

**NORWALK CITY COUNCIL**  
**MINUTES**

November 22, 2016  
7:30 p.m.

Municipal Court  
Norwalk, Ohio

**WORK SESSION**

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Council President Steve Euton called the meeting to order. The following Council members were present: Steve Euton, Chris Mushett, Chris Castle, Samantha Wilhelm, Steve Schumm, Deb Lucal, Dave Wallace, and Kelly Beck.

Mayor Rob Duncan, Law Director Stu O'Hara, Finance Director Diane Eschen, Safety Service Director Dan Wendt, Police Chief Dave Light, and Public Works Director Josh Snyder were also in attendance.

*Item No. 16-106*

AN ORDINANCE AMENDING AND SUPPLEMENTING THE 2016 ANNUAL BUDGET AND APPROPRIATION ORDINANCE NO. 2015-057 AND DECLARING AN EMERGENCY

Mrs. Eschen explained that this legislation is a supplemental for the balance of the program income for housing rehab as part of the PY2015 CHIP.

Council members agreed to place this item on the agenda for the next regular session.

*Item No. 16-101a*

AN ORDINANCE TO BUDGET AND MAKE APPROPRIATIONS FOR THE CURRENT EXPENSES AND OTHER EXPENDITURES OF THE CITY OF NORWALK, STATE OF OHIO, DURING THE FISCAL YEAR ENDING DECEMBER 31, 2017

Mrs. Eschen started by informing Council members that the budget includes \$500 each in the Police and Fire budgets for the purchase of refreshments during various training events.

Mrs. Eschen then began the budget discussion by asking Council members where they stand on the longevity benefit issue as it is included in *Item 16-101a*. Mr. Beck said that he spoke to some employees about longevity and most said they were fine with not receiving the money this year, but most were against eliminating it permanently.

Mayor Duncan said that the reason he brought the legislation to eliminate the longevity benefit was due to previous Council discussions where Council members suggested doing away with the benefit altogether. He said that he would like to pay out the longevity benefits, but the City is not in a position to do so at this time.

Mr. Schumm asked if Mayor Duncan is willing to bring legislation suspending the longevity benefit for 2017. Mayor Duncan said yes, if Council desires.

Mrs. Lucal said she has gotten the same impression from City employees as Mr. Beck.

Mr. Euton asked what the total cost would be to pay the longevity benefit. Mrs. Eschen replied \$41,510 total, of which \$10,000 would come from the General Fund. She added that it was last paid in 2011 and has been suspended from 2012 forward.

Mr. Beck said it is not a huge amount. He said despite the current state of the budget, he is not against paying the benefit.

Mr. Castle said that he feels the Administration is dangling a carrot and it seems wrong. He added that through the feedback he has received he has learned that most employees would be fine with suspending it, but they are not in favor of eliminating the benefit entirely.

Mr. Mushett said that with the 2% pay raise in the coming year it will be easy to justify suspending the benefit, especially with the jump in insurance premiums which the City is covering the bulk of. He said he would like to keep the longevity benefit alive and reconsider it year by year.

Mayor Duncan said legislation was passed in 2012 to eliminate the longevity benefit for all employees hired after 2013.

Mr. Wallace said that if he was an employee he would like the chance to receive the money rather than have it be eliminated.

Mr. Euton asked Council members whether they are in favor of an ordinance to suspend the longevity benefit and remove it from *Item 16-101a*.

Mr. Mushett said he feels it is wise to keep it in the budget for now and make all changes to the budget at once.

Mr. Schumm said he would like to deal with it at this time and recommended the benefit be suspended.

Mr. Castle agreed with both Mr. Mushett and Mr. Schumm.

Mr. Beck said he is in favor of suspending the benefit. He also inquired about the longevity for Police and Fire being already rolled into the budget. Mrs. Eschen confirmed and explained the history of the Police and Fire longevity benefits.

Mr. Mushett clarified that he doesn't have strong feelings about keeping it in the budget and said he wouldn't oppose legislation suspending the longevity benefit.

Mr. Wallace asked how long the longevity benefit was rolled into the Police and Fire salaries. Mrs. Eschen estimated that they haven't received it since the late 1980's. Mr. O'Hara said except to the extent that it raised the salaries.

Council members agreed to recommend an ordinance suspending the longevity benefit for 2017.

Mrs. Eschen then asked how Council would like to handle the \$325,000 subsidy for Park and Recreation. She asked if they want it to be distributed in 2016 or placed in the 2017 budget. She said it is currently in the 2017 budget.

Mr. Beck said he wants it to be included in the 2017 budget otherwise it skews the numbers.

Mr. Wallace said he wants it to be included in the 2017 budget to give an accurate number.

Mayor Duncan said that is the view of the Administration as well.

Mr. Castle said placing it in the budget also allows for leverage with future levies. He added that citizens can see the scope of the situation and be more apt to vote in favor of a levy.

Mr. Schumm said he is under the impression that there will be a larger carryover at the end of 2016 than anticipated. Mrs. Eschen confirmed and said because of changes in House Bill 5, tax revenue looks very good due to the way in which taxes are being collected. She added that the numbers are skewed and next year the numbers will go back to normal. Mr. Schumm said his concern is the citizens view in reference to the large carryover and the 2017 deficit. He said he is in favor of distributing the Parks and Recreation subsidy in 2016 and not including it in the 2017 budget.

Mr. Beck said in lieu of making more cuts, it is necessary to show the people of the City that conditions are not optimal financially. He said he feels that the Parks and Recreation subsidy should be included in the 2017 budget.

Mr. Euton said while the revenue cannot be controlled, expense can. He said that that for the last two years the City has been incurring more expense than revenue. He added that Parks and Recreation is the only department that is given a supplemental at the end of the year which is a way to make the budget appear better than what it actually is.

Mr. Schumm inquired as to what cuts have been made in an attempt to balance the budget.

Mr. Beck said either there needs to be more revenue or more cuts. He added that he is not in favor of more cuts and would like to see the Administration come up with more ideas for revenue.

Mayor Duncan said that over the years the Administration has chosen to not replace equipment or maintain buildings as a way to cut expenses. He said when it becomes a safety issue they have no choice but to fix the problems.

Mr. Wendt reviewed some revenue options the Administration has presented to Council including reciprocity, longevity benefits, and replacement levies. He also discussed an ongoing department analysis.

Mr. Schumm said that despite all of the cuts and revenue options that may be on the table, a majority of the public remains unaware of the situation.

Mr. Wendt agreed that there needs to be a public information campaign.

Mrs. Eschen referenced her powerpoint presentation and discussed the numbers from 2008 to current. She said she is proud of the department heads for controlling their spending. She also pointed out the years there were percentage raises. Mr. Euton said that in order to make relevant cuts it needs to be employees.

Mr. Wendt said that some of the funds that support the work force are not related to the General Fund. He added that the majority of the staffing expense is Police and Fire.

Mr. Euton discussed the revenue that can be controlled such as replacement versus renewal levies. He said over the years Council has done things to keep the revenue from growing. He said it is his understanding that if the Administration thought Council would support legislation relevant to increased

revenue they would present it. Mayor Duncan said the Administration has presented Council with options.

Mrs. Eshen said that she tries to compile a realistic budget and she doesn't purposely overestimate expenditures and underestimate revenue. She said if you go by trend there could be a \$300,000 deficit in 2017 rather than \$800,000. She added that she feels she needs to show Council the worst case scenario. Mr. Euton interjected and asked how much of the \$2.2 million cash balance at the end of 2016 is coming out of the General Fund. Mrs. Eschen said \$840,000. She added that reciprocity would add \$275,000 to the General Fund and the Parks and Recreation and aquatic replacement levies would bring in \$170,000.

Mr. Euton said Council is in a position where they need to stop burning the candle on both ends and start taking action to improve the situation.

Mrs. Eschen said it is not unusual to pass a deficit budget. She further explained the budgetary process.

Mr. Euton pointed out that Council has approved every supplemental asked for this year, despite their desire to balance the budget. He said it is their job to tell the Administration "no" every once and a while in order to manage expenses. He said that it is also possible for Council to amend supplementals. Over the last 20 years while he has been on Council, he said there have been no tax increases.

Mrs. Eschen said one of her concerns for next year is the uncertainty of the country following a very difficult election. She cited the stock market, jobs, and local government funds.

Mr. Wallace said that in order to support an \$838,000 official deficit he needs a plan to increase revenue.

Mr. Wendt pointed out that the tax reciprocity legislation would have increased revenue by \$275,000. He urged Council to consider replacement levies and said that the current levies are working with property taxes from a 1976 valuation. He said that he is currently working on a performance analysis to determine ways to cut expenses and raise revenue.

Mr. Castle said he agrees with the performance analysis and thinks it is an intelligent way to do business. He said he is still completely opposed to the idea of reciprocity, but there are currently lawmakers at the state level bringing legislation to the table to help municipalities.

Mr. Wendt said the hard decision the Administration wants Council to make is to go against the status quo.

Mr. Wallace said that Council did not approve the reciprocity legislation as it was presented. He suggested the Administration revise the legislation and present Council with another option. In addition, he pointed out that it was the Administration's decision to go forward with the renewal levy for Parks and Recreation.

Mr. Castle said the conversation at the time was to go forward with the renewal with the knowledge that a replacement levy was in the near future.

Mr. Wendt discussed foregone incremental changes that have occurred as a result of passing renewal levies as opposed to replacement levies and said incrementalism is the way to go.

Mr. Euton said the lesson is that the City needs to quit doing renewals and make them all replacement levies.

Mr. Beck explained that the 112% tax increase for the levy is what had people concerned. He said it amounted to about \$15, but people didn't see that.

Mr. Mushett said the problem with that levy was that the Administration waited too long to put it on the ballot. He said the marketing needs to happen before the legislation comes to Council.

Mayor Duncan pointed out that the Administration brought the legislation to the Finance Committee first to gain their approval.

Mr. Mushett said he thinks the Administration should make a case to the people and then bring it to the Finance Committee.

Mr. Euton explained that the Finance Committee reviewed the reciprocity legislation and agreed to bring it to Council. He said once the remaining members of Council began to ask questions, the Finance Committee failed to support the legislation and it got tabled as a result. Further, he said that anything that increases taxes is going to have opposition.

Mrs. Eschen said the Administration is working on a five year plan. She explained that initially the reciprocity legislation was brought to the Finance Committee because it was thought that those funds would be set aside for the purchase of fire trucks or police apparatus. She said there is less than \$30,000 in the General Fund for capital purchases and a fire truck and police cruisers are currently being paid for out of the General Capital Improvement Fund. Finally, she said Council members should have been prepared for citizens to be upset about paying more taxes.

Mrs. Lucal suggested cutting the insurance plan back instead of cutting employees. Mayor Duncan said they are considering that. Mrs. Eschen added that 40% of the employees are union.

Mayor Duncan pointed out that Council tabled the reciprocity legislation. He said it is up to them to remove it from the table and make suggestions to change it. Mr. O'Hara said technically the legislation was referred back to the Finance Committee and they would have to refer it back to Council to be voted on before the end of the year.

Mr. Wallace said that if Council needs to send the reciprocity legislation back to the Administration for a plan B, then that is what they should do. He said he is confused as to whether Council or the Administration is supposed to make legislation for the City.

Mr. Wendt said that originally the Administration presented the Finance Committee with 100% reduction and a 50% reduction of the credit was plan B. In reference to cutting the insurance plan, he said the Administration needs to consider that this is not the only year there will be an increase in premiums. He said that when it comes time to negotiate contracts there are hard decisions that are going to have to be made.

Mrs. Wilhelm said she is in favor of the healthcare costs for non-union going to 75% instead of 85%. She said it is unusual to have 85% coverage from a municipality. Mrs. Eschen said open enrollment ends November 30, 2016. Mr. O'Hara said it cannot be changed for 2017, but it could be examined for 2018.

Mr. Schumm said he is uncomfortable with the upcoming 3% raise that was given to all employees.

Mrs. Eschen said that the 3% increase in wages in 2018 will amount to \$145,000 from the General Fund. She said that she has started looking at the 2018 budget and if next year goes like this year there will likely be another 20% increase in healthcare costs. She added that variables such as gas prices and utility costs are unpredictable. Finally, she said that this budget raises red flags and shows that changes need to be made to get the numbers back in line.

Mrs. Eschen said she has been asked if there is anything in the 2017 budget for the Fire Station. She said there is not. She said they have budgeted that \$3.5 million and she will be bringing a huge supplemental after the first of the year to reappropriate those unused funds for 2017.

Mr. Beck asked how much of the \$145,000 from the 3% raises goes to Police and Fire. Mrs. Eschen said \$100,000. He questioned the idea of rescinding the pay raises. Mr. O'Hara said legislation to amend the pay ordinance would have to be passed by December 31 for the following year.

Mr. Schumm clarified that Council decided to leave the Parks and Recreation subsidy in the 2017 budget for the time being. Mr. Euton said yes, but it can still be changed.

Mr. Wallace asked if the City already has two separate entities, bargaining units and non-bargaining units. Mr. O'Hara said as far as insurance is concerned all employees are treated equal. He said the Administration will have the ability prior to the open enrollment period for 2018 to adjust the insurance program. However, he said changes could not be imposed on the union employees unless agreed to. Mr. Euton pointed out there could be three separate entities.

Mr. Mushett asked when the current union contracts expire. Mr. O'Hara replied the end of 2018.

Mr. Castle cautioned the Administration about the danger of separating union from non-union employees.

#### **UNFINISHED BUSINESS**

Mr. Euton said that November 29, 2016 will be a work session.

**ADJOURNMENT** There being no further business to discuss, the meeting was adjourned.

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Stephen E. Euton  
President

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Jaime L. Peiples  
Clerk