

FINANCE COMMITTEE MINUTES
November 22, 2010
Senior Center – Main Hall

Chairperson Scott McMeans called the meeting to order at 7:09 PM

Present: Alderpersons, Scott McMeans, Christopher T. Able, Allan Schema, Matt Kadow, and Alex Olson.

Absent: None

Also Present: Mayor Justin Nickels, Interim Finance Director/Treasurer Tony Scherer, Alderpersons Jill Hennessey, Jason Sladky, James Brey, David Soeldner and Nicholas Levendusky, Chief of Police Oscar Dick, Deputy Chief of Police Bridget Brennan, Deputy Fire Chief Todd Blaser, City Planner David Less, Director of Building Inspection/Facilities Manager Jim Muenzenmeyer, MPU Data Processing Manager Gary Heim, Director of Public Works/City Engineer Valerie Mellon, Deputy Director of Public Works/Deputy City Engineer Greg Minikel, DPW Business Manager Mike Huck, Transit & Cemetery Manager Derek Muench, Interim Assistant Parks Director Jeremy Crees, Assistant Recreation Director Denise Larson , various city employees, members of the public (see attached) and HTR reporter Charlie Mathews.

Discussion and Possible Action on 2011 City Budget

The Committee continued the process of examining the 2011 Executive Budget proposal. Alderman Scott McMeans stated he would entertained a motion to forward the approved 2011 Budget reduction of \$7200 to the Committee of the Whole as there was contract language involved in what was approved.

Motion by Alderman Kadow, second by Alderperson Schema to forward the subject of the elimination of automobile allowance to the Committee of the Whole. Motion passed unanimously.

The chairman then took up the business of additional reductions to the 2011 City Budget offered by City department heads. Interim Finance Director/Treasurer Tony Scherer passed out and reviewed a list of additional revenues and expense reductions offered by various departments.

Motion by Alderman Able, second by Alderperson Kadow to approve adjustments to the 2011 City Budget in the amount of \$98,016 as presented (excluding unknown lease revenues from possible cell phone provider contracts for the use of the City's communication tower). Motion passed unanimously.

A discussion regarding Landfill Services in the amount of \$227,000 in the Solid Waste Disposal organization of the budget ensued.. DPW Business Manager Mike Huck, Alderperson James Brey, Director of Public Works/City Engineer Valerie Mellon and Deputy Director of Public Works/Deputy City Engineer Greg Minikel all spoke to the issue, clarifying the need for this amount to remain in the 2011 budget.

Alderson Able brought forth the suggestion that the City sell off a part of its fixed assets. Mr. Able suggested that account 1100-14200-483100 be increased from the current budgeted amount of \$85,000 to \$1,000,000. Discussion followed on the issue.

Motion by Alderman Able, second by Alderson Kadow to adjust account 1100-1422-00-483100 Sale of General Fixed Assets from \$85,000 to \$1,000,000 in the 2011 City Budget. Committee discussion followed. Without knowing what assets would be offered up for sale, some members voiced their reluctance to support the motion. Alderson Able withdrew his motion until such time that the Committee members were able to further research the issue. No action was taken.

Alderson McMeans then spoke to the issue of the Downtown Facade Program and its merits. Motion by Alderson McMeans, second by Alderson Olson to remove the \$25,000 budgeted in account 1100-61100-575200. Motion passed; 3 ayes (McMeans, Olson., Schema), 2 nays (Able, Kadow).

Alderson McMeans then focused the discussion on salaries and personnel costs. The first items dealt with position vacancies. Motion by Alderson McMeans, second by Alderson Schema to change the allocated amount from \$117,134 to \$37,134, a reduction of \$80,000. Alderson McMeans explained that the \$37,134 would be to provide contractual services to assist the Finance Department when needed. After discussion, Alderson McMeans amended his motion to remove \$80,000 of the salaries and wages budgeted for the Finance Director/Treasurer position and move the remaining \$37,134 of the Directors salary to the contractual services account. A lengthy discussion followed. Alderson McMeans rescinded his original motion and moved to amended his proposal to reduce the personal services in the Finance department to \$57,567 essentially placing a hiring freeze on the Finance Director/Treasurer position for 6 months. Second by Alderson Schema. Motion failed: 2 ayes (McMeans, Schema), 3 nays (Able, Kadow, Olson).

The next position brought forth by Alder McMeans was the position of Clerk in the Clerk's Office. Motion by Alderson McMeans, second by Alderson Olson to extend the 6 month hiring delay to a full 12 months and reduce the appropriate personal services accounts by \$29,527. Motion failed: 2 ayes (McMeans, Olson), 3 nays (Able, Kadow, Schema).

Alder McMeans then motioned to reduce the appropriate personal services accounts by \$59,924 for the Human Resource/Risk Manager position. Second by Alderman Olson. Committee discussion followed regarding the intent of the motion and its merits. Motion passed: 4 ayes (McMeans, Olson, Kadow, Schema), 1 nay (Able).

Discussion then ensued regarding the Rahr-West Museum Director and where in the process the Rahr-West Board was in regard to replacing that employee. Alderson McMeans then motioned to reduce the appropriate personal services accounts in the 2011 City Budget by \$36,298 for the Director of the Rahr-West Museum. Second by Alderson Olson. Motion passed: 3 ayes (McMeans, Olson, Schema), 2 nays (Able, Kadow).

Alderman McMeans then lead the discussion to other labor and benefit costs. McMeans proposed the use of employee furloughs. Alder McMeans

Motion by Alderperson McMeans, second by Alderperson Olson to begin employee furloughs as of January 1, 2011. The furloughs will, on average, be 10 days per employee. The balance of the days will be adjusted for critical staffing levels and the total be adjusted for any sick days that may come out of this action. The motion is to include a recommendation to the Personnel Committee to negotiate the suspension or removal of the “sick day cash-out for furloughs” clause within union contracts. Earned time off and additional overtime may not be used for furlough days. The furlough days can and will be adjusted for any cost increase or decreases in bargaining contract negotiations that may occur in 2011 and for non-represented labor cost adjustments that may occur. The total savings generated by the furloughs is \$848,040.

Alder McMeans further explained his motion and answered questions from the Committee and others regarding the details of the furlough days. Alderperson McMeans directed that the Mayor and Personnel Committee work out the details of the furlough days.

The Mayor requested that prior to calling the vote, Alderman McMeans disclose any further ideas he would be proposing in order to see the total picture. Alder McMeans proceeded to discuss concessions in health insurance, a 2% across-the-board wage reduction and a 50% employee contribution to employee’s retirement share. Alderperson McMeans clarified that not all the options would need to be met and that a combination of these would be needed to reach the goal.

Further discussion followed. Concerns on the ability of the City to meet the goals through negotiations were expressed. Borrowing from the Wastewater Treatment Facility fund balance was also revisited and discussed.

Alderman McMeans called the vote. Motion failed: 1 aye (McMeans), 4 nays (Able, Olson, Kadow, Schema).

Mayor Nickels suggested a discussion on employee/early retirement buyouts. A short discussion on this topic followed.

Motion by Alderperson McMeans, second by Alderperson Kadow to recommend to the Personnel Committee to begin discussions with the bargaining units regarding the 2% pay reduction, a 50% employee contribution to retirement and the employee change in health insurance. Motion passed unanimously.

Alderperson James Brey then addressed the Committee. Alderperson Brey advocated not filling the positions of Finance Director/Treasurer, Parks and Recreation Director and Human Resource Director as well as taking advantage of other savings in attrition and retirements. Alderman Brey also suggested taking \$1.4 million dollars out of the General Fund reserve balance. Dialogue regarding the affect on the City’s bond rating followed.

Motion by Alderperson Olson and second by Alderperson Kadow to adjourn the meeting. Motion carried unanimously.

Chairperson McMeans declared the meeting adjourned at 9:40 PM.

Alderperson Scott McMeans
Chairperson
Finance Committee

By: Anthony J. Scherer
Interim Finance Director

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