

Wickliffe City Council Special Meeting
March 25, 2015

A special meeting of Wickliffe City Council was called to order by Council President David Krych at 7:00 p.m. on Monday, March 25, 2015. The following were present at roll call:

MAYOR:	William Margalis
COUNCIL PRESIDENT:	David Krych,
COUNCIL :	Bala, Ely, Jaworski, Koski, Levon, Matyja
LAW DIRECTOR:	William Gargiulo
FINANCE DIRECTOR:	Martin Germ
SERVICE DIRECTOR:	Joseph D'Ambrosio
BUILDING COMMISSIONER:	Raymond F. Sack
POLICE CHIEF:	Randy E. Ice
FIRE CHIEF:	James G. Powers

Notice of the special meeting to be held this evening was read by the council clerk.

ORDINANCE NO. 2015-05 AN ORDINANCE PROVIDING APPROPRIATIONS FOR CURRENT EXPENSES AND OTHER EXPENDITURES OF THE CITY OF WICKLIFFE FOR THE PERIOD BEGINNING JANUARY 1, 2015 AND ENDING DECEMBER 31, 2015; AND DECLARING AN EMERGENCY. THIRD READING. Read by title.

Moved by Mr. Ely seconded by Mr. Bala that Ordinance No. 2015-05 be adopted as presented.

DISCUSSION:

Mr. Jaworski stated the following: "I'm sure many of you already know how I am voting on this budget. While it is no secret, I want to explain my reasoning for voting against it. Since I have been on council it has been rare for the City of Wickliffe to have a balanced budget. For more than 12 years, this city has had a spending problem. Twice we have gone to the voters and asked them to take money from our capital improvement fund and permanently move it into our general fund to pay for employees' salaries and benefits and other operating costs. Starting this year, a combined total of roughly \$800,000 will be injected into the general fund from the capital improvement fund. Just last year, Council and the Mayor made the decision to force our residents to pay for their garbage and recycling services. Those combined amounts, plus a \$400,000 loan payback from the capital improvement fund, results in the general receiving more than two million dollars of additional revenue in it this year, and we are still running a projected debt of roughly a million and a half dollars.. This influx of money should have been more than enough to balance our budget, but it hasn't.

As our general fund carry-over plummets toward zero and projects into negative numbers, members of this body and the mayor are content with waiting until the midnight hour to make any kind of change in the operation of this city. There have been no plans put forward that explain how exactly we are going to cut expenses. You seem more concerned about a paper cut instead a severed artery. We should be looking at a tourniquet instead of talking about a band-aid. This approach is not working – it never really worked – it just pushed the problem down the road. And it's leading us toward bankruptcy and massive layoffs next year.

The fact of the matter is, we have known for a while that this city's income is compared to its expenses. It hasn't been close. This is the tenth time I am being asked to vote on a budget, and for the tenth time, the budget that I'm being asked to support shows deficit spending. Since 2005, we have gone into the red 8 times. We have to get our expenses in line with our income. We have no choice. If we fail to do so, the

State Auditor will soon be putting us under fiscal caution, which I pray doesn't turn into fiscal watch or fiscal emergency status.

Several members of this council have made numerous suggestions to the administration, yet none of those suggestions were taken into consideration within this current budget that we are being asked to pass tonight. Instead of looking at major reductions that will result in the savings of hundreds of thousands of dollars, we wasted time talking about little cuts that combined, do not approach the one hundred thousand mark. Included among the suggestions members of council made are: an immediate reduction in non-essential employees, no raises for any non-union employees; asking all employees to take a 5% pay cut; a hiring freeze; no raises for any non-union employee; creating new, permanent shifts in the service department, reduction of workweek for non-union hourly employees' and switching payroll from bi-weekly cycle to a twice monthly cycle in order to permanently eliminate the 27th pay.

To all the administrators, you better not come back to council late in the year saying that you've already exceeded selected line items in your budget and need us to transfer funds over to keep that line item in the black.

The problem is plain and simple, spending must be reduced to an amount that does not exceed our expenses. It will be a painful process, but we have no choice. When we're broke, then what? There'll be a massive layoff to avoid bankruptcy.

Will cuts be difficult to make – yes. However, they are necessary. We cannot afford to wait for cuts to occur, they must be made now. Marty, as the Finance Director, how can you recommend to us a budget that includes a 15% raise for certain employees? How can you allow us to hire employees knowing we'll be laying them off? How can you say this budget is the best you can do?

How can members of council vote for this budget knowing that our track record of actually hitting our expected numbers is awful? Since 2012, we have not come close to hitting already projected budget deficits. Those numbers are roughly \$432,000 in 2012, about \$384,000 in 2013 and close to 1.092 mill in 2014. How can you trust this year's numbers considering how badly we've been off the mark? Marty, how can you say with any certainty that we'll only be \$1.5 million down this year and not more?

I care too much for this City to simply go along with this current budget. I'm not sure how other members of council feel, but it deeply hurts me to see this great city going through the problems that we currently face. I've had way too many sleepless nights thinking about what we should have done ten years ago and what needs to be done now. I'm tired of inaction by fellow council members who publicly talk one way then vote another. I'm tired of some of you not thinking for themselves. If you think this has been bad, wait until we have to lay off 20 employees to balance our budget, it's time you accept some accountability and do your job. At least I know myself and two other members of Council are doing our duty and trying to protect the fiscal integrity of this City."

Mr. Levon commented that he agrees with Mr. Jaworski on a lot of these points, but one of the many things he would suggest that he notices that we have a year to have enough money to run the budget and run a deficit budget but we know that there is some point that we need to cut expenses to equal our budget. Why don't we take half of it now and clear up half that money now, 5% of it, and then next year another 5% instead of waiting next year and cutting all by 10%. Somebody in 2009 had presented this budget he would have loved to have had an extra year for half the first year and half the second year. It's a lot easier to work through the loopholes, work with the problems and what is going on and figure out how to adjust and then just lay out a multiple 20 people. It's easier if we have ten and we can make adjustments to, so I strongly suggest we fix this budget and cut out 5% of our expenses in the budget now.

Mr. Matyja added that he hopes people will not vote for this and join this discussion as some people say they would like us to join the discussion during the committee meeting. But anyone who votes for this is putting a lot of city jobs and lot of city employees on the hot seat. We were talking about this last year when we passed the budget that there would be a million dollar shortage but it ended up at a two million dollar storage. We are looking at a budget that we are taking a 1.5 million dollar deficit giving certain people raises up to 15% and non-union people 2% when you are projecting a 1.5 million and next year's project budget is 2 million dollars. You have just bankrupted this city and put numerous employees on notice that they are going to be laid off. There is proposed \$500,000 in the general fund cuts next year, what are those cuts? That's my number one question and he will follow up with Mr. Jaworski's question to Mr. Germ, as a finance director, when you know you are off a million dollars how can you recommend hiring three or four new people last year in all departments. Did you come to council and say we are running a deficit and we shouldn't be hiring? What is your responsibility to council. Mr. Germ responded that he does make the final recommendations. Mr. Matyja added then you just make a report. We had a deficit but yet we hire, he did not see any warning to council or any notice of it. We talk about cuts for every one and then we are going to vote to give them 15% raises? Now we have a \$500,000 projected cut in the general fund without telling where this is. The ax is hanging over people's heads by voting for this and we don't even know where the cuts are going to be. The finance director is projecting for us to go 3.5 million dollars in deficit by the end of next year and we don't even have 3.5 million dollars to cover, so what are you going to tell people you lay off next year.

Ms. Koski added that it is very unfortunate that we have been put in this position by the governor by taking away a million and a half dollars in the past three years, that's an awful lot of money for the city to recruit and as far as the 5% reduction because we cannot go back on the contract and re negotiate.

Mr. Matyja stated that we have a projected 3.5 million dollar deficit over two ^{years} and our projections have been off, we could be projecting a four million dollar deficit by passing this budget.

Mr. Bala also added that he understands the situation and in talking to the mayor, this year we have Lubrizol and next year we don't know the percentage that will be paid back. Some people need to take responsibility to cut costs too No matter what happens we will have layoffs and retirements.

Mr. Krych reiterated that the mayor did make some of the plans available in the committee meetings and we are planning on those reductions before the end of this year, so it will be starting this year.

The Mayor interjected that he explained this to every one in our departments that they need to reduce their departments by 5%, that total would come up to \$480,000 and the rest would come out of the general fund. He explained this and he does not know whether this will come from someone retiring this year, does it mean a layoff or other expenses in each one, each department is unique, but they have all been told and they know, that's where you'll get the half million dollars, we know there are some retirements coming and they will not be replaced. We lost four employees from October last year to the beginning of this year, we didn't replace any one of them. We hired two service department employees in February of 2014. In the spread sheet Mr. Germ gave you the green line is the carry over balance, we ending that last year at \$3.5 million dollars and we are projecting at the end of this year we will have 1.6 million dollars with this budget the way it is, if we have a worse case scenario the following year it will be 1.1 million dollars carry-over, we are not deficit spending at that point, if you think we don't have a revenue problem in the city you are all mistaken. I'm not saying we don't have an expense problem but we have a revenue problem, look at the revenue line on this spread sheet, look what the revenues were back in 2000, 13 million, we're estimating in 2014 we ended up with 11.8 million. Our expenses then were 14.5 million dollars, this year it's 13.6 and that's with the 27 pay which is \$300,000. Some of this is a payback to Lubrizol and will not go on forever. There are many variables and a budget is an estimate. He is not willing to cut services, people are outraged about the fireworks and the pools possibly being closed.

Should we lay off policemen or firemen and keep the pools open, and there will be other problems, this will affect everyone. He further said that he is looking to protect every employee we have in the city because they are all essential, if you are willing to make a cut right now because you think we have ten non-essential employees, he does not see it. This is not a profit making organization, if we break even every year that should be what our goal should be. I am committed to have this done and I am hoping you are all too, I presented a plan, not a great plan but that is what we have and we all have different views. We are all here for the benefit of the city and I would love to keep every service we have in the city but I think we all know this cannot happen. The smaller services that we provide will have to go away eventually but I do not want us to see us compromising the police department that is protecting us. The Service Department is also essential. We do not have non-essential employees. This is not an ideal plan but to say there isn't a plan – I take offense to that because there is a plan.

Mr. Ely commented that council should work together and he commended Mr. Jaworski for his comments. This council has the strong passion to do the right thing. He feels there should have been more meetings. The Mayor added that we have always worked toge

ther and I want to make this work.

ROLL CALL: Yes: Bala, Ely, Koski, Krych
No: Jaworski, Levon, Matyja

Motion carried. Ordinance No. 2015-06 adopted as presented.

There being no further business it was moved by Ms. Koski seconded by Mr. Ely that the special council meeting of March 25, 2015 be adjourned.

ROLL CALL: Yes: Bala, Ely, Jaworski, Koski, Krych, Levon, Matyja
No: None

Motion carried. Meeting adjourned at 7:45 p.m.

Clerk of Council

Council President and Presiding Officer