

Thursday, December 29, 2016

**ITEM 1: CALL TO ORDER:** Mayor Flaute called the Riverside, Ohio Special City Council Meeting to order at 6:01 p.m. at the Riverside Administrative Offices located at 5200 Springfield Street, Suite 100, Riverside, Ohio, 45431.

**ITEM 2: PLEDGE OF ALLEGIANCE/MOMENT OF SILENCE:** Mayor Flaute led the Pledge of Allegiance.

**ITEM 3: ROLL CALL:** Council attendance was as follows: Mr. Curp, present; Mr. Denning, present; Mr. Fullenkamp, present; Mrs. Lommatzsch, absent; Mrs. Reynolds, present; Deputy Mayor Smith, absent; and Mayor Flaute, present.

Staff present was as follows: Mark Carpenter, City Manager; Tom Garrett, Finance Department; and Brenna Arnold, Clerk of Council.

Deputy Mayor Smith arrived at 6:05 p.m.

**ITEM 4: EXCUSE ABSENT MEMBERS:** A motion was made by Mr. Denning to excuse Mrs. Lommatzsch and Deputy Mayor Smith. Mrs. Reynolds seconded the motion.

There was no further discussion on the motion.

All were in favor; none were opposed. **Motion carried.**

**ITEM 5: ADDITIONS OR CORRECTIONS TO AGENDA:** A discussion regarding vacation time for Ms. Arnold was added as Item 10.

**ITEM 6: APPROVAL OF AGENDA:** A motion was made by Mr. Denning to approve the agenda as revised. Mrs. Reynolds seconded the motion.

There was no further discussion on the motion.

All were in favor; none were opposed. **Motion carried.**

**ITEM 7: DISCUSSION:** 2017 Budget

*Due to technical difficulties, the verbatim minutes begin at approximately 6:08 p.m. with a discussion regarding trucks for the Service Department.*

Mr. Denning: Have they looked into leasing these trucks? If we could lease that, we could still get the tractor and lease the truck, then pay for the truck over 5 years or whatever it is. If we could some sort of lease deal the way we did with the police cars where we lease them for 5 years and then for a dollar they are yours if you want them. Mr. Fullenkamp: That's what we did with these the last time. Mr. Denning: We need to look at that rather than spend \$150,000.00 on a new truck. If we could lease one for \$30,000.00 per year, that's what I would rather see. If their tractor is going out, I would rather see the tractor get replaced and lease the truck with the extra amount in the budget and then add a little bit into next year because we won't have the \$80,000.00 for the tractor next year. Mr. Carpenter: It makes more sense to me to lease the trucks than to have to pay \$170,000.00 for a new truck.

Mr. Fullenkamp: What's the current condition on the tractor? Do we know? Mr. Carpenter: I don't know the current condition. It was reported to me they have spent a great deal of money on maintenance each year and it keeps increasing. Mr. Fullenkamp: Do we know how much? Mr. Carpenter: I don't have the dollar figure. Mr. Denning: I believe it was \$20,000.00 per year or something like that. Mr. Carpenter: I believe it would vary depending on what the repairs are, but it seems like we are getting more, larger repairs that are going to cost more money. Mr. Fullenkamp: That's something where if the tractor is a problem, we can address that in a year or two if that's really an issue. I don't want to complicate what we have going on right now.

Thursday, December 29, 2016

Mr. Denning: I'm not looking to change anything in the budget. I'm just saying that I'm okay with an increase, but I would rather see us look at maybe leasing the tractor. Maybe there is some sort of lease agreement we can do for both things and keep under that budget amount and get both. We need some options there. I think we need to replace the truck, but I'm not 100% sure about which way is the best way to do it. Mr. Carpenter: We can explore the cost of the lease and if you say that is what we are currently doing with the other trucks, we could do something similar.

Mayor Flaute: What was the reason for not fixing it, just the age of the truck? Mr. Carpenter: The age and the cost. The mechanic said we could do this and it could just break again because there is so much rust. The body, because of all the salt, has just become more and more fragile. Mayor Flaute: It's not an engine problem; it's more of the rust. Mr. Denning: It's the frame. It's a safety issue.

Mrs. Reynolds: Mr. City Manager, what impact does it have to take it out of service? Where does that leave us? Mr. Carpenter: It's actually the spare. If one goes down, we will be a truck short. Mrs. Reynolds: If I understand correctly, we have a good maintenance package with those trucks when we purchase. Is that correct? Mr. Carpenter: I would have to check. I don't have the details on the maintenance package. Mrs. Reynolds: What are we looking at the condition of the new trucks and the trucks we have? Mr. Carpenter: They say they are working great. Mrs. Reynolds: So, this is the spare? Mr. Carpenter: Yes. Mrs. Reynolds: Again looking at what we can do, I think there are probably some other options. A short term lease for a period of time; we are using that to plow snow. Is that correct? Mr. Carpenter: Yes. Mrs. Reynolds: Is there any options out there to lease on a 3-month period? Anything like that? Mr. Carpenter: I don't know. I would have to check into a short lease like that.

Mrs. Reynolds: We are dealing with situations here where every penny is now more important than ever. What was the total cost for repair? \$23,000.00. Mr. Carpenter: \$23,000.00 to repair the 2003 truck, but we are fixing that repair and the mechanic is saying we need a new truck. Mrs. Reynolds: What is the cost for a new purchase, lease purchase? Mr. Carpenter: The purchase price is about \$160,000.00. That's the number I was given. Mrs. Reynolds: \$160,000.00 for the truck fully loaded? Mr. Carpenter: Yes, all equipped and ready to go. Mrs. Reynolds: That would be then not purchasing the tractor that we understood we needed so desperately. Mr. Carpenter: The tractor is functioning, it is just becoming more and more intensive repairs and more and more costly. Mrs. Reynolds: There again I think that is something we all need to have some kind of chart, maybe. I thought we were looking at rotating all of our capital and keeping it as roadworthy as possible on a regular schedule of replacement. Do you have any of those charts done up yet? I know we had talked about it. Mr. Carpenter: I have a draft. It is not completed. I need to get with all of the department heads and talk about the age of each and the condition of each piece. I have the list of the equipment and I have it organized in the manner of replacing the oldest ones versus the newer ones. At what rate, I would have to confer with them. I know for the Fire Department, I have that one laid out. I know the Police after working with them they have the lease rotation plan in place. As far as the Service vehicles, I will have to get caught up to speed. Mrs. Reynolds: That would be good to be part of the budget discussion so we would know going forward when we need to look at those major purchases because \$160,000.00 is not easy to come by plus \$80,000.00 for a tractor. Mr. Carpenter: I agree. Basically, we deferred some of those purchases this year because we were spending a little bit more money on the roadwork. As far as the major thoroughfare dollars, that will be decreasing next year. Mr. Denning: Next year as in 2018 or next year as in 2017. Mr. Carpenter: As in 2018. Mr. Denning: Okay.

Mrs. Reynolds: If I could just ask, I want to make sure on this budget page. You said you included that in this revised budget you gave us this evening? Mr. Carpenter: I did. The previous number was \$93,000.00 in capital for Service, now it is \$173,000.00.

Deputy Mayor Smith: My question would be what's the book value of this truck in the present condition? Mr. Carpenter: I don't have that. We just got this information.

Thursday, December 29, 2016

Deputy Mayor Smith: It's a 2003. I don't buy dump trucks, but I don't think I would pay \$23,000.00 for a dump truck that is 14 years old. Mr. Denning: And rusted out. Mr. Carpenter: The mechanic did not advise repairing it. We wanted to see what the cost was so he drafted up a cost. Deputy Mayor Smith: I could see replacing the truck versus repairing it because if we put \$14,000.00 in it for a repair and then something else turns around and breaks because of rust age. Mayor Flaute: We just bought a tractor, right? Mr. Carpenter: Yes. Mayor Flaute: This tractor we are talking about is an additional tractor over the one we just bought. Mr. Carpenter: Yes. Mayor Flaute: Okay. We don't know how serious. Mr. Carpenter: It's operational, but it is requiring more and more repairs. Mayor Flaute: Your logic is that it is still functioning. It's not like the old tractor where we were immediately out of commission and had to rent another tractor. Mr. Carpenter: Yes. This one could be less maintenance on the tractor this year, but we were looking at rotating our stock of capital equipment. That's why that was on the list. Mayor Flaute: Okay.

Mr. Fullenkamp: My question would be how long does it take to get a truck into service? I can't see having this truck before mid-spring. Mr. Carpenter: That is the next question. The reason I wanted to include it because if it's included and if we can turn it around before the winter is over that is great, but if not we will have it for the next winter. Mr. Fullenkamp: The risk is for this winter you are saying we don't have a back-up. Mr. Carpenter: That's right. Mr. Fullenkamp: If something happens it doesn't matter, we don't have a back-up. Even if we were to order a truck today, we wouldn't have it for 3 or 4 months fully-operative. This process took, I remember, 3 or 4 months last time. Mr. Carpenter: That could be true. I don't have all that because of the time. Mr. Fullenkamp: I'm assuming they would want it outfitted similar to what we've got now and work with those vendors and go through state bidding processes is what they did. We went outside of it because there was better pricing outside the state bidding process. I would take the risk on the tractor. Mayor Flaute: I think that's what you've done. You say you are taking the risk on the tractor and putting in the truck. I think that's probably what you need to do. Mr. Carpenter: Between now and then, we could explore if it is best to do a lease. If they don't have one in stock ready to go and winter is going to be over, then we can evaluate what is our best course of action for making the purchase. Mayor Flaute: Sounds good. Okay. Mrs. Reynolds: You might want to call ODOT. I know they sometimes loan out their equipment in emergency situations and District 7 might be willing to work with you if you need it. Mayor Flaute: If they have a spare sitting around.

Deputy Mayor Smith: During my time on Council, this is probably the third tractor we have looked at purchasing over this course. It seems like it is always the salt; the salt is tearing up the tractor. It's eating it up, making the hoses go back, the hydraulics or whatever the case may be. It seems to me that maybe we need to dedicate a tractor just for the salt, something that would be a cheaper tractor and use another tractor that we take out on the road and dig holes and so forth. Maybe have a less expensive tractor to load the dump trucks with the salt and move it around. Mayor Flaute: I don't know. That tractor is pretty important when the salt is going. Deputy Mayor Smith: It is, but I think we have more than one out back. Mr. Denning: What does it cost us to rent the tractor with a front end loader? You rent the one that you are going to use for the salt, we pay the \$800.00 per month or whatever it is, and then we send it back. It would be less expensive than buying one and then next year we get a different tractor. Mayor Flaute: Not really, they last 10-12 years even with the salt. They last a long time. We did rent that one and that was very, very costly. Mr. Carpenter: It was expensive. Mr. Denning: Okay. Maybe that's not such a good idea. All I was thinking was then we wouldn't use any of our equipment to load salt. We would use the rental to load salt.

Mayor Flaute: I'm just not sure about all the leasing stuff that we've been talking about. Check into it, if that's the way to go, but I'm always one to buy. If we leased a truck, it wouldn't have lasted the 14 years as whatever this one has lasted. We owned it for 14 years and all we had to pay was payments on it. I'm not big on leasing. Mr. Denning: Hold on, Bill. Did you listen closely to the Police lease? It is 5 years and then it is ours. You pay \$1.00 and it's ours. The trucks would be the same way. The good part about that is then you can budget \$20,000.00 per year or \$40,000.00 per year, whatever it is, it lease it and then \$4.00 the 5<sup>th</sup> year, if we keep it

Thursday, December 29, 2016

another 7 years, great. Mr. Carpenter: They use the term "lease", but it is almost like a car loan. Mayor Flaute: Zero percent interest. Mr. Carpenter: Yes, sort of. Mr. Denning: That's what we did with the trucks. We call it a lease, but it's buying on time. Buy here, pay here.

Mr. Garrett: We actually did get a bank loan to purchase the 3 new snow plows last December. I don't know if this Ford lease they are using for the Police vehicles includes big trucks or not. Mr. Denning: Okay. Mayor Flaute: Find that out. Mr. Denning: We did what for the trucks? Mr. Garrett: We did a bank loan. They called it a lease for technical, but it really was a bank loan. Mr. Denning: Okay. It was from the bank, but it was similar to buying on time. We were going to pay for 3 years instead of trying to pay for everything all at once. Mr. Garrett: We actually got a 7 year loan. Mayor Flaute: And at that time we got like 2% interest or something, so it's not much. Mr. Denning: We could do something similar with the other truck and if you want to throw the tractor in there, especially the way I am looking at it if we are not going to get this truck until March or April, that's when we are going to start needing the tractor and then we are definitely not going to need a back-up truck or turn one of the other trucks into a back-up truck and this would be a new truck; however you rotate that. We are going to need the tractor starting in April, May, or June. If there is a way to get them both in there, that would be great. If not, the truck has higher priority. Mr. Fullenkamp: It's broken. Mr. Denning: But it is a back-up truck. Mr. Carpenter: The back-up is not going to back-up much. Mr. Denning: We need a back-up truck.

Deputy Mayor Smith: In reference to renting the back-up, I think that is somewhere between \$135.00-165.00 per day. Mr. Carpenter: It was expensive.

Mayor Flaute: We will move forward with the budget, Mr. Manager. Mr. Carpenter: At this time, I would entertain more questions you may have. Mayor Flaute: Are there any questions for the Manager about the budget? Mrs. Reynolds: I do have a couple, Mayor, if I may. Mr. City Manager on the revenue side, 4930 Transfer into General Fund \$100,000.00. Where is that money earmarked from? Mr. Garrett: That's the Wright Point money. Mrs. Reynolds: From who, Mr. Garrett? Mr. Garrett: That's an end of year adjustment. Mr. Murray has been spending part of his time on Wright Point management so we put \$100,000.00 back in the account. Deputy Mayor Smith: That was 4930?

Mrs. Reynolds: 4930. Public Nuisance Reimbursements, City Manager, \$25,000.00 revenue, I want to be make sure where all of those dollars are anticipated coming from please. Mr. Carpenter: Which fund? Mrs. Reynolds: It's 4500. General Fund. Deputy Mayor Smith: On the revenue side? Mrs. Reynolds: Revenue side. Mayor Flaute: 4500, Public Nuisance Reimbursements. Mr. Garrett: Those would be when we give notices out to people to mow their grass, we wait a week and if they don't, we hire a contractor and we pay them. We send the bill to the owner of the property. Mrs. Reynolds: So that's realized from the tax duplicate or payments from the owner? Mr. Garrett: Yes. It would be both ways. We get direct payments early in the year and then we would assess any remaining payments. Mrs. Reynolds: Do you have a breakdown of which you think is the amounts from each property tax payments or resident payments? How do you keep those records? Mr. Garrett: We get the property tax payment in twice a year, so we just add those two numbers together and the remainder would come in. We've got a spreadsheet when we generate a bill and we add a column if they pay. A third of people pay and a bunch don't, so the ones who don't get it assessed on their property tax and pay it on their property taxes. Mayor Flaute: Okay.

Deputy Mayor Smith: In reference to that, our actual for 2015 is \$17,000.00. Mr. Denning: 2016 was \$23,000.00. Mayor Flaute: The actual was \$23,000.00. Deputy Mayor Smith: So you are anticipating an increase in cutting weeds and grass. Mr. Garrett: It is comingled now that we have that Abatement Action Fee. It may cost us \$50.00 to fix that property and then we tack on that extra \$125.00 for a penalty factor. That's all recorded on that same line. Deputy Mayor Smith: Okay. Mr. Fullenkamp: Are we not separating out the penalty versus the actual cost? Mr. Garrett: No, we have not. Mr. Fullenkamp: Why not? Mr. Garrett: I just didn't have time. Mr.

Thursday, December 29, 2016

Fullenkamp: One is a cost, so you have got to show it some place, the actual abatement process. It's not just revenue. Deputy Mayor Smith: I think the \$125.00 cost would be an Administrative Fee, wouldn't it? Mr. Garrett: We can start putting penalties on a separate line. Mr. Fullenkamp: I would think you should. I think that's important to separate out. Mayor Flaute: Okay. Any other questions Mrs. Reynolds? Mrs. Reynolds: No sir. Mayor Flaute: Anyone else have any questions? Mr. Fullenkamp: I do. Mayor Flaute: Okay, Mr. Fullenkamp.

Mr. Fullenkamp: Let's go to the expenses or are we just dealing with revenues right now? Mayor Flaute: No, we are going through the whole thing. Hopefully it will be the last question. Mr. Fullenkamp: We talked about this End of Year Forecast and what generated that End of Year Forecast. The process of what employees do when they submit a purchase order and to know do we really reflect the line items on the purchase order with the actual purchase or do we just ignore that? If you are not recording the line items to the purchase order, then I'm not sure why we even have all these line items. Mr. Carpenter: The line items are on the purchase order. Mr. Fullenkamp: So we do have actual real estimates, is that true? My understanding is we have a lot of multiple vendor purchase orders. Mr. Carpenter: Yes. Mr. Fullenkamp: When you do that, you then reflect on the purchases the line items on each of those purchases? Mr. Carpenter: Yes, each multi-vendor has a line item assigned to it. Mr. Fullenkamp: For each purchase. Mr. Carpenter: On the multi-vendor, yes. The process is I go out and buy a bottle of water, I give the invoice, and I get the line item that covers bottled water. I take a stamper and I stamp it. I put the amount, the multi-vendor number and the line item which it comes from, I sign it and date it, and I forward it to Finance.

Mrs. Reynolds: Can I just bumper onto something? I think you are talking two different things. Object codes versus line items. I think your line items, if we just look at expenses in Boards and Commissions, Health and Safety you've got a line item of 5274. When Health and Safety purchases something, there is an object code that is used whether it be Supplies, Equipment, so on and so on. Do you use object codes? Mr. Fullenkamp: Can I bumper on that? Aren't line items and object codes the same thing? Mrs. Reynolds: No. Mr. Fullenkamp: I'm seeing these descriptions and line items. Mrs. Reynolds: That's what I'm asking, if they are using this as a descriptor. I don't know how you know when you are purchasing that bottle of water; I can't tell if it is out of the Materials and Supplies code, if you have purchased it out of a Capital code. We've had this conversation. That's the thing that is really throwing me. Mr. Garrett: For City Operations, we do use the expense line items that you've got there. Our accounting system does group similar type things into an object group, if you will. 5100s are all personnel related. 5200 and 5300 are operating expenses. Capitals are 5500 accounts. Mrs. Reynolds: Can you get us a copy of that listing, Mr. City Manager? Mr. Garrett: It's on every monthly report. Mrs. Reynolds: The object codes you use for each category. Mr. Carpenter: You mean like 5100; everything that is applied for 5100? Mr. Garrett: When we write a purchase order, we are writing it against the line item and we record the expense against the line item. The accounting system does just kind of group general things, but it doesn't really matter too much. Mrs. Reynolds: You just group general, like items together. Is that what I'm hearing? Mr. Garrett: I'm saying when you look at the Street Department; you have a multitude of expense line items. Operating expense or Fuel or Salt or Vehicle Repairs, whatever, they would write a purchase order against that line item account. When we pay the bill, of course, it gets recorded as an expense against that same line item. The Boards and Commissions would be the Historical, the Seniors, or whatever have only got one line item. We are actually reimbursing the treasury of that particular group for whatever it is that they bought, so it could be a variety of things. The Seniors, we pay for their utilities or maybe their insurance. If they bought a new copier or something, we would be reimbursing the Seniors group and they only have one line item for that. Mrs. Reynolds: If we go back to the Parks and Recreation, and I'm sorry Mr. Fullenkamp I jumped in on you and I'm sorry, I don't mean to do that. On Health and Safety, 5274, how would I know on the Open Order List when you do a purchase order for Health and Safety and they are buying helmets, 5274 covers everything then? Mr. Garrett: Right. Mrs. Reynolds: No matter what, if they bought a computer it would be under 5274. I would not know that was a piece of equipment they purchased. Mr. Garrett: I guess that's true. On our

Thursday, December 29, 2016

Open Order PO List it shows the Payee on the purchase order, but it doesn't say anything about what it is that they are going to buy. Mrs. Reynolds: That was the conversation that I had with the City Manager yesterday looking at those. You can't tell on those what exactly is being spent. Okay, that's just what I need to know. You are lumping it all. They can purchase anything they want out of a 5274 code. Mr. Garrett: Right. Mr. Carpenter: For the larger departments it is broken down into much more detail.

Mr. Fullenkamp: If I understand correctly for the larger departments, for instance the Police Department it gets broken out into line items and an object code? Mr. Garrett: For the object code, the system just kind of groups them together and tracks it by object code. We don't pay much attention to it. Mr. Fullenkamp: What happens when line items run short? Mr. Carpenter: From like the beginning of 2016? The money would have to be deducted from one line item and added to that line item. Mr. Fullenkamp: Does that process happen very often? Mr. Carpenter: Yes. Mr. Fullenkamp: That tells me that the budgeting for those particular line items is faulty for whatever reason. Mr. Carpenter: For whatever reason. A good example if you have a vehicle that breaks down unexpectedly and you realize that fuel that was budgeted, the price didn't increase, and you can move money from Fuel to fix the vehicle. Another way to do it would be to come ask for more money. Mr. Fullenkamp: It seems to me that makes it difficult to budget for particular line items if money is being moved within those Capital or those Materials. Mr. Garrett: We make an effort to try to record the expense on the appropriate line item, so if they need more money upon request of the department that we have reallocated within their already appropriation. If we have excess funds in Fuel like he said, but you need it in Vehicle Maintenance upon request of the Department Head we have moved some of that allowance down to the line when they do need it. We do try to record the expense against the correct line item so that for history it means something. Mr. Denning: So the next year we can budget correctly or more correctly the following year. Mr. Fullenkamp: So the actuals represent those shifts between line items? Mr. Garrett: Yes. Mr. Fullenkamp: Okay. Thank you. Mr. Carpenter: We stay within the overall operations dollars that were appropriated.

Mr. Denning: So the Fire Department gets \$2.7 million and as long as they stay within that even if they juggle it around amongst all of the different categories. Mr. Carpenter: You can't take Personnel dollars and move it to Capital or Operations. Those are 3 distinct. Mr. Denning: So you have Personnel dollars specific, Operations dollars specific. Mr. Carpenter: You mention Personnel. In the Fire Department, as you can see, we had those vacancies going so there was a lot of money we didn't spend in salaries, but our overtime went up. We had to shift some of those dollars to cover the overtime. Mr. Denning: I get that. I'm just trying to figure out where they can shift before they have to come back to Council to get approval. Mr. Garrett: They have to stay in the same class of money. His example was a salary line and then we've got an overtime line, so they needed money several times throughout the year and ran out of overtime money so we had to shift money down from salaries. Another category is the Operations or the Capital line that is what is of course in the Exhibit to the Appropriation Ordinance. We are taking that subtotal of Personnel, the subtotal for Capital, the subtotal for Operations, Debt or whatever. That's what we are asking you to approve is that subtotal. Mr. Denning: Okay. Mr. Garrett: Then they have to stay within that subtotal, but we do sometimes shift from an expense line to another expense line within that category.

Mr. Fullenkamp: I have one more question about Personnel. I'm seeing a 4% number projected for employee increases this year. Where did that come from? Mr. Carpenter: The 4% was trying to stick with the same philosophy of 2.5% and then an incentive increase. A lot of that was made prior to the insurance, so it may be re-evaluated is what I'm telling you. Mr. Fullenkamp: My question is you are saying you have 4% pool. Is that what you are saying? Mr. Carpenter: We plugged in a 4% increase for wages. Mr. Fullenkamp: For everyone? Mr. Carpenter: All of admin and then we have the contracts which are fixed. Mr. Fullenkamp: So the base of 2.5% and the high numbers being in the number of 6-7%? Mr. Carpenter: No. Mr. Fullenkamp: No, is it a 4% cap or 4% average? Mr. Carpenter: What I budgeted in there was 4%. Mr. Fullenkamp: A 4% cap for everybody. Mr. Carpenter: That was

Thursday, December 29, 2016

what we had budgeted for, yes. It was the 2.5% and a 1.5% incentive. Mr. Fullenkamp: Right, so you are saying the cap, the max, is 4% for each individual employee. Mr. Carpenter: That's what we plugged in. I'm not saying that's the cap, I'm just saying that's what we plugged in. Obviously, we are not going to exceed our Personnel number overall. Mr. Fullenkamp: I know that. If you give half the employees a 2.5% increase and you give the other half whatever that works out to be, 6%. Are you saying that's a possibility? Mr. Carpenter: I'm not going to rule it out. It's not likely, but I'm not going to rule it out. Mayor Flaute: It's a possibility. Okay. Mr. Carpenter: There would have to be reasons why if someone were to get a 6% raise. Mr. Fullenkamp: Thanks.

There was no further discussion on work session items.

**ITEM 8: OLD BUSINESS**

**A. ORDINANCES**

**I) Ordinance No. 16-O-611 making permanent appropriations for current expenses and other expenditures of the City of Riverside, State of Ohio, for the period beginning January 1 through December 31, 2017.**

A motion was made by Mr. Denning to take Ordinance No. 16-O-611 off the table. Deputy Mayor Smith seconded the motion. There was no discussion on the motion.

All were in favor; none were opposed. **Motion carried.**

A motion was made by Mr. Denning to read Ordinance No. 16-O-611 for the first time in its entirety and approve its first reading. Mr. Fullenkamp seconded the motion. There was no discussion on the motion.

The Clerk read Ordinance No. 16-O-611 for the first time in its entirety.

All were in favor; none were opposed. **Motion carried.**

A motion was made by Mr. Denning to suspend the rule that dictates the number of days between consecutive readings of ordinances. Deputy Mayor Smith seconded the motion. There was no discussion on the motion.

All were in favor; none opposed. **Motion carried.**

A motion was made by Mr. Denning to read Ordinance No. 16-O-611 for the second time by title only and approve its final adoption. Deputy Mayor Smith seconded the motion. There was no discussion on the motion.

The Clerk read Ordinance No. 16-O-611 for the second time by title only.

All were in favor; none opposed. **Motion carried.**

Mayor Flaute: Thank you all. Thank you for all of your work. Mr. Manager, thank you for all of you work. Mr. Garrett, thank you. Thank you for everything. I know this is what it is every year, but we do appreciate all of your hard work. Mr. Denning: We also know that this was all trying to make this better than we had in previous years and you did a lot of gymnastics to make it and keep us happy. We really do appreciate all of that and all that you have done, both of you, to make that happen and the Department heads too, please pass that on. Hopefully, we can refine this a little better next year and get started a little earlier and keep a running situation so we can task this is November or something so we don't have to go through this all again. Mr. Carpenter: That's the objective. I think we did add some good information here so we can paint a clear picture. Mr. Denning: Very good. Mayor Flaute: Thank you Council for all of your hard work.

Thursday, December 29, 2016

**ITEM 9: NEW BUSINESS**

**A. ORDINANCES**

**I) Ordinance No. 16-O-612 making supplemental appropriations for current expenses and other expenditures of the City of Riverside, State of Ohio, for the period beginning January 1 through December 31, 2016.**

Mr. Carpenter introduced Ordinance 16-O-612 to make supplemental appropriations.

A motion was made by Mr. Denning to read Ordinance No. 16-O-612 for the first time in its entirety and approve its first reading. Deputy Mayor Smith seconded the motion.

The Clerk read Ordinance No. 16-O-612 for the first time in its entirety.

Mr. Denning: So this is year-end clean-up? Mr. Carpenter: Yes. Mayor Flaute: Almost all are decreases.

Mr. Fullenkamp: I do have some questions. The questions I have, are a large portion of these due to the fact that we zeroed out some funds? I want to know the rationale because there are so many of them. Mr. Garrett: Well it's a requirement that we cannot spend more money than actually comes in during the year. Now that we've got a good handle on the amount of revenue for each of the funds, this is an attempt to reduce the appropriations to stay below that level of revenue. It is not zeroing funds. Mayor Flaute: So I see that in theory we won't have as many next year. Mr. Fullenkamp: So what impact did us requesting that funds be zeroed out have on that? Mr. Garrett: Well it's not actually in this supplemental. In fact, we have a lot of funds and most of them have restrictions on the money. Permissive tax has to be somehow related to roads, so we can't comingle any remaining money back into the General Fund because it would still have that attachment. Mr. Fullenkamp: That is the 3 major Departments.

Mr. Garrett: That would be 3 major Departments: Fire, Street, and Police. Mr. Fullenkamp: So those are some of the big numbers that we see \$402,000.00 for Personnel in the Police Department. Mr. Garrett: This does not necessarily reduce their fund balance all the way to zero. Mr. Fullenkamp: Because of the other categories. Mr. Garrett: Well I'm saying just in Fire, Street, and Police. All of the other funds, whether they be Wright Point or Permissive Tax or Eintracht Fund or whatever, those mostly have restrictions on the income so we didn't make attempt to reduce those. The only ones we could potentially reduce would be Fire, Street, and Police funds. Those are not captured in this appropriation. Mr. Fullenkamp: So zeroing out for next year the balance for those 3 Departments is not reflected in this Supplemental. Mr. Garrett: That is correct. Mr. Fullenkamp: Where would that appear? Mr. Garrett: That doesn't appear anywhere right now. We kind of showed you on the Budget Worksheet as if it had a zero balance and comparing the expenses for the year against the projected revenue. There is still some residual money in Fire, Street, and Police funds. I ran a report just a few minutes ago and again it is not going to be entirely accurate until we get done posting whatever revenue. Today we should have received some Motor Vehicle that gets posted partly in the Street fund, so until that gets posted the balance is not entirely up to date. We are getting reimbursed from insurance companies for ambulance runs for the Fire Department. I know I have got a couple of those that still need to get posted. Those are not in the budgeted balance. Mr. Fullenkamp: Will we be seeing a supplemental in 2017 for 2016? Mr. Garrett: No.

Mr. Fullenkamp: No. Did I hear you say we haven't really zeroed out the account for Service and Fire? Mr. Garrett: That's right. There's still \$165,000.00 in the Fire fund, \$379,000.00 in the Street fund, and \$214,000.00 in the Police fund. Mr. Fullenkamp: So we haven't pulled any money out of those Departments into the General fund?

Thursday, December 29, 2016

Mr. Garrett: No, not in this Ordinance. Mr. Fullenkamp: Will that ever happen? Mr. Garrett: Well they can spend it down. The money is there in the fund, but they cannot spend any more than is appropriated. If we were to appropriate some of that, they could spend down against that balance or we could in a future Ordinance or even add it into this one to move it back. I'm saying I cannot get it exactly to zero because it's a moving target to try to hit. Mr. Fullenkamp: I'm suggesting you do, but will we reduce the fund balances on the Service, Fire, and Police? Mr. Garrett: We can do that. I've got a report right here. Mr. Fullenkamp: We have not though is what you are saying? Mr. Garrett: It is not reflected. Mayor Flaute: I've got 4 weddings tomorrow. Don't go to the bank before 5:00 p.m. Deputy Mayor Smith: So there's about \$.5 million positive that we can add back into the General fund? Mr. Garrett: We could. Mayor Flaute: If we wanted to do that. Deputy Mayor Smith: Okay. Mr. Fullenkamp: That was what the discussion was about, zeroing out these budgets. Mr. Garrett: I would say all of the other funds, you have to obey the law. Fire, Street, and Police, it could move approximately \$200,000.00 out of each one back to the General fund. Mayor Flaute: Any other questions or comments?

There was no further discussion.

Five were in favor; Mrs. Reynolds opposed. **Motion carried.**

A motion was made by Mr. Denning to suspend the rule that dictates the number of days between consecutive readings of ordinances. Mr. Curp seconded the motion. There was no further discussion.

Five were in favor; Mrs. Reynolds opposed. **Motion carried.**

A motion was made by Mr. Denning to read Ordinance No. 16-O-612 for the second time by title only and approve its final adoption. Deputy Mayor Smith seconded the motion. There was no further discussion.

The Clerk read Ordinance No. 16-O-612 for the second time by title only.

Five were in favor; Mrs. Reynolds opposed. **Motion carried.**

## **B. RESOLUTIONS**

- I) Resolution No. 16-R-2226 authorizing the City Manager to enter into a Letter of Agreement with the Auditor of State to provide services to convert Cash Basis Financial Information to Accrual Basis Information at a cost not to exceed \$13,750.00 per year for the years 2017, 2018, and 2019.**

Mr. Carpenter introduced Resolution No. 16-R-2226 authorizing a Letter of Agreement with the State Auditor.

A motion was made by Deputy Mayor Smith to approve Resolution No. 16-R-2226 to authorize a Letter of Agreement with the Auditor of State for three (3) year. Mr. Denning seconded the motion.

Mr. Fullenkamp: So why aren't we doing our accounting in the Accrual approach versus the Cash approach, other than using a GAP approved approach versus us doing it and having to spend \$14,000.00 per year to convert it to the Accrual Basis? Mr. Garrett: Other than that is the traditional way we have been doing it, recording our expenses (*inaudible*). I would have to go through and make all of those adjustments every month in the Finance system to record things on the Accrual system. Mayor Flaute: So we have been doing it this way. Mr. Garrett: We have been doing it this way. Mayor Flaute: For as long as you have been here? Mr. Garrett: That is correct. Mayor Flaute: This is just a renewal of doing it this way. Mr. Fullenkamp: Can't we adopt the Accrual Basis as our recording method? Deputy Mayor Smith: It's always been the Cash Basis, correct? Mr. Fullenkamp: That's not what the State of Ohio accepts anymore. Mr. Garrett: That's right. The final financial

Thursday, December 29, 2016

statement for the year has to be in the Accrual Basis. We use Cash books all throughout the year.

Mr. Fullenkamp: Is there a reason not to use Accrual Basis throughout the year? Mr. Garrett: Not really. It wouldn't be much different except some bill that we are going to pay next month would have to show them as liability until the payment is due every month when we prepare the finance statements. Our system is not set up that way. Mr. Fullenkamp: What would it take to set our system up that way? Mr. Garrett: Our particular software doesn't because it was written several years ago. We would have to buy a new software package or if there is a way to set it up, I'm not sure. Mr. Denning: I think we should probably investigate that because if it is costing us \$14,000.00 a year, even if we had to pay \$10,000.00 for a new software package and \$100.00 a year to renew that license. Next year it would only cost us \$100.00 instead of \$14,000.00 and we would start saving that money in the future if we can do that, right? We wouldn't have to pay the State this \$14,000.00 to take our books. Mr. Garrett: It is a service being provided by a branch of the State Auditor's Office. Mr. Denning: Right and they make money off of that. Mr. Fullenkamp: They charge \$50.00 per hour. Mrs. Reynolds: They assume no responsibility if anything goes wrong. Mr. Garrett: Then the other branch of the State Auditor reviews all of that work, but of course we are responsible for all of that. Mr. Denning: If we are going to do that, can we pay an outside bookkeeper locally to do that? Maybe it would only cost us \$10,000.00 to do that or \$5,000.00. Mr. Garrett: We haven't asked, but I suspect it would cost us more for some other firm to do it. Mr. Denning: I think we should at least look at if we can find this less expensively or if changing our way of bookkeeping would save us money.

Mr. Fullenkamp: I don't know why we don't just go to this approach. Another thing is, are we signing that for 3 years? Are we locking ourselves in? Mr. Garrett: This is a multi-year contract. Mr. Fullenkamp: We are locking ourselves in for 3 years. Is that true? Mr. Garrett: Yes. Mr. Fullenkamp: Why? Mr. Garrett: So we wouldn't have to do it again every year. We could change it to a 1 year or 2 year. Many years ago we had a 2 year contract or I guess 3 years ago, we had a 3 year contract instead. Mr. Fullenkamp: I think we really need to look at changing how we do our own accounting versus spending time exporting information to the State and then having them do the transformation for us. I think it might be best for us to go to the Accrual approach in-house. I think we should consider that.

Mrs. Reynolds: An Accrual system will give you a better picture of a moment in time. Any time you use an Accrual, you know exactly where you are at and I think that's where we need to be at some point. Mr. Garrett: We are going to have to add people to our Finance Department to do the extra work. Mr. Fullenkamp: Is it more work doing the Accrual approach than it is the Cash approach? Mrs. Reynolds: It's earned and paid. That's Accrual, earned and paid. It's not anything different. Mr. Fullenkamp: You are implying that it is going to take more time doing the Accrual approach. Mr. Denning: What he's saying is if he keeps doing it the way that he is and then he would do the Accrual every month. What they are saying is we would just do away with the Cash and go to the Accrual. Mrs. Reynolds: Accrual all the way. Mr. Denning: Yeah, there may be a learning curve and it may be a month or so for us to get changed over, but once we are changed over we don't have this \$14,000.00 a year we have to pay the State until they change the direction. Mrs. Reynolds: To me when we look at the statement, "LGS is not required to and will not verify the accuracy or completeness of the information you will provide us." Anybody can sit down and take our Cash Basis and transfer it over to an Accrual Basis. That's a pretty simple number to number. That's it. I'm with everybody else. I don't know that paying them \$14,000.00 a year is a wise business practice. I am back from the old MacB system; I go a long way back.

Mayor Flaute: How much time do you think it would take for you to do the Accrual versus what we are doing with Cash now? Would it take that much more time? You mentioned we might have to hire more people or something, do you think it would take that much more time? Mr. Garrett: I think it would take us a long time. Somebody would have to give attention to it and do some stats at the end of each month. Mrs. Reynolds: What are you doing on the Cash Basis? You won't do that

Thursday, December 29, 2016

anymore, you would do Accrual. Is it an offset? Mr. Garrett: There would be maybe some offset, I would have to look at it. Mr. Fullenkamp: My recommendation is not to lock in with a 3 year contract. I think we need to do some research in going to the Accrual approach. Obviously for 2016 that's a done deal, but I think going forward I think we need to look into it. Mrs. Reynolds: Talk with somebody. Get somebody in here that could walk you all through it. Just putting it out there, Mr. City Manager, for 3 years because we don't want to do this over and over again for the next 2 years, I don't know that is a sound reasoning to spend \$14,000.00 a year. Mr. Carpenter: It sounds like we should make this a 1 year deal and then investigate the Accrual process.

Mayor Flaute: How made the motion? Mr. Denning: So we are adjusting this to a 1 year contract? I agree. Deputy Mayor Smith: Is there software we can buy? Mayor Flaute: We were just saying that. Deputy Mayor Smith: I missed it. I'm sorry. Mr. Carpenter: We will check into it. Mr. Denning: We will pay this 1 year to get it done this year and then we are going to look at what we can do to fix it. Mayor Flaute: That won't cost us more by doing a 1 year versus a 3, right? Mr. Garrett: No. This is the same price we have had for the last several years.

The motion was made by Deputy Mayor Smith to revise Resolution No. 16-R-2226 to authorize a Letter of Agreement with the Auditor of State for one (1) year with a suggestion to research methods of updating in-house accounting to Accrual Basis. Mr. Denning seconded the motion. There was no further discussion on the motion.

All were in favor; none were opposed. **Motion carried.**

#### **ITEM 10: DISCUSSION: Clerk Vacation Time**

Mr. Fullenkamp: Do we need to discuss Brenna's issue? Mayor Flaute: Do we need to discuss what? Mr. Denning: Do you want to make that part of the executive session? Mayor Flaute: What does she need? Mrs. Reynolds: Ms. Arnold wanted to talk about something. Mayor Flaute: Oh, yes. Ms. Arnold let's do that before we go into executive session. Thank you.

Ms. Arnold: In 2016 I knew I was accruing vacation and this is all in the email, but I was not aware how much vacation time I had until last week. I accrued 46 hours of vacation, 6 of which I need to use by tomorrow or I lose it. I guess I have two questions. One, I had spoken with Mr. Lohr and he stated that I could draft a memo for his consideration and given that it is the end of the year, with all of the holidays, and the fact that if I am not here for 6 hours and all of the other days we have had off with the holidays that would not be a good thing. I need to be here so I can get your packets out to you and all of that other good stuff. He was going to bump the 6 hours to the first half of January instead and losing it or being here for 2 hours tomorrow.

The other part is that I am not quite sure if he is able to make that decision or if you have to make a recommendation. I don't really know, but I don't necessarily want to lose 6 hours of vacation and I also don't want to give you your packets tomorrow if I am not here. I will already have an hour and however much longer we are here that I can't be here tomorrow anyway for flex time for this meeting.

A motion was made by Mrs. Reynolds to waive the use or lose by December 31 for a one time situation for the 6 hours of vacation time which must be used in January. Mr. Fullenkamp seconded the motion.

Ms. Arnold: It will be Martin Luther King, Jr. Day. Mia is out of school. Mr. Denning: Would you rather get 6 hours of pay straight up or would you rather have the 6 hours? Ms. Arnold: I would love that, but I would actually rather have the day with Mia. That's fine. I appreciate it.

There was no further discussion on the motion.

All were in favor; none were opposed. **Motion carried.**

Thursday, December 29, 2016

**ITEM 12: COUNCIL MEMBER COMMENTS:**

Mayor Flaute: The only thing I have is we got a Thank You note from URS for the \$250.00 donation.

**ITEM 11: EXECUTIVE SESSION:**

**A) Pending Litigation – Administrative Code 103.01(d)(3) – *Conferences with any attorney representing the City as counsel, concerning disputes involving the City, its Council, boards, commissions, officials and employees that are the subject of pending or imminent court action or discussions of any matters which are properly covered under the attorney-client privilege as recognized by the law of Ohio.***

A motion was made by Mr. Denning to enter into executive session for the reasons stated on the agenda. Mrs. Reynolds seconded the motion.

There was no further discussion on the motion.

A roll call vote was as follows: Mr. Denning, yes; Mrs. Reynolds, yes; Mr. Curp, yes; Mr. Fullenkamp, yes; Deputy Mayor Smith, yes; and Mayor Flaute, yes.

Mayor Flaute: We will be in executive session maybe 30-45 minutes. I don't expect to have any legislation when we come out, but you are welcome to wait until we come out of executive session.

Council entered into executive session at 7:07 p.m. Council came out of executive session at 8:00 p.m.

**ITEM 11: ADJOURNMENT:** A motion was made by Mr. Denning to adjourn. Mrs. Reynolds seconded the motion. There was no discussion on the motion.

All were in favor; none were opposed. The meeting was adjourned at 8:01 p.m.

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William R. Flaute, Mayor

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Brenna Arnold, Clerk of Council