

SPECIAL MEETING OF COUNCIL
March 31, 2007
7:00 PM
AUDITORIUM

Special Meeting of the Lakewood City Council called to order at 7:11 PM by President Dever.

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Present: Councilmembers Nickie J. Antonio, Thomas Bullock, Kevin Butler, Michael W. Dever, Mary Louise Madigan, Brian E. Powers, Michael Summers.

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Also Present: Mayor FitzGerald, Law Director Hurley, Finance Director Pae, Fire Representative, Police Chief Malley, Human Services Director Buckon, other members of the Administration and public; Acting Clerk of Council Mary Coleman recording.

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Without objection from Council Items 3, 4, 5 and 6 were read first in the agenda order.

1. Committee of the Whole Report regarding 2008 Appropriations Ordinance (To be Provided)

Mr. Dever submitted the following report:

Dear Members of Council:

We convened the Committee of the Whole last Thursday what turned out to be the last of a series of budget hearings. The official 2008 budget hearings began the first week of January and continued until last Thursday, culminating in the permanent appropriations ordinance that is before us this evening.

As all the Councilmembers know, the decisions behind this year's Budget officially began at the conclusion of last year's Budget process. The City Administration and Council resolved to address the fiscal crisis by examining how the City provides services through; Convening the Grow Lakewood Structural Balance Task Force – a citizens group of financial professionals charge with reviewing and analyzing General Fund expenditures and operations in order to identify possible cost reductions. Develop a Fiscal Strength Strategy – a document that details financial strategies and reports on their progress on a monthly basis – Conducting a Core Services Survey – a process where participants were asked to rate 470 separate City functions and programs to determine where resources should be dedicated to increase the tax base and to attract and retain residents. Creating Municipal Peer Staffing Comparison – a comparison of the City of Lakewood's staffing levels to that of five regional peers with populations of approximately 50,000. In November the Finance Department projected over a \$4 million General Fund 3008 operating deficit. This project assumed that the City would continue to provide services with the same level of employees as it had over the past several years. With a

new Administration coming into office it was imperative to have an independent entity examine these projections. To test the reasonableness of these projections the City elected to engage the services of the State of Ohio Office of the Auditor's Performance Audit Section, which confirmed the projections in a report released on March 27, 2008. The 2008 Budget process has identified cost reductions through staffing level attrition, consolidation of services, position layoffs, reduction in benefits for non-collective bargaining unit employees, and operating and maintenance cuts. In addition to the Administrations proposed cost reductions, Council requested a reallocation of a cost reduction targeted for the Division of Refuse. Council and the Administration, with the help of the Municipal Court, were able to redirect \$400,000 until further analysis can be performed on the reduction of this Core service. These changes to the budget resulted in a proposed General Fund appropriation level of \$36,701 million, which is a balanced budget but with minimal allowances for contingencies or unexpected expenses. The Administration has been meeting since February of this year with the seven collective bargaining units, which represent more than 90 percent of the City's employees, to discuss potential concessions that include wage freezes and healthcare insurance changes. The meetings between the Administration and the collective bargaining units have been productive and cooperative, but no agreements have been reached as of today's date. The review and update of the City of Lakewood's Financial Position will be an ongoing priority throughout 2008 and beyond. Especially as the following initiative and decisions are made in the coming year that include: Citywide Initiatives – This year the following initiatives will be unveiled by the City Administration: law Enforcement; Economic Development; Technology; Housing; Human Services; Jail Facilities, Winterhurst and Central Revenue Collections. Exploring Different ways in providing City Services – Requests for proposals have either been issued or are in development for some of our City services in order to explore potential consolidation of services, and cost saving measures. The City of Lakewood Administration has decided to pursue contracting with the Cuyahoga County Board of Health to provide health services. Performance Audit – Phase 2 – Phase 2 of the State of Ohio Office of the Auditor's Performance Audit will begin in April and will take place during the remainder of 2008. Citywide CitiStat – All City divisions will be a part of the Citi-Stat process beginning in spring 2008. And after what will admittedly be a difficult process, the City of Lakewood will still provide its residents with excellent services. Therefore, this 2008 Permanent Appropriation Ordinance reflects the values of teamwork, communication and cooperation among City staff, the Court, City Council and the residents of Lakewood to continue to invest in long-term growth, viability and quality of life that enhances the vibrant community that is the City of Lakewood. Respectfully submitted –

Mr. Butler asked that the Grow Lakewood, Structural Balance Task Force Committee be formally thanked for their work done in anticipation of the Budget process. He thanked Mr. Summers for his participation in that group.

Motion by Mr. Dever, seconded by Ms. Madigan, to receive and file the communication.
Motion adopted. All members voting yea.

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2. **ORDINANCE NO. 44-08** – AN ORDINANCE to take effect immediately provided it receives the affirmative vote of at least five (5) members elected to Council otherwise, it shall take effect and be in force after the earliest period allowed by law to establish appropriations for current expenses and other expenditures of the City of Lakewood, State of Ohio, for the fiscal year ending December 31, 2008. (PLACED ON 1ST READING AND REFERRED TO THE COMMITTEE OF THE WHOLE 3/17/08)

Motion by Mr. Dever, seconded by Ms. Madigan, to substituted Ordinance 44-08.

Councilmember Antonio indicated that the teamwork, communication and cooperation reflected in the work of Council and the Mayor was also reflected in the input from City employees as being a vital part of the process. She indicated the process was painful and difficult but that the real pain and difficulty started when the results of the budget started; when some people will no longer be working for the City and others will be in different position, when City services will be at their highest level possible but will be provided differently. She said she hoped that as many services as possible would continue to be provided by the employees of the City of Lakewood indicating her strong supporter of bargaining units and people making a living wage. She said that she has repeated that she wants employees to live in the City of Lakewood and pay taxes, for their kids to go to Lakewood schools, for them to shop in Lakewood. She also wanted employees to buy our homes as well. She indicated that an element of trust had to be involved as the City moved forward, that the Council had to continue to represent the citizens of Lakewood as changes unfold. She asked that people stay engaged and continue to communicate.

Mr. Powers indicated that the process had been difficult. He added that he thought the report was very strong, adding that nobody liked to make cuts. He said that along with the commentary on cuts there also had to be a focus on the public safety and economic initiatives contained in the Budget.

Mayor FitzGerald commented on the process stating that as early as November of 2007, negative trends were facing the City that hadn't been seen since the Great Depression, including the worst Housing crises and stating that in his opinion, the worst public safety situation the City has faced in its history. He stated that his Administration had roughly 90 days to right City's financial situation. He said that when the General Fund is 40 million dollars and the projected deficit in that General Fund is over 10 percent that the City is right on the border of having the fiscal decisions taken out of its hands by the State. He said that this would be such a powerful, negative event for the City that he did not think the City would ever recover from it. He said the easiest thing for politicians was for Council to do or the Mayor to do would be to try to be all things to all people – try to provide all services to all people. He said this may be done with the best of intentions but that the City outgrew its capacity to provide those services. He said it was always popular to add services, that this was how you made friends. He said it was never going to be popular to take any services away or to cut any jobs of people that have done good work for the City and care about the City. There's no easy way to do that and there's no process that you could form that would be perfect or beyond criticism. I think that we handled it well under the circumstances. He said the first thing that was done was to define how serious was in the first place. He said the second step was to make sure that an honest accounting of where the City was – and the reason why the State Auditors were brought in who confirmed the City was facing a deficit in excess of ten percent – over four million dollars of our General Process. He indicated

the third part was to make sure it was an open process. The books of the City were opened to anyone who wanted to see them. The City Council, the State Auditor's Office, the Bargaining Units. He said that if the numbers were wrong, or other alternatives to avoid difficult decisions; let it be known. He said that it was also important to make sure that the Mayor's Office and City Council worked cooperatively, stressing from the beginning Council's role as a partner in the process, it's oversight role and suggestions. He said the challenge wasn't to balance the budget because that had to be done by law - the challenge was - to refrain from the practice of passing a balanced budget knowing that you could still spend more money than you took, using past year surpluses. He said this Budget doesn't spend more than it takes in. He said this hasn't occurred in Lakewood since 2002. He said the Budget also doesn't take advantage of any one time income. He said that operations this year were not run by borrowing money, selling off a City asset, through some accounting procedure getting one-time, windfall income. This Budget is a true reflection of income and expenditures. He stated the other challenge was to be able to have income meet the expenditures while making additional investments in things that could not wait. He said the hope was to get Lakewood on solid financial ground within one or two years but that issues like crime, housing foreclosures, investments in technology could not wait that long because the City could end up saving more money, jobs and preserving more services with initiatives.

He said that the cuts were hard but did occur across several of the departments, including public works, information technology, firefighter overtime, and human services. He said he

Yeas: Antonio, Bullock, Butler, Dever, Madigan, Powers, Summers

Nays: None

Motion adopted. Ordinance substituted.

Motion by Mr. Dever, seconded by Mr. Butler, to suspend the rules requiring this Ordinance to be read on three separate days and placing Ordinance No. 44-08 on final reading Yeas: Antonio, Bullock, Butler, Dever, Madigan, Powers, Summers

Nays: None

Motion adopted. Rules suspended.

Motion by Mr. Butler, seconded by Mr. Dever, to adopt Ordinance No. 44-08 as amended.

Yeas: Antonio, Bullock, Butler, Dever, Madigan, Powers, Summers

Nays: None

Motion adopted. Ordinance No. 44-08, adopted as amended.

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3. Communication from Finance Director Pae regarding \$3,550,000 2007 Various Purpose General Obligation Bond Anticipation notes.

Reading Communication:

Attached please find the two Ordinances relating to the issuance of the general obligation anticipation notes in the amount of \$3,550,000 to roll over computer equipment and motorized equipment notes originally issued in 2005 and 2006. The final ordinance authorized the City of Lakewood to participate in a street resurfacing program for the resurfacing of Clifton Boulevard in the City of Lakewood with the Ohio Department of Transportation. The share of the cost of the City of Lakewood is now estimated in the amount of \$517,956., but said estimated amount is to be adjusted in order that the City of Lakewood's ultimate share of said improvement shall correspond with said percentages of actual costs when said actual costs are determined. I respectfully request that this legislation be placed on first reading and referred to the Finance Committee for further review so that passage of these ordinances can occur at the April 7th Council Meeting due to the time sensitive nature of these matters.

Motion by Mr. Dever, seconded by Ms. Madigan, to receive, file and refer the communication to the Finance Committee.

Motion adopted. All members voting yea.

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4. ORDINANCE NO. 45-08 - AN ORDINANCE to take effect immediately provided it receives the affirmative vote of at least five (5) members elected to Council otherwise, it shall take effect and be in force after the earliest period allowed by law, authorizing the City of Lakewood to participate in a street resurfacing program for the resurfacing of Clifton Boulevard in the City of Lakewood with the Ohio Department of Transportation.

Motion by Mr. Dever, seconded by Ms. Madigan, to place Ordinance No. 45-08 on 1st Reading and refer it to the Finance Committee.

Motion adopted. All members voting yea.

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5. ORDINANCE NO. 46-08 - AN ORDINANCE to take effect immediately provided it received the affirmative vote of at least five (5) members elected to Council, otherwise, it shall take effect and be in force after the earliest period allowed by law, to provide for the issuance and sale of notes of the City in a maximum principal amount of \$2,550,000, in anticipation of the issuance of bonds, for the purpose of retiring certain motorized equipment notes of the City, and declaring an emergency.

Motion by Mr. Dever, seconded by Ms. Antonio, to place Ordinance No. 46-08, on 1st Reading and refer it to the Finance Committee.

Motion adopted. All members voting yea.

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6. ORDINANCE NO. 47-08 - AN ORDINANCE to take effect immediately provided it received the affirmative vote of at least five (5) members elected to Council, otherwise, it shall take effect and be in force after the earliest period allowed by law, to provide for the issuance and sale of notes of the City in a maximum principal amount of \$1,000,000, in anticipation of the issuance of bonds, for the purpose of retiring certain computer equipment notes of the City, and declaring an emergency.

Motion by Mr. Dever, seconded by Ms. Madigan, to place Ordinance No. 47-08 on 1st Reading and refer it to the Finance Committee.

Motion adopted. All members voting yea.

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Adopted: _____

PRESIDENT

CLERK