in subsequent years (2026-29).

Charges for Services - Law, and Fire are an increase of 3% based on contractual agreements. Communications is no longer budgeted due to the creation of the Summit Emergency Communications Center Council of Government (COG). The Villages/City we previously served are members of the COG and pay directly. Other notable items include a decrease of 45% for Building & Grounds associated with the sales associated with Oakwood Cemetery, as revenues are less than projected for 2024. We are projecting revenue of \$44,600 in 2025 and flat growth in subsequent years (2026 -2029).

Internal Service Charges - For 2025, total budgeted is slightly more than the current year, and not much change to the various categories, with the largest being General Administration with 3.5% growth. The allocation is a calculation which is based on departmental information from our last completed financial statements (12/31/23).

Interest Earnings - Increase of 1% in 2025 over adopted 2024 budget of \$4,545,000. Actual revenue of \$4,579,502.10 as of 9/30/24, has already exceeded budget. This revenue is difficult to forecast, so we are anticipating flat revenue projection of \$5,000,000 in subsequent years (2026-2029).

Income Tax Transfer In - 9.3% increase in 2025 over 2024 budget, with an increase of 2% in subsequent years (2026-2029).

Expenses

Personal Services - The various collective bargaining agreements and non-bargaining pay scales ended on June 30, 2024, and new ones have recently been approved by City Council. Therefore, salaries and wages for 2025 are based on the applicable pay rates for these new agreements and pay scales. For most employees, the new pay scales are based on cost of living adjustment (COLA) of 5% July 1, 2024 (first half of 2025 budget year), 3% July 1, 2025 (second half of 2025 budget year), and 3% July 1, 2026. FY 2026 has a 27th pay. Therefore, an additional 1/26 was added. To plan for the 27th pay in 2026, we began encumbering 1/3 of the estimated cost of one pay period for 2023, and 2024, and will do so again in 2025, to lessen the financial burden of the additional pay in 2026. Subsequent years 2027, 2028, and 2029 are based on an estimated 3% increase.

Other Operations & Maintenance - 1% increase annually, beginning with an assumption of 2025 budget based on department planning, and budget input.

Personal Services

Salaries & Wages

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Cost-of-Living Adjustment (COLA) Assumptions

American Federation of State, County and Municipal Employees (AFSCME): 7/1/24 - 5%, 7/1/25 - 3%, 7/1/26 - 3%.

Ohio Patrolmen's Benevolent Association (Patrolmen and Community Service Officers): 7/1/24 - 5%, 7/1/25 - 3%, 7/1/26 - 3%.

Ohio Patrolmen's Benevolent Association (Police Sergeants & Police Lieutenants): 7/1/24 – Escalator clause on Patrolmen wage scale.

Non-Bargaining: 7/1/24 - 5%, 7/1/25 - 3%, 7/1/26 - 3%.

Utility Worker's Union of America AFL-CIO (Electric): 7/1/24 - 5%, 7/1/25 - 3%, 7/1/26 - 3%. **International Firefighter's Association:** 7/1/24 - 5%, 7/1/25 - 3%, 7/1/26 - 3%.

Benefits (Employer Share)

Pension: No change.

Medicare: No change.

Workers' Compensation: After not having made payroll related contributions to this fund since 2019. We are planning on a City contribution of 1% again for all departments after beginning to fund this again in 2024.

Medical Insurance: + 8.3%.

Dental: + 8.3%.

Vision: + 8.3%.

Life Insurance: No change.

City Council (Page 59)

Personal Services - \$2,765 increase. Increase related to Insurance - Medical/Dental (51104) +8.3%. No Cost of living (COLA) increase until 1/1/26.

Operations expenditures - (\$76) decrease, which is related to Computer System Support (54004) -\$50 for a reduction in the department's share of E-mail and Spam Filter, and Insurance - Public Officials (54141) -\$26 based on 12/31/2023 salaries, wages, and benefits.

Mayor's Office (Page 71)

Personal Services - \$11,013 increase. Cost of living (COLA) increase and increase in benefits that are related to pension and Medicare on increase in salaries and wages, and Insurance - Medical/Dental (51104), and Vision +8.3%.

Operations expenditures - \$1,260 increase, primarily attributable to Non-Operating expense group Reserve: Sick Leave (54875) +\$1,050, and Reserve: Vacation +\$136 for the department's share of contributions to the Compensated Absences Fund (707). Department allocation is based on the compensated absences liability in the City's 12/31/2023 audited financial statements.

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Mayor’s Court (Page 75)

Personal Services - \$49,779 increase. Cost of living (COLA) increase and increase in benefits that are primarily related to pension and Medicare on increase in salaries and wages, and Insurance - Medical/Dental (51104), and Vision +8.3%. Additionally, a portion of the increase is from employee health plan selection being different than what was budgeted in the prior year. Promotion of Clerk Typist II to Administrative Assistant I

Operations expenditures - (\$499) decrease. Decrease in the Computer System Support (54004) -1,777, for one-time justification in 2024 for Brazos/Tyler program integration and maintenance associated with the Summit Emergency Communications Center Council of Government (COG), offset with an increase in Miscellaneous Contractual Services (54005) \$1,000 related to an increase in interpretation services.

Ms. Cathy Meachum, Clerk of the Mayor’s Court, was present on behalf of the Mayor’s Court.

Finance (Page 83)

Personal Services - \$113,641 increase. Cost of living (COLA) increase and increase in benefits that are primarily related to pension and Medicare on increase in salaries and wages, and Insurance - Medical/Dental (51104), and Vision +8.3%.

Operations expenditures - (\$3,324) decrease. Decrease mostly related to Miscellaneous Contractual Services (54005) -\$25,000 for one-time justification in 2024 for the department’s share in the records archiving initiative with Human Resources to preserve critical information related to personnel files. Decrease offset by increases to Office Equipment (53032) + \$4,000 for new personal computers and monitors, Tools & Equipment (53047) +\$4,500 for coin collection carts and pouch, and Non-Operating expense group Reserve: Sick Leave (54875) +\$4,838, and Reserve: Vacation +\$1,685 for the department’s share of contributions to the Compensated Absences Fund (707), which is increasing from \$750,000 to \$1,000,000. Department allocation is based on the compensated absences liability in the City’s 12/31/2023 audited financial statements.

Service Director’s Office (Page 197)

Personal Services - \$128,161 increase. Cost of living (COLA) increase and increase in benefits that are primarily related to pension and Medicare on increase in salaries and wages, and Insurance - Medical/Dental (51104), and Vision +8.3%. Additionally, a portion of the increase is from employee health plan selection being different than what was budgeted in the prior year.

Operations expenditures – \$3,026 increase, which is mostly related to Non-Operating expense group Reserve: Sick Leave (54875) +\$1,794, and Reserve: Vacation +\$669 for the department’s share of contributions to the Compensated Absences Fund (707), which is increasing from \$750,000 to \$1,000,000. Department allocation is based on the compensated absences liability in the City’s 12/31/2023 audited financial statements.

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Mr. Anthony Zumbo, Service Director, stated that everyone knows they have a large umbrella in Service and he gets pulled in many directions. He would be remiss if he didn't mention Deputy Service Director Teresa Hazlett tonight. They also have had a nice addition with Shannon Witchey their administrative assistant and Amber Derring, the Mayor's assistant, as well.

Law (Page 193)

Personal Services - \$120,278 increase. Cost of living (COLA) increase, Promotion of Administrative Assistant I to Administrative Assistant II and increase in benefits is primarily related to pension and Medicare on increase in salaries and wages, and Insurance - Medical/Dental (51104), and Vision +8.3%. Additionally, a portion of the increase is from employee health plan selection being different than what was budgeted in the prior year.

Operations expenditures -\$37,582 increase. Increase is mostly due to Legal Services (54009) +\$30,000 for increase in legal counsel contingency, and Non-Operating expense group Reserve: Sick Leave (54875) +\$3,289, and Reserve: Vacation +\$1,593 for the department's share of contributions to the Compensated Absences Fund (707), which is increasing from \$750,000 to \$1,000,000. Department allocation is based on the compensated absences liability in the City's 12/31/2023 audited financial statements.

Ms. Janet Ciotola, Law Director, gave a shoutout to her staff and their hard work. Much like Finance and Service, they are a support department. They help all the departments and handle any issues that arise each and every day. No two days are the same and no day is easy or quiet. She appreciates the dedication of her staff who work hard.

Civil Service (Page 201)

Personal Services – No change.

Operations expenditures – (\$402) decrease. Decrease related to Banking Fees (53004), as we will not be charging applicants for testing any longer, to maximize number of applicants to the city.

Human Resources (Page 209)

Personal Services - \$156,813 increase. Cost of living (COLA) increase. Additionally, we are creating a new position: Safety and Training Compliance Manager \$72,675, for training the City's workforce, including Commercial Driver's License (CDL), as we spent \$93,473 contractually on this service in 2023. Increase in benefits is primarily related to pension and Medicare on increase in salaries and wages, and Insurance - Medical/Dental (51104), and Vision +8.3%. Additionally, the department will have two more employees receiving health care benefits for the new position, and the full-time Administrative Assistant I who replaced a Part Time Worker in 2024.

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Operations expenditures - (\$23,624) decrease. Decrease in Property/Building Maintenance and Repair (53021) -\$5,700 for one-time justification relating to replacement of carpet in front office in 2024 which was recently completed, and Miscellaneous Contractual Services (54005) \$25,000 for one-time justification in 2024 for the department's share in the records archiving initiative with Finance to preserve critical information related to personnel files.

Ms. Vickie Steiner, Human Resources Director, was present on behalf of the Human Resources Department.

Self-Insurance Fund (Page 127)

Revenues - \$884,093 increase. This is mostly related to the anticipated increase of Medical / Dental (Hospitalization) department charges of \$739,222 based on estimated current enrollment, employee plan selections, and estimated plan rates.

Personal Services - \$15,212 increase. The two full time employees in Human Resources department are allocated to this fund 50%. Cost of living (COLA) increase. Increase in benefits is primarily related to pension and Medicare on increase in salaries and wages, and Insurance - Medical/Dental (51104), and Vision +8.3%.

Operations expenditures - \$870,250 increase. Primarily from an increase in Non-Operating Category for Hospitalization Claims (54990) \$721,645; and Administrative fees (54999) \$385,664 based on industry trends provided by consultant. These increases were offset with decreases such as in the Refunds & Reimbursements group (54301-54327) mostly for pay-go costs associated with the City's Other Post Employment Benefit Plan. Expenses in this area continually decrease as retirees reach Medicare age, and less qualify for the benefits each year.

Workers' Compensation Fund (Page 133)

The City is in the Group-Retrospective Rating Program.

Revenues - \$88,016 increase attributable to Refunds (49204) +\$55,000 mostly for prior year group retro performance evaluation provided by our consulting firm, and Workers' Compensation revenue account (49413) +\$38,258 from recording of employer withholding (department charges) of 1% of salaries and wages is made. As noted in the general narrative portion above, we had not funded Workers' Compensation through employer withholding since 2019, but began again in 2024 and feel we need to continue to do so. Increase is related to wages increases as noted previously noted.

Operations expenditures - \$69,632 increase, mostly from State Workers' Compensation (54885) in the amount of \$67,632 related to the estimated premiums owed to the bureau, as estimated by our consulting firm.

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Ms. Nichols-Rhodes asked if there were comments or questions from the Committee, the Rail, and the public regarding this evening's presentation of the 2025 Budget. Hearing none, she adjourned the Finance Committee meeting.

The meeting adjourned at 8:12 p.m.