

Wilmington City Council met in regular session on Thursday, June 20, 2013, with President Scott Kirchner presiding.

Call to Order

Roll Call: Jaehnig, present; Wells, present; Stuckert, present; Wallace, present; Mead, present; Siebenaller, absent; McKay, present.

Chief Weyand was also present.

A motion was made by Mead and seconded by Stuckert to excuse the absent member.
Motion passed.
Absent member excused.

Pledge of Allegiance

Council gave the Pledge of Allegiance to the flag.

President of Council asked cell phones to be set to silent mode.

President of Council - President Kirchner:

President Kirchner – The minutes provided in the packet read “special” meeting of council. Those minutes have been changed to reflect “regular” meeting.

Councilman Wells –Bill Liermann informed me that his address is incorrect. The actual address is 1069.

A motion was made by Jaehnig and seconded by McKay to approve the minutes of the last regular meeting, June 6, as amended.
Motion passed.
Minutes approved as amended.

President Kirchner – What is the availability of council members for the upcoming July 4 meeting? Standard procedure indicates that it would be moved to the Friday following a Thursday holiday; however, understanding that folks may take that weekend away, I would ask council members what their availability is on the 3rd and 5th of July.

A majority of council members indicated that they were available on the 3rd. Jaehnig stated that he may have issues with any day that week.

President Kirchner asked for a motion to reschedule the meeting.

A motion was made by Mead and seconded McKay to move the next council meeting date from July 4 to Wednesday, July 3, 2013, at 7:30 p.m.
Motion carried. All yeas.
Meeting rescheduled.

Councilman Mead – Could we get a show of hands of how many are actually going to be able to be there? We do have some legislation that needs voted on.

President Kirchner said that we have at least five members. Councilman Mead said it will require six to suspend the rules. Councilman Jaehnig said he would know his schedule next week.

President Kirchner –I will get a message to Bryan regarding his availability. If we can't address legislation at that time, we can look at special council meetings, if necessary to be sure we can get things through. That completes my portion of the agenda.

Mayor - Mayor Riley – This is a collective bargaining year, and we have been working with the bargaining units. We will not need, to my understanding, to go into executive

session. At this time, I would invite Dave Blaugrund who is our counsel who has been working diligently with us on collective bargaining.

Dave Blaugrund – Mr. President, Members of Council, Mr. Auditor, Mr. Law Director. It has been a very active year so far, and we've got a ways to go yet. Since we had negotiations today, on an evening when we should not add additional costs to me being in town, we thought we would stay and present to you the status on all of our labor negotiations. There are three sets of negotiations that are called for in the city this year. One is the firefighter's negotiation's regular contract cycle – the three-year contract is up. A new contract, typically for three years, is being negotiated. In addition to that, we have a sergeant's unit that includes the Chief Detective and Police Department. That unit, regular cycle three years. We also have a patrol officers unit, and it is a little bit different this year, because the patrol officers last year decertified their bargaining representative, which was the FOP and formed a police patrol association where they have new representation, so they haven't gotten started with negotiations until last month and we had our second bargaining session today. I am pleased to report in those negotiations, they are going very well so far. We signed off 35 articles of the contract today. If you are familiar at all with our labor agreements, that is the vast majority of the articles of the contract. Of course, as you might imagine, most of those were them simply agreeing that the old contract language that of course the city was comfortable with would carry in to the new contract with merely the name FOP deleted and name of their organization put in there. Very few changes at all. Remember, the way the process works, is the administration negotiates the contract and they bring it to you for ratification or not. So, you will get these entire agreements well in advance of us asking you to take any action on them down the road. This one is a ways off. None of the economic issues, for example, have been negotiated with that patrol officer's group at this point, although we clearly had some discussions in the first two sessions. That is actually the last of the three contracts. Going back to the other two, I want to give you an update. With regard to the sergeant's unit, that unit has progressed quite a ways. We have essentially reached with impasse with that group and completed the first step of the impasse resolution process, which is called fact-finding. Our original intent (and the reason we had a proposed executive session scheduled for tonight) was in case we were going to require a vote of council on the fact-finders' report. By state law, council has seven days after it is issued to accept or reject that report. One day after that was issued this week, because the city prevailed and won on the one issue that went to fact-finding, the other side, the union, rejected the fact-finder's report, so you need take no action tonight, because whatever action you would take would be an unnecessary action – it has already been rejected. The next step in that process will likely be something called conciliation. Unlike a fact-finder's report, this cannot be accepted or rejected by city council. It is a final and finding determination. We are not sure that the intent of the FOP is to go to conciliation on this issue. We will know that when the FOP rep gets back from vacation next week; I'm sure I'll get a call on Monday. The issue in that case that went to fact-finding was the issue of step increases. The city's position was that Wilmington right now is in no financial position to award step increases to that unit or any other city employees. So we resisted the union's request for step increases. They insisted that that issue and that issue alone, which we could not come to agreement on, would go to fact-finding. The fact-finder agreed with our position that the city could not afford those steps. Ms. Vance did an amazing job of testifying. Thank you, Mr. Auditor, for having her available to us. Based upon her testimony, the fact-finder ruled for the city. That is the reason that the other side is not getting their way and in that regard rejected the report. There may be some discussion between the parties overcoming to some resolution, which does not include steps of course, and whatever agreement is reached, if there is an agreement reached short of conciliation, will come back to this body for its review and approval or rejection, of course. With regard to the firefighters, the last of the three, we had very good communication, good discussions, and in short order with them – a couple of meetings – agreed to a tentative agreement, which we are going to provide to you tonight the actual tentative agreement. I will explain it to you here in a moment. [Mr. Blaugrund requested that copies be handed out to council members]. We're not going to ask you to take any action on it tonight but to consider it and at your next meeting, or at least within 30 days within us presenting it to you today, you have the ability to either accept or reject the tentative agreement that we are recommending, that the administration is recommending to you. Under Chapter 4117 of

the Revised Code, which is the collective bargaining laws of Ohio, you have 30 days from when a tentative agreement is presented to you. You'll note the tentative agreement was negotiated some time ago, but it is not until we present it to you that the 30-day clock starts to run. Don't worry that there is a 4/29/13 date on this. Again, it was a matter of coordinating when we could do this in an efficient way and be here to perhaps answer questions and explain the document to you. There are three components to this proposed deal between the parties. If we are able to agree to this, the union has already had a meeting and voted to ratify this. If you ratify it, we will have a contract with the firefighters. The only terms in that contract that will change from the current agreement are the terms that set forth on this handwritten sheet that you have here. We do have a completely typed version of the entire contract and if any of you want copies of it to review as you're considering this, Dan Mongold can provide those to you. Let me go through the components of this and answer any questions you might have. With regards to wages, there would be no wage increase and no steps provided in 2013. Again, for the same reasons that the fact-finder found in the sergeant's unit – the testimony from the Auditor's office was very persuasive that this is not the time for the City of Wilmington to engage in wage increases of any sort. With regard to 2014 and those negotiations would start (these are 3-year contracts; that's why we are addressing these 3 years – '13, '14, and '15). With regard to 2014, the only item that would reopen is the issue of wages of 2014, and that would reopen at the end of calendar year 2013, hoping to have it done by the beginning of 2014. Because the budget process is always late in the year, as this year, we extended the bargaining into the beginning of the next year. It was also the case that we were fairly certain that there was not money to give raises, so we weren't really as concerned about worrying about having this done by January 1 of the year. So, we would reopen on wages and only wages. That is simply because we were not willing to agree and recommend to you a wage increase for 2014. We don't have a budget for 2014 yet. We don't know what is included or what the possibilities are. With respect to 2015, there would also be a wage reopener. But, note this, the recommendation of the administration is in the third year only of this contract, that there would be a catch-up of step increases to employees. The way that the contracts work and the way that our interaction with the non-bargaining unit employees has been for a considerable period of time, (not for all of the 30 years that I've been doing this for you folks, but certainly in all of the recent past), is we have tried to match what we do in the bargaining unit for the non-bargaining units. Each of the bargaining units is tied together by what we call the "me-too" language where we essentially treat everybody the same. So to the extent that we agree with the firefighters here to catch up the steps that they have missed, and they have not gotten any step increases since 2009, this would apply to all city employees. It doesn't say that in this contract, but I just want you to know that would be the impact. The Auditor's office has done a good job of trying to calculate this. Of course, we don't know exactly who is going to be employed in 2015, so there may be some drop-off of persons. It's only persons who are employed in 2015 who would benefit from this language. That's the only money that is affected in this and it's prospected in that it happens in 2015. I can tell you that this avoided a fact-finding over all of these issues and obviously saved cost to the city that we weren't able to save in the Police Sergeant's Unit where we have to go to fact-finding. These all are separate negotiations, different parties, so all of those cases have to be handled separately. I wish there were a way that would could just have one fact-finding. Assuming that we would win that fact-finding, I would want one fact-finding and handle them all together, but that's not the way the process works. The second issue that is addressed here is an issue of vacation. Similar to the me-too language I explained with regard to financial matters, over the years we have attempted to treat our employees the same with respect to all benefits. So the second issue we are recommending to you is a change in the firefighters' contract to adopt the language that is in our policy manual so that it will be in the contract, in this case, on vacation carryover. Currently we have on the contract what I would describe as a use-it or lose-it provision with respect to vacation. The problem in our safety forces is due to our scheduling and staffing. Sometimes we can't allow people to take vacations when they want to, so we have other language already in the contract that says if it is the fault of the city that you can't take your vacation, you get to carry it over with the approval of the chiefs. What this does is it gives the chief and the officer, or the firefighter in this case, the opportunity to spread that out over a three-year period where they might be able to find a more convenient time to do that at a later time. Our language adds no additional cost and, in fact, may reduce cost by not having to have a staff at overtime

cost at a time when it wouldn't be convenient to take vacation. It gives a bigger period of time to spread that out. That is what that provision deals with. Finally, the last provision is a fitness provision. The only contract in the city that still retains a mandatory fitness requirement where you could lose your job if you don't pass the fitness test is in the fire department. We had changed that in the police department some time ago. They all still have to pass the fitness test – but no one would lose their job. They would have additional challenges to then step up and prove their fitness and pass it at a later date. We are changing this in the fire contract to match what is in the police contract already and has been for the last contract cycle. There were many, many, many other issues that the union brought to the table, not the least of which was a wage increase for this year. We resisted all of those other changes and yet we were able to get what is called a tentative agreement. All that is, is the other side saying, "We're willing to sign a contract with these provisions." The administration is recommending that we do the same, but it is up to council to approve that. Again, we are not asking you to do that here tonight. We have brought no legislation for your to pass tonight, but within the next 30 days we would like you to consider those provisions and vote up or down, approve or not, a contract which would contain those. That is the status of where we are in labor negotiations. There are lots of related issues that periodically come up that we get involved in, but the main thing we're doing right now is put to bed three labor contracts and we hope to do that.

Councilman McKay – In the first section on wages, I'm slightly confused. On the term "wages" versus the term "steps." I understand what they are, but in 2014 you have a reopener on wages only and steps are not mentioned.

Dave Blaugrund – That is correct.

Councilman McKay – Then in 2015, in parenthesis, the step issue is brought forward. Does that mean that this is mandatory and what relationship does that have to the term "wages."

Dave Blaugrund – Those are both great questions. I will answer the first part first and the second part after that. It is mandatory language that we are agreeing to. We are saying what is called the annual increase. We see it reported in newspapers as these days 2% or 3%, in that range. I negotiate all over the state, and the state employment relations board, which manages for the state the labor relation process, puts out reports on what all settlements are. The average settlement is close to 3%. Again, after being much, much lower for the past three years. Our settlement here is zero for this, but by the third year, I would anticipate that reopener negotiation over the annual increase, that would be something that all employees would enjoy – it would take where they are on their pay grid right now and add that percentage to it – that is the annual increase. That is not locked in and is not mandatory for any year of this agreement, except the first year where it is zero. Step increase is the grid that employees look at when they look at their pay scale. So, if you start over here as a probationary employee, you start out at a stated wage on the scale, and then you move after one or more years to the next step, and then you move to the next step, and the next step. In the police patrol contract, for example, there are three steps after probation.

Councilman McKay – The steps would then be caught up in 2015 no matter what.

Dave Blaugrund – That is what the tentative agreement would do. Some people in the city will have missed by then seven years of steps. Some may have missed one year of steps. If it is a three-step contract, like the patrol officers, the most they can miss is three steps. But by 2015, we are talking about catching those up.

Councilman Wallace – On the vacation issue, was severance pay ever addressed with that as well? In other words, if someone is leaving, so we have to make up the pay scale on that or is that dropped if they leave the force or leave Wilmington.

Dave Blaugrund – Separate sections of the contract, just as in the state civil service law that applies to non-bargaining unit employees, there are cash-outs provided by statute and by contract for employee benefits. Sick leave, for example, is not cashed out until

time of retirement for employees, although vacation is considered an earned benefit that you are entitled to when it is earned, so it is fully cashed out when an employee leaves or retires. That is provided in other section of all of our contracts, and it mirrors the civil service law provision where current employees get essentially 25% of sick leave at time of retirement. Now there are some old provisions that we have superseded going back to state law – 25%, there was at one time 75% cash out, 50% cash out. We still have some employees in the city that have banks of that time, although there are probably very few at this point. But for the most part, on sick leave, only at time of retirement would employees be able to cash out their sick leave. Otherwise, and this does come up from time to time, they would remain in the city bank if the employee would be rehired at some time in the future, that sick leave would still be there. If they go take another public job, believe it or not, the law is now that the public sick leave bank may transfer to that other public employer. That was not always the law, but it is now. In terms of sick leave, there is a limited cash out at the time of retirement. Vacation, you get it whenever you leave, whether it is retirement or not.

Councilman Wallace – That is an interesting point. Do we have that in our contract, or is that negotiable. Let's say we hire a police officer from a different community and they've got ten years at that force. When we hire them, that's not a negotiable situation? Is that worth investing in the contract?

Dave Blaugrund – That could be negotiable, but we have a city policy that addresses and caps the amount that they can bring in. We're allowed to cap that. Dan, do you remember what the cap is?

Dan Mongold – I think it's one year for time, any other time brought in, but not to exceed our own seven or fourteen years or twenty-one years. You get a one shot deal.

Dave Blaugrund – That is, in my opinion, a very good, restrictive, conservative policy. You have some cities that have not limited and you have people bringing in a huge amount and they are stuck if they don't have a policy that restricts that. I think you have a very fair policy. That's adopted in our contracts. We honor that. Other questions?

President Kirchner – David, on the annual wages issue? In 2014 reopener, are they limited to only negotiations on that item or is the entire contract addressed at that point if they disagree.

Dave Blaugrund – No. The entire contract is not at risk, and that is the beauty of what we have negotiated here. The only issue that reopens is annual wage increases. That issue alone, if we don't agree, would go to fact-finding and potentially conciliation. Again, whatever the data is, whether it's the comparable data from other communities that we gather and present or the fiscal data that Mary Kay has been so good at presenting over the years that we present, that will be the determining factor as to whether the fact-finder would award wages or not. They didn't even take that issue this year – the wage issue – at least the firefighters and the sergeants haven't taken it. We're still with patrol officers. After we got the successful fact-finder report from the sergeants, our indication today from the patrol union was that we believe they understand that the fact-finder has spoken on those issues. I would hope that we would resolve that at our next meeting.

President Kirchner – All right, next question. Any negotiated wage increases would be percentage increases as steps, correct?

Dave Blaugrund – Typically yes, although we could negotiate cents per hour and sometimes have done that over the years. It just depends on what seems to make the most sense in that particular negotiation.

President Kirchner – So it's potential that even we have calculated at this point the step increase cash-out, that number could go up.

Dave Blaugrund – If we also negotiate a wage increase, no question that it will, because the whole grid would advance by a percentage – you're exactly right. That is correct.

President Kirchner – And by accepting this language, due to the “me-too” language, we would effectively accept it for all bargaining units is what would happen.

Dave Blaugrund – Yes. That is true.

President Kirchner – So, at this point, you indicated that there had been some calculations on the current figure of that cost, understanding that reopeners would potentially raise it. In fact, if I’m not wrong, all of this language would apply the “me too” clause to all of the bargaining units, so they would have at least a reopener on all of them next year, if they invoked the “me-too” clause.

Dave Blaugrund – No. The “me-too” clause. Let me clarify that first and then I’ll go back and answer the other question. The “me-too” clause only applies to wages. We do not have “me-too” language on everything in our contract – just on annual wage increase. That is in there. There is language in the sergeants’ agreement that suggests, they would argue, that it applies to steps in their agreement also. But since they have lost that issue for this year, unless a conciliator reverses the fact-finder, there won’t be any steps for anyone and no “me-too” would apply in any of the contracts to that for this year. In that third year, you’re exactly right. The “me-too” language in the other contracts, if we agree to this here, and I think this would be mirrored in a settlement with the patrol contract, they’re mid-way through their contract. They know what we were presenting to you tonight. Certainly the public will know after our meeting tonight – it’s all public record – we’re not hiding anything in that regard. I would anticipate that they would ask for the same language in their contract, notwithstanding the “me-too.” There was another part of your question that I forgot.

President Kirchner – What was the calculated cost assuming the same employees are here in 2015? What would be the incremental increase and operational cost be on based on that clause?

Dave Blaugrund – The information that we have been provided by the Auditor’s office is calculated based on exactly those parameters that you described. (Of course, we don’t know exactly; you identified correctly the variable). The figure we presented in the fact-finding hearing, is \$375,000.

President Kirchner – That covers all bargaining units or just...?

Dave Blaugrund – It covers all city employees – bargaining units, non-bargaining unit, and enterprise fund employees. So a portion, we can certainly provide the breakout because Mary Kay has calculated all of that, a significant portion of that is Enterprise Fund employees, but I can’t tell you exactly what those numbers are. The total number, including all employees, is \$375,000 in 2015.

President Kirchner – And that’s at to-date current scale, without any increases applied across that.

Dave Blaugrund – Assuming the reopeners do not result in any scale increases, that is correct.

President Kirchner – If the reopeners did result in scale increases, would you simply apply that percentage, whatever would be negotiated, to this number as an increase.

Dave Blaugrund – Yes. The proposed deal is that in 2015, we would catch up steps as they are calculated at that time. You are exactly right, to the extent that we would negotiate or we would be mandated by a binding arbitration or something, to have an increase in that number between now and 2015, that number could increase. I will say this, and it is bit beyond your question, but I think it’s important to understand it. We just had a fact-finder report in June 2013 saying that this city is not financially in a position to where a fact-finder is ordering us to make any step increases, much less a wage increase. The annual increase wasn’t even on the table. The union agreed with that. The opener for 2014 occurs in less than 6 months or about 6 months from now. I don’t

think anything is going to change, and I loath to ever predict what a judge or an arbitrator or a fact-finder will do, but I think it's reasonable, based upon even an improving financial situation and improving jobs picture in Wilmington, Ohio, to suggest it is too soon by January and by your budget at the end of this year, to suggest that there will be any significant increase in the wages ordered by a fact-finder or an arbitrator. Now, I hope I am wrong and the economy goes crazy here and everything is wonderful and you're able to do that in your budget, but I don't think that will be ordered. With regard to 2015, it's just too far out to tell you what a year and a half from now what the financial condition of the city will be such that I could predict whether there would be an annual wage increase ordered. So, your question is a very good one. It could be a bigger number than \$375,000, but it will have to be based on facts at that point in time that are developed in front of a third party that neutrally looks at it and says, "You've got the money." What I will also say, and I want to put this and underline it by saying I'm a lawyer and not a policy maker, not a legislator, and not an administrator, but I've been doing this a long time, you do have other means to deal with balancing the budget in 2015. Even if you were bound to catch up steps for those employees who are still working here, if a third party would order you to do that and you don't have the money, you control and the administration controls how many total employees would receive that benefit. I'm not telling you that to scare anybody, I think things are going great for the City of Wilmington and we're headed in the right direction, but you do have some tools at your disposal to deal with that if need be at that time.

Councilman Jaehnig – Just to clarify the president's comment, I believe that because there is a certain percentage of employees that are already at their maximum step increases, if there is an annual increase that is tacked onto it, it wouldn't be a simple percentage of that \$375,000 because we would be including employees that currently would not be seeing the raises in 2015 because they have already maxed out their steps. Is that correct?

Dave Blaugrund – That is absolutely correct. We have employees that today have maxed out their steps and will receive nothing as a result of this, at any point during this three-year agreement. They would only be receiving that percentage increase. What I was suggesting in response to the president's question is that we first have to calculate impact of that percentage increase because all employees would receive that, and then some employees would get step calculations on top of that and then some would not, but you start with where the scale is and then do the second calculation. I would agree with that completely.

Councilman Wallace – This 375 figure, that would include our commitment to benefits, retirement, etc., or was that simply a step...

Dave Blaugrund – My understanding is that was an all-inclusive number, but I would defer to Ms. Vance to confirm those numbers and make sure. That was the number that we used as the impact in our presentation to the fact-finder. I would be disappointed if it didn't include everything, because I always want to give the bigger number, the bigger impact to the fact-finder when we are arguing that it shouldn't happen now.

Paul Hunter asked if the dollar figure included Enterprise Funds. Dave Blaugrund indicated that everything was included. Paul Hunter then asked how much was just General Fund. David Blaugrund said he did not recall that number but they had that information for the fact-finder.

Paul Hunter – They have to account for the taxpayer money, whereas the Enterprise Fund uses their own.

Dave Blaugrund – Absolutely. All I'm saying is the total number was \$375,000. We certainly can get the break down. It is in the evidence in the fact-finding – it's in the notebook – but I don't have that with me tonight. I can provide that to you.

Councilman Mead asked if the \$370,000 included 3% in 2015.

Dave Blaugrund – It's actually \$375,000 but it includes no 3% in 2015. It's just a catch up of steps. You have some employees who will be due seven years of steps. You have some that are topped out now. That's the total cost of catching up these steps. We have frozen the steps for most employees since 2009. For some, since 2008.

Councilman Jaehnig – The last step increases were given in 2008.

Dave Blaugrund – Most were in 2008. There were some that received a step increase in 2009, I believe, based on information we had at the table today with the patrol officers. That may have been the result of a fact-finding back then. Other questions?

Paul Hunter – Is the percent increase after the step increase or before the step increase.

Dave Blaugrund – Right now, the percent increase is zero. In 2015, there is no mandated percentage increase proposed in this contract. There would be a reopener negotiation.

Paul Hunter – That's just a dollar figure, not a percentage.

Dave Blaugrund – Well, there's no annual increase proposed for 2015. It's open for renegotiation that year, but only that issue is open for negotiation. The rest of the contract is done as of when this is approved.

President Kirchner – On the fitness language change, my concern goes to when you look at firefighters specifically and the specific job that they have to do to potentially save lives. Have we adequately protected the citizens from someone that may not be physically capable of doing the job in requiring that they have the capability to perform the tasks needed?

Dave Blaugrund – Mr. President, that's an excellent question. The change in the contract language does not excuse, if you will, employees from meeting the fitness standards required for their job and being able to perform all of the essential functions of their job to the appropriate level. In fact, there are incentives in that contract for them to do just that and to pass these fitness tests. The only thing that we are taking out, is we had a provision that applies today to at least one employee in the fire department who was hired after that provision was put in, we couldn't go back and apply it retroactively, but to that employee, if he were not to pass a fitness exam, he would be fired and there is no choice. The contract would terminate his contract automatically. Whereas for all of the other employees, we would have to go through the disciplinary process if they wouldn't become fit within the appropriate period of time and pass the test in accordance with the article in the contract. We would have to go through a for-cause proceeding to terminate their employment. We do not have to maintain the employment of any firefighters who is not fit to perform their duties.

President Kirchner – Even with the language change, we would not have to maintain that employment, we simply have to...

Dave Blaugrund – We have to go through a process.

President Kirchner – We don't automatically remove them from the force by the contract?

Dave Blaugrund – We go through a process. We give a pre-disciplinary conference. They have an opportunity to present – you know, maybe they're injured at that point in time. The contract has a provision even currently that if you are injured at the time and that is the reason that you didn't pass the test, you get some accommodation and an opportunity to retest. We would go through all of that and then the potential exists in that instance for an arbitrator to determine whether we had cause or not. That person would be terminated if they are not able to perform the essential functions of their job.

President Kirchner – What is the length of time they could stay on the job without being able to perform?

Dave Blaugrund – There are various examples we could talk about. We currently have employees that have Worker’s Compensation injuries who are technically on the job but they’re not performing the duties. They are off work. We have employees who are on FMLA who are off work. Assuming those things do not apply, we just have somebody who was unable to perform the job, our disciplinary process can move very quickly. So, from the time you have a pre-disciplinary conference to the time they are removed could be a matter of days. Less than a week is what I’m talking about. Then there is an appeals process, but they are off the job when they go through that grievance arbitration process.

President Kirchner – And that is understood, the fact that injuries and worker’s comp wouldn’t be included in it. I’m just concerned about having to keep an employee for a length of time when they couldn’t perform duties necessary to protect the citizens.

Dave Blaugrund – Very legitimate question. I’m glad we were able to clarify that. That part doesn’t change under this change.

Councilman Jaehnig – I’m correct in thinking this is very similar to the DOT rules in regards to truck drivers and so forth, especially when it comes to hypertension, where there is a time they don’t pass their physical to renew their license, they have a certain amount of time to come back into compliance. But, depending on the findings of their physical condition, they may not be eligible for on-duty. They are not unemployed and they do not lose their job, but they may not be able to used in service. Is that the type of situation we’re working with?

Dave Blaugrund – Yes. In most of the instances, there is a process like that. There could be instances when an employee could be simply terminated if they had no excuse, if you will, they just could not perform the duties of the job and it’s not due to disability or an FMLA condition or a Worker’s Comp injury. That is what we were trying to clarify.

Councilman Jaehnig – In regards to the president’s question and trying to protect the public to make sure we have employees that could meet their needs in an emergency. If an employee is in that type of a situation, normally they’re not in service.

Dave Blaugrund – That is absolutely correct. From time-to-time, we do have employees in safety forces positions for a variety of reasons who are no longer able to perform essential functions of their job and there are various processes, including the ones we describes: disability separation, disability retirement, that we use to ensure the safety of the public.

Mayor Riley – I would point out too, Dave, the safety of the public is certainly paramount for the firefighters, but on a day-to-day basis, the most likely person to get injured if they are not fit, is the firefighter him or herself and the other firefighters who count on each other for immediate rescue assistance if they get in trouble. So, the firefighters have a tendency to really keep an eye on each other and make sure that they are all fit enough to have the other guy’s back. That’s important to note.

Dave Blaugrund - Mayor, you make a good point. What Dave pointed out along those lines in negotiations, and part of the impetus for us to change this, was that they said that peer pressure among firefighters maintains us without any of it. It is more the carrot approach than the stick that is necessary and they are suggesting the fitness of our firefighters is not going to change one bit as a result of this change in the contract. We will have three years to evaluate that if you agree to this and certainly can determine if that is not the case and deal with it accordingly.

President Kirchner – Mr. Safety Director, can I request that you go ahead and prepare copies of that contract for all members of council? President Kirchner – Mr. Auditor, can I also ask that the analysis done indicating the current level of step impact to the third year of this contract, 2015, be documented and provided out to the members of council.

Auditor David Hollingsworth – We can get that to you. Yes.

Councilman Jaehnig – Mr. President, can we confirm that the benefits and everything were involved in that also.

President Kirchner – That’s exactly how I would like it broken out – by what all they put in it, whether it just goes to actual steps down or whether it gives the steps. Councilman Wallace had a very good question if that includes what would be our increase in retirement contribution. Benefits are independent of salary steps from the point of insurance costs – medical, dental and vision. If we get those two items to council as soon as possible, we can begin reviewing the information. It will take a little time to read and understand.

Councilman Wallace – Once we start allowing a carryover of vacation time, that becomes an added financial thing upon us to. The severance thing and retirement thing at the end. Fiscally it’s a little different, I think, if they earn the right to have a vacation this year they take it, where if they don’t take it for two more years and then they retire and then all of a sudden we are paying. It seems to me above and beyond.

Councilman Jaehnig – At some point you have that double up. If we are paying them a salary this year and they’re carrying over vacation at some point, you are correct.

Councilman Wallace – That is an additional financial burden that we’re voting on here as well.

President Kirchner – Actually, I think I’m going to be able to answer the question you are about to ask. Vacation is already an earned benefit. The individual has earned that. The difference we are allowing flexibility in the case where we had to deny them the ability to take vacation when they wanted due to the fact that we don’t have coverage, we are allowing them to carryover further. If they took it at the time, the overtime costs could be increased to the department, so you actually aren’t increasing the cost because the vacation is an earned benefit they have already earned anyway. Just allowing them to carry that over allows the possibility that they could schedule it at a more flexible time when you would not have additional overtime costs.

Councilman Wallace – I understand the need for our police officers or a fire people to be given a situation like this, but if we have all of our city employees engage in this contract, all of the sudden, we have office workers, we have people who can take their vacation time and all of a sudden they’re taking that down the road. To me that opens up a whole different apple.

President Kirchner – It actually already exists in our city policy manual. They are asking that that language that is already covering those employees be moved over into the contract language. It is actually updating the firemen to carry it over and allow more flexibility.

Mayor Riley – the point is very well taken, Mike, and as the administrator for the city, I want you to know that we are strongly encouraging people to take their vacation. They need that time. Vacation is intended to get out of Dodge, recharge your batteries and have a good time. I think that is vital time. I don’t know what the exact number is, some people will carry over a little vacation, but most of them, particularly those that are not in safety services, they’re taking their vacation, scheduling it well ahead of time, and taking it when it is appropriate. Some of the problems with our safety services, we just can’t predict what the need is going to be.

Councilman Jaehnig – Just to clarify – I think I misheard. Our current agreement is that the administration can roll over vacation time if we can’t give it to them. The new agreement would be the administration or the officer can make the determination to roll over vacation time. So, if the officer or firefighters doesn’t want to use it this year, he would have the opportunity to roll it over. Both would have that option.

Dave Blaugrund – That’s not exactly correct. The current situation only allows the Chief of Police or the Fire Chief to allow a rollover into the next year of the contract. This would allow a three-year window to schedule appropriate vacation, but the chiefs are

still the determiners of when vacation may be taken and when it may not. They are not delegating to the employees the ability to select. They can request when they want to take their vacation but they don't make that decision. I'm not sure that's what you were saying...

Councilman Jaehnig – The officer, if he has three weeks and decides that he wants to move one week into next year, that's not his choice unless we are unable to give him the time, and the chief then makes the decision.

Dave Blaugrund – Almost. He may request that he move it into the next year. Certainly if we were unable to schedule when he wanted to take it and he is unable to schedule it for the balance of the year, we are required to allow it to carryover. But under most circumstances, the time the management determines when vacations can be taken. Management will suggest and encourage – I heard the police chief today tell the patrolman in bargaining that he tries very hard to get people to take vacation in the year that it is earned because safety services need it just as much as the rest of our employees. The mayor's comments were appropriate. With that one exception, I think what both of you has said is accurate.

Mayor Riley – I think all of the safety services people work hard to cover when somebody is on vacation because they know darn good and well that at some point they are going to want to take vacation and they will want somebody to cover for them. They are very diligent with working with each other.

President Kirchner – Mr. Safety Director, may I ask that you also make three additional copies of that contract. We have three unopposed candidates for office, two of which are here tonight, for council and then one would be for the President of Council. With this contract affecting the next three years and two years of their term, I think it would be good to proactively get them a copy at this point so they can review and understand the language and anything that happens in between now and then they would then be able to keep up on. That way, we can have continuity for council and hopefully we will see a city that can do something in those negotiations for officers. Thank you, David.

Mayor Riley – David, I want to thank you and Danny, Chief, and Chief Mason for all of your hard work and diligence in getting us to this point. We aren't quite finished yet. We still have some work to do, but I do so much appreciate your hard work and having somebody with 30-plus years of experience with the city is of great benefit to us. Thank you, David. I appreciate it.

Dave Blaugrund – Thank you for your continued confidence. I'm going to leave so I can turn the meter off for you.

Mayor Riley – the only other things that I have is I definitely want to thank Lora Abernathy for being the judge at the Banana Split Master's Contest. Was that a good time?

Lora Abernathy – That was one of my best days at work.

Mayor Riley – You were paid to eat banana splits. Life is good. Scott, I think you were in the group to help put this thing together. Well done. My public thanks to the Rotary Club for making the Banana Split Festival happen. What a wonderful event for this community. I would like to publicly again point out that I did invite personally and directly the City Manager of Latrobe, PA, and he did not make it. I also sent emails and I communicated by email to the mayor of Latrobe and she did not make it either. I think they have deferred their claim to the banana split. I think it is all ours now. They'll still argue that. I want to point out that on July 4 there will be a celebration in the park. A lot of work has gone into this. We're certainly going to celebrate our Independence Day, but we're also celebrating men and women in our armed forces who have fought and died for us over the years. This is going to be a very special Independence Day, with a focus more on all of our Clinton County veterans. I encourage all of you to be there to celebrate this wonderful day with us. The mayor pointed out that the new jobs number was 263 and asked Rob Jaehnig for an update.

Councilman Jaehnig – Actually, all 13 new jobs are three new companies. We have Groves Tire, which is out on Progress Way, just down from DeLille, four jobs there. Mr. McKay pointed out that the New Current Styles Barbershop had opened and there was one position there. The Port Authority announced that SCTNF had announced that they are moving from Beaver Creek to the Air Park and they are bringing eight jobs with them. The really exciting thing is that we have business right now that are stockpiling jobs. They won't tell me their numbers yet because they want to put out big numbers. Polaris lies in that, DealerTrak lies in that, and the newest one that fits into that category is Timbertech. Timbertech announced a job fair on the Monday, June 24th. They are firing up their hiring big time. They're all holding back numbers because they don't want it to trickle in.

Mayor Riley – It is really an exciting time for Wilmington specifically. What is going on at Timbertech right now and when the governor was here and we celebrated those six companies – ATI, Timbertech, Praxair, Polaris, DealerTrak and the Custom Molded Products – It's just marvelous – 518 new jobs in total there. You add that to the 250 that we have now and then on top of that if assuming by the end of the year we can start hiring at the JUMP hangar when they open, 259 jobs. Friends, that is over 1000 right now that we will have by the end of this year, God willing. That doesn't include some of the ones that are in serious pipeline such as some of the new jobs out at Ahresty that we have talked to them about, Cape May will be opening sometime this year, which those are skilled nursing jobs which will be really good jobs. I've heard that Alkermes is looking at possibly expanding, Grove Tire, and there are others. One of the others that is relatively new, and if you haven't seen them I encourage you to go out is, the Experiential Academy. It's a new private school out on Davids Drive where the old customs building is at. Bruce Sanders is the headmaster of Experiential Academy. There will be a very high student to teacher ratio. They are starting off with three grades, which are 12 students per grade. Their goal is to someday in the near future be a K-12, which would be about a 155-160, with a large complement of teachers, so we have that also. If you haven't been out there, they have truly changed the old customs building.

Councilman Wells – I want to ask you about Timber Glen. I have had several complaints about the tall grass. Now, with summertime coming on, I have complaints about snakes and ticks. I spoke about this this week. Is there any update on anything that you can tell us?

Mayor Riley – No, I haven't heard anything yet. From what I know, it really hasn't changed at all. The owners are still going through a bankruptcy process. My understanding, from talking to the banker who is working with them, it should be fairly imminent, but I don't know a date or if there is a date. We have already mowed that once. There are still other properties that have not been mowed yet. We will circle around and certainly tried to get back to Timber Glen. Which reminds me, before we leave this evening, I received a questionnaire. I had a bit of a conversation with some residents in Country Oaks – same owner, same problem, and same situation. They have a lot of common areas that have not been mowed. We hit that one time. I asked these two ladies to be sure to put their questions down so we don't lose them. They sent me 13 questions and I have responded to them. Actually, those responses apply not just to Country Oaks but to Timber Glen and Cross Creek. I've got that written out for you. It's not good stuff, but it certainly explains where we're at, how we got to where we are at, and what we can do about it. Remind me when this is over and I can get you a copy of that.

Councilman Wells – Well, we're kind of getting worried about health problems now with the warm weather. We have a very large water snake in a retention pond over there. We have pictures of it. Ticks are really bad this year, with that tall grass. We've got a lot of kids running around playing. I know it's a serious problem and it's really bad. I wish it wasn't like this. I just want to keep it in the forefront.

Mayor Riley – Well, there will be potentially ticks and snakes no matter how long the grass, but I think the longer the grass the more likely that when you are walking through

it the more likely they will get on you. Of course, snakes like tall grass more than short grass. Completely understood. Remind me before we go and I will get you that.

Councilman Wells – Well, thanks a lot. We appreciate anything you can do to help us.

Mayor Riley – In fact, once you read over this, if you want copies to give to anybody that is fine, we will certainly make copies for you.

President Kirchner asked the Auditor to provide copies of his reports to the unopposed candidates for council and President of Council.

Auditor - Auditor David Hollingsworth – I have nothing tonight. I'll wait until Finance Committee.

Asset, Acquisition and Use. - Chairperson Bob Mead had no report.

President Kirchner – Mr. Mayor, will be bringing the fire lease contract before Asset, Acquisition and Use as is customary to enter into a contract like that.

Mayor Riley said that Andy or Russ could get them a copy of that.

Finance Committee - Chairperson Mead we have two discussion issues on the agenda this evening. They are a little bit connected. The first is to finish up our budget discussion that we started at the special meeting. The second one is discussing the potential debt buy-back. We will do the budget discussion first. I'll open it up to anyone who has questions. I think this would be a time, Mr. President, the Auditor was going to give you some information.

President Kirchner – Specifically about the benefit line items and the changes on a line-item by line-item basis for what the ultimate cost ended up being.

Auditor David Hollingsworth –What I tried to do is go back and give you the methodology that was used to come up with the insurance costs that were built in to the budget by the city overall, including the Enterprise Fund and General Fund. Over the last two years prior to this current year, we had built up a reserve in our insurance fund that everyone was aware of to the tune of about \$600,000. So, when it came time for the 2013, and this is kind of sticking point but it's a discussion for another time, we had a renewal date of April 1 on our insurance contract. When we started working through the 2013 budget, we contacted Liz Fortney, our insurance underwriter to get an estimate of what she thought the cost was going to be when it came time for renewal of April 1 of this current year. The number that she gave us was a little bit higher than what we were using for 2012. I can make copies of these, but basically what we did when it came time to come up what we thought the cost was going to be by line item for each department, is we initially took the maximum exposure that Liz thought the monthly amount was going to be for family and for single and we put that into our grid based on the number of employees for each department to come up with a total cost for each department. Then, when we actually got into 2013, when the contract came up for renewal on April 1, the actual amount that we were going to have to fund as our maximum exposure (and I think that is what you referred to), there was like a 1.9 or 2% reduction over the premium amount from the year before. It was actually a little bit greater reduction than the estimate was that she originally gave us that we worked with in the budget. But to come up with that number for each line item, we used that original maximum exposure amount that she gave us then we reduced that and allocated the excess sitting in the reserve to each department, so we, in effect, reduced our maximum exposure by the excess that was sitting in the insurance fund. So we were taking a chance on our experience in our claims being like they were the two previous years, we would not reach that maximum exposure amount. In effect, we reduced it by the \$600,000. Going forward into this year, at the end of May, we still had about \$600,000 in that reserve, so we were basically paying out what we were paying in to the insurance fund. Mary Kay informed me, I had asked what the balance was as of the first of this week, it was a little bit below \$600,000. Now, as far as the cost going forward for the year, the point that I want to make is we are kind of exposed for that \$600,000. If we would have claims that would be over and

above what we have experienced in the last couple of years because we in effect used that \$600,000 to reduce our insurance costs for the current year. I don't know if that answers your question specifically, but I guess the concern was that we had some excess money appropriated in those insurance line items that you could do reverse appropriations on and pay for some of these capital items that we are talking about funding. It would not be my recommendation at this point in time that we do that. I don't have a vote. All I can give you is my opinion. I would be a little concerned that we are still exposed for another seven months that we could possibly eat into that reserve. Again, that is my opinion. That doesn't give you a specific dollar amount, but I'm not sure.

President Kirchner – That information that you have there, is based on department by department calculations of what she initially said. You will provide that? How we reduced each one of those departments by the carryover. Now that carryover had become unencumbered from 2011. Is that correct?

Auditor David Hollingsworth – Not necessarily. When you say encumbered, that does not necessarily relate to what was appropriated by the insurance line items. That is the actual fund balance. That is the actual cash that was sitting in that account, which is actually an accumulation of maybe 2-3 years.

President Kirchner – When she presented to us in March or April of last year, the indication that we had put an amount into that fund the previous year. That was \$617,000 as I recall. That was \$617,000 more than claims against the insurance fund. Now, understanding that moving forward, there was a period of time during which claims could still be filed from that time, the appearance that there could be a significant portion of that that would end up not being necessary claimed against. That was the money from 2011 we were talking about having used to reduce the 2013 line items, to my understanding of how you presented it in the budget season last year. That fund still maintains payment into it on a monthly basis and perhaps more frequently, I don't know if we do it every pay period monthly, which it is an ongoing rolling number. So, the \$600,000 in there now is not the \$600,000 we're talking about having used to reduce that cost amount.

Auditor David Hollingsworth – The \$600,000 was not just an over-contribution for 2011, that is actually an accumulation ever since we have been self-insured. It stays in that insurance fund. It's just like the General Fund or the Street Maintenance and Repairs Fund or the Police Fund. It is a fund in and of itself that we put money into every month that insurance claims are paid out of. It is funded based upon the maximum exposure amount that our insurance underwriter gives us under the contract, based on our experience rating, what she thinks are claims are going to be, say for a family or for single. So that is what we put into that insurance fund. That doesn't necessarily, and it is obvious because we have accumulated about \$600,000, it doesn't mean...it's what she feels, based on our maximum exposure, that we could possibly pay out in the way of claims. The \$600,000 is an accumulation of money that has gone into the fund. Yes, at some point in time it was appropriated, but it was not all in the 2011 year. When we go into the 2013 year and the budget, we were saying there was \$600,000 and then if we would have gone ahead and funded it to the maximum exposure, it is possible that we could accumulate more money in that account if we don't get hit our maximum exposure amount. Does that make sense? So it continues to....

Councilman Jaehnig – The change that we made for this particular budget year, in the past we had budgeted for the maximum exposure, not counting those funds. And for 2013, we budgeted for the maximum exposure including those funds.

Auditor David Hollingsworth – Correct.

Councilman Jaehnig – That was the big change that we had made.

Auditor David Hollingsworth – Correct.

Councilman Jaehnig – So, because you couldn't go over your maximum exposure, that was going to continue to build.

Auditor David Hollingsworth – Correct.

Councilman Jaehnig – Now, if we hit our maximum exposure, we'd empty the account.

Auditor David Hollingsworth – Correct.

President Kirchner – Actually, that is not completely correct. Because you would have carried over monies from last year. Correct me if I'm wrong, David. There was actually a decision made not to make full contributions in some of the final months of 2012 into that fund, which came back into the General Fund.

Auditor David Hollingsworth – That is correct. I think it might have been the last two months that we did not put our money into that fund because it had built.

President Kirchner - So, we actually improved the carryover from last year to this year by not contributing as much into the insurance fund at the end of last year. But we did not reverse appropriate that, we just...

Auditor David Hollingsworth – But it goes to zero, theoretically at the end of the year. At the end of the budget year, it goes to zero, because we then budget for the next 12 months. It has really nothing to do. The way the insurance contract comes up for renewal has an effect on that, but it has no bearing really on the time period that we're... the contract is on an April 1 through March 31, as far as the insurance contract goes, but we're on a calendar year for our budget. If there is excess in any fund that has been over-appropriated, it goes to zero, because then we're under a new 12-month budget. So, say something as simple as utilities, if we budget \$100,000 for utilities and we only spend \$25,000, we don't carry the \$25,000 over to the subsequent year, it goes to zero and we re-budget for the next 12 months.

President Kirchner – But in the insurance fund that we pay into, because that contract year is continuing, the money accumulating in that fund stays in that fund going into the next year...

Auditor David Hollingsworth – Correct.

President Kirchner - ...and that's the money that we did not pay into. That's the fund that we did not pay into the final two months of last year.

Auditor David Hollingsworth – Correct.

President Kirchner – But there was a balance that came forward, because the contract was still going on...

Auditor David Hollingsworth – Correct.

President Kirchner -... with the known cost for the first three months of the year. That being said, when you go back to the budget for our calendar year 2013, we have an individual benefits line item in every department. That amount was originally budgeted based on initial projections back in the fall; they were not real costs. And those numbers were reduced with the mathematics on taking the last few months of nonpayment to the insurance fund and reducing the \$600,000 of carryover from previous years of non-use out of that line item when we got to December 31. Is that what you are indicating? As of December 31, you had reduced the initial line item by that amount.

Auditor David Hollingsworth – Right.

President Kirchner – And then moving forward, we were still making the assumption we were starting with the original numbers and the only reduction that occurred was from carryover money before. We hadn't reduced the amount we were expecting to be

exposed. We reduced what we going to have to budget for it because we had those fund that could be applied to it. But when we got to April 1, we actually had a significantly lower maximum exposure compared to what we had planned for.

Auditor David Hollingsworth – Right.

President Kirchner – That is the difference in looking at it, because it was planned for, the money was there, that's the difference. I'm asking specifically for that.

Auditor David Hollingsworth – Really, the only difference is going to be the 2% reduction that it ended up being once we redid the contract, because the \$600,000, again, that we carried over from 2012 to 2013, we reduced the estimated maximum exposure for family and for single that Liz had given us, which was just an estimate until the contract we renewed, we reduced that amount by the \$600,000 that is being carried over from the previous year.

President Kirchner – From 2011.

Auditor David Hollingsworth – From 2012. We're talking about the 2013 budget.

President Kirchner – The money that you could reduce the cost by had to do with previous years.

Auditor David Hollingsworth – Right.

President Kirchner – So it had come into 2012 in that fund. We continue to pay the allocations in 2012 into the fund and in fact were able to stop payments the final two months,

Auditor David Hollingsworth – Correct. But that reduction is already reflected in the General Fund carryover balance.

President Kirchner – Right, but the line items were originally built on higher numbers than our actual final costs, so the \$600,000 reduction brought those numbers down from a higher level than they needed to be. That is why I'm asking what the final actual cost was because we need to go back to compare that to the number that came in, and that is the number that would be reduced by \$600,000. So, your allocations are still too high.

Auditor David Hollingsworth – But I don't think by...you kind of mentioned in passing hundreds of thousands of dollars. If anything, it is going to be the 2% and possibly maybe an excess amount that we funded for that first 3-month period until the contract was renegotiated.

President Kirchner – My recollections...

Auditor David Hollingsworth – Let's look at it this way. Let's say our total insurance cost is that Liz gives us premium payments based on our employment staffing levels, single, family, whatever the mix may be. Let's say it comes in at \$2.5 million. That is going to be our maximum exposure. We reduced that number the excess that we were carrying over from 2012, which is the \$600,000. Now there is a little bit of difference in the estimate that she gave us for that short period until the contract was renegotiated, but the actual contract costs from the previous fiscal insurance year was only about 2% less than it was at least in the current contract.

Councilman Jaehnig – I think I see where Scott was coming from in regards to this. When we were working on the 2013 budget, were we working with the estimated increase in healthcare benefits over what we were currently paying in 2012. When we were just doing the budget?

Auditor David Hollingsworth – Initially we were. Yes.

Councilman Jaehnig – And do we know what the increase was?

Auditor David Hollingsworth – I think we went from like \$1700 for a family plan to like \$1800. Don't hold me to that.

Councilman Jaehnig – So maybe a 7% increase. So we went from a 7% potential increase to a 2% decrease. The \$600,000 in my opinion has nothing to do with anything.

Auditor David Hollingsworth – You're looking at the difference between what was budgeted and what the actual...

President Kirchner – That is correct.

Auditor David Hollingsworth – I don't think it's that much because the reduction wasn't that much. I think the big gap you're seeing, at least in my mind, is probably the \$600,000 reduction.

President Kirchner – I'm still not there because when we were initially presented budgets comparing 2013 to 2012, going through and doing calculations on a department by department basis, I found increases in that line item in 23-30% range. That is the increase that I'm saying, that the initial number we started with increased significantly and in fact you could see it if you went year to year looking at the insurance fund line item and you looked at the difference in the two years. As I recall, it was somewhere in the neighborhood of a quarter of a million dollars. Again, my memory isn't what it used to be and there were a lot of numbers in that budget, but I've got the copies at home so you can see the difference on the calendar year basis. That was based on building those individual line items. The \$600,000 aside, what we understood was the result of insurance for this year. You actual had a 2% decrease in the cost compared to last year. So, instead of say 2.3 to 2.55, it should have gone down below 2.3, which means the difference there, regardless of the \$600,000, because the \$600,000 will reduce the...

Auditor David Hollingsworth – I think what we need to do is possibly go back to the 2011 year when we were working on the 2012 budget, because in conversations with Mary Kay, there was a discrepancy because there was a big swing in the premium payment because we had claims (I think it was in 2010), which drove up the cost per both family and single. It was used in the budget, and I don't think that was ever adjusted in the 2012 budget, which resulted in some of the excess. I can get that for you. I don't have that right now, but if that is what you're looking at is that difference as far as the percentage increase, I'll go back and get that. I may be wrong, but I still don't think there's hundreds of thousands of dollars sitting there.

President Kirchner – Well, it seems to me that it should be fairly easy to say...here's what the contract insurance is on a department-by-department, line it up, with the actual line item, and then going back to the initial number that we started with and reduce by the \$600,000, we should come down even farther. Those are numbers that I'm talking about. So, I guess the thought would be if you can provide council with a copy of the approach you took that is fine, but I am asking specifically what is the actual cost per department for those budget line items, so you charged each department, each employee of the city has a line item against what the city contributes to the account from the city's portion of their insurance. That is the line-item-by-line-item cost that I am talking about. That is the one that started much higher last fall in the budget work session and was reduced by the \$600,000 carryover, so that should be significantly lower because it had major increases in it when we did the analysis. That's the information I'm specifically looking for. So, what are our actual line item costs by this new contract? And then we can go back to the budget worksheets you gave us last fall and compare what we started with in the \$600,000 decrease and then decrease even more what we started and what the actual costs there.

Auditor David Hollingsworth – Okay.

President Kirchner – Now, there is an understanding that the first three months of this year were covered by the contract last year, so the actual costs associated would be, but of course with it being just 2% lower, you're very close to the same. I understand that, so

the cost isn't sign different between the two contracts. But what we went into budgeting with was much, much higher. That's the part that I think there could be hundreds of thousands of dollars that were technically put into the budget, although it showed reduced by the \$600,000 carryover that had not been expended in previous years, but it should go down by the difference between what we started with and what we actually ended up with in that contract. That is where I'm coming from.

Councilman Mead – Any other topics that anyone wants to discuss in the budget?

Paul Fear – Can I make one more question on the carryover. My recollection of the numbers was that we used budget numbers of like \$2.4 million like you said in the beginning. We had a six or seven hundred carryover. I think what we did is we adjusted our budget so that we wouldn't make as much contributions in the first three months so that we would reduce some of that \$700,000. So, if we have \$2.4 million and we are going to use the number of the \$700,000, we're basically then going to appropriate for \$1.7 million. What happened was, when she reduced it by 2%, your \$2.4 million ended up at \$2.1 million. So, the \$600,000 we planned to do, you didn't really reduce it by six, it only reduced it by the four. I think you're right because the surplus continued to stay in there. It never dropped down to one or two hundred thousand, like we're going to use that six. Two other things happened, though. We still had low expenses, which naturally anything that goes into that account doesn't get paid out. The second thing we did, was after the first of the year, the employees paid a higher premium. We added more to it from the employees side and still had lower claims. So, you're right, the number that we started out with was \$700,000 only it is now down to \$600,000 because of those other couple of factors. My guess is you'll run into some play there because the \$600,000 that we were going to reduce is now still back at that number, so it can be reduced a second time if that's the decision that you want to make to find allocation for your expenses.

President Kirchner – All of that put together means that the number we originally started with that we reduced by the \$600,000 in previous years was still way higher because actually if we got a reduction in costs this year and the employees are paying more, we should see a larger amount in that fund, actually than we currently had.

Paul Fear – You're right, the three-month reduction that we were doing at the beginning, we did. We took that money out of what would have been there. Then the increase that came from the employees and everything and the lower claims still allowed that money to stay there, because at the end of the month it was still at \$601,000 and at the end of the year it was \$717,000. So, it hasn't gone down. So, you're dealing with the budget and you're dealing with the actual cash that's there. I'm not sure if you make the decision to reverse appropriate or you make the decision to take a lower expense for the next two or three months rather than reverse appropriate. I think there's probably some play money there.

President Kirchner – There is definitely stuff there. It's looking at what were the actual final costs for this contract year on a department by department basis, whichever line items they would be charged against, the city's portion of that. And understanding what that total cost to the city is, and understanding that the employees paid their portion, that is the number that is the difference between what we started with in the budget and what we ended up needing in the budget. The other thing it points out, we actually got lucky this year with a 2% reduction. Having nine months of this budget constantly exposed to its largest single expense in a fluctuating market is just an absolutely dangerous situation. Moving that renewal date to October 1 and having the final three months of the year at risk and having the known value for the budget for nine months of the final year is critical for us to get to in order to protect the employees and their benefits, the budget of the city and the citizens. I definitely think it is something we need to focus on. Would you agree, Mr. Mayor?

Mayor Riley – I'm not sure I agree with that.

President Kirchner – I would think that it would be obvious that having nine months...if that had been a 30% increase, what would that have done to this budget.

Mayor Riley – I’m not exactly sure, but I know in talking with Liz Fortney, the expert on our insurance, and also the Auditor’s office, there are some distinct advantages to having the April date from the negotiation with all of the third-party players, we get a definite advantage by doing that. I don’t know what the math would be, whether there would be a trade-off or not, but I know we have an advantage by negotiating at the first part of the year rather than the end of the year or the middle of the year. We have a huge advantage. What those numbers would be exactly, I’m not sure.

President Kirchner – Well, in her testimony here in council...

Councilman Mead – Mr. President, could we please wait for some more information and go to the second item?

President Kirchner – David, can you provide that information – the schedules that you used to arrive at the numbers as well as the final cost on a line-by-line basis? How long do you need?

Auditor David Hollingsworth – I could probably have that out sometime next week.

President Kirchner – Okay. If we could have that out next week. I know the HR Director will be putting together the contract language and then you’ve also got the calculation for the impact of the steps, if we could get a special packet together to get it out to council members next week with that information.

Councilman Mead – I know the hour is late and everyone wants to go home, but we have an important discussion to have because we’re going to have to pass something at our next meeting. The Auditor talked about it the other day, we have a \$900,000-plus notes that are coming due and this is the time we have to pay them or do something with them. One of the suggestions is you can pay off the notes altogether, \$900,000, and that was what has prompted some of the budget discussions. Another possibility is you can buy back the debt. I don’t totally understand all of this, but you can buy the debt and own your own. It doesn’t thrill me, but that is one of the possibilities. Another one is that you can pay some of it. In other words, instead of paying the \$200,000 and refinancing the rest, we could pay more than \$200,000 and reduce the amount that we have to refinance. The fourth one is, as we planned last year when we did the budget, there was \$200,000 that was planned to put on these notes when it came due and to refinance the rest. My recommendation is that we stick to the old plan, we pay off the \$200,000 or whatever it was that was in the plan, refinance the \$700,000-plus and go on with our business, but there are other possibilities. The only reason the buy-back came up was that the consultant from the Auditor said, “Hey, this might be a good idea. You might want to look at it.” I think everyone has had time to look at it and we need to talk about it tonight a little bit. We are going to have to pass something by the 18th of July. We have one more meeting coming up on the July 3. We may have to have a meeting before that if we don’t get together. So talk about it. Don’t go to sleep. Talk about it and try to decide what you want to do. I’ve given you my recommendation. Let’s hear yours.

Councilman Stuckert – I have a question. What had we budgeted this past year, the cost of doing it the normal way. There is the consulting costs and then we budgeted for another \$200,000.

Auditor David Hollingsworth – That has kind of been the history behind this issue. I’ll answer your question here in a second. Originally permissive tax monies were obligated for the Lowes Drive and Davids Drive portion. The landfill monies were earmarked for the other portion of that note. There were never any General Fund monies. I know this came up in discussion – that there might be some extra money in the General Fund that could be used to pay the notes off. The General Fund was never obligated to pay any of that debt, even though it can. I would suggest against using any General Fund monies, simply because, as I mentioned at the last council meeting, the mayor, myself, and deputy auditor Mary Kay spent about 2 hours on the phone with Moody’s to get a rating on these refunding bonds that we’re going to issue. One thing, and this is not the official release, but this was the draft, one reason that we able to maintain our current bond rating and not have it downgraded were the satisfactory reserve levels despite recent

operating deficits. They were very satisfied with the reserves that we had maintained, specifically in the General Fund because it came up in the discussion that it represented 33-34% of our revenue base, so they were very pleased that we were able to maintain that with everything that we have been through. I don't think it would be doing the citizens justice using General Fund monies to pay down that debt in order to pay it off, because I think it could impact future bond ratings if we have to go borrow. As far as the total cost that we have budgeted, I would have to look up the number. The closing costs I know right now we will incur. If we go ahead and buy the note ourselves, it is no different than Paul going and buying a CD at Fifth/Third or PNC Bank or National Bank & Trust. We're simply just taking money and investing it. It just happens to be our own note. What that saves the city and the citizens is from paying a third party interest. Also, we don't incur quite as many issuance costs by having to pay somebody to go out on the open market and sell the notes for us. The only costs we're going to incur would be the legal fees, which you have a supplemental for \$3750. There was probably a little bit more, and I can't give you the exact amount but I can get it for you, there were probably some monies built in to pay for the underwriters' fees. Typically that is built into the interest rate. We were paying on the last note in the mid ones. What was it Paul?

Paul Fear – I have the number right here – to transfer to bond retirement from the waste fund was \$106,500. So \$100,000 was to go to the bond pay down and \$6500 was going to be legal fees. My assumption if I look in the General Fund Transfer to Bond Retirement, we have \$527,328, because it has to do with some other bonds that we have that we're refinancing now. So, my guess we probably have \$6500 from us and \$6500 them, so now we're only going to use \$3750. It was budgeted to retire as per your recommendation, a hundred each.

Councilman Jaehnig – So our savings could be somewhere between \$5000 and \$7000 in what had been budgeted for fees.

Paul Fear – At the \$3750 level, correct.

Auditor David Hollingsworth – Plus the interest that we would be paying...

Paul Fear – Plus buying it ourselves, we don't pay interest to ourselves, we would basically be transferring a couple of thousand dollars from the Enterprise Fund to our fund because they have to pay it anyways. The third thing we are going to save is, we talked about what rate we were going to do, which is probably going to be half a percent here, right now it is 1.69, so we'll save a whole percent on that.

Auditor David Hollingsworth – If something happens that we want to liquidate this investment, we can go out in the market at any time and take out another note and pay ourselves back. The likelihood of that happening is very unlikely, but we do have that flexibility. If for some reason we would need that cash, we could go out and issue another note. That money comes into our coffers and we cancel the existing note.

Councilman Stuckert – On our books, are we turning the debt into an asset.

Auditor David Hollingsworth- No. The debt is still there. Rather than the cash still sitting there, it is now going to be in the form of an investment. It will be our own note. The debt obligation is still there, but we are obligated to ourselves.

Councilman Stuckert – Do we have examples of this being done?

Auditor David Hollingsworth – We have a legal opinion from our bond counsel. She will issue us a legal opinion. Springdale has done it. We have a copy of the legal opinion.

Mayor Riley – My last year as county commissioners, with recommendations from the county treasurer, the county auditor and several others, and bond counsel, it was recommended that the county start buying their own debt rather than getting rid of all of the debt. The county has cash reserves that I wish we had. Rather than paying off all of their own debt, they were going to buy the debt themselves for the reasons that David was mentioning.

Councilman Stuckert – Do we still have permissive tax funds to make payments? What if we made payments and then did the buying of the debt by that amount instead of reducing the amount?

Paul Fear – I know the President made a comment last time. We had planned on reducing these so we would have them down to a zero level in their useful life.

Auditor David Hollingsworth – We are still paying it down.

Paul Fear – We're reducing it a hundred a year over a seven year period or whatever it was.

Councilman Stuckert – What is the size we're going to buy?

Auditor David Hollingsworth – Roughly \$700,000.

Councilman Stuckert – All things being equal, next year what we would do? \$500,000?

Auditor David Hollingsworth – Whatever you guys budget. That has been the history of what pay down each year.

Councilman Stuckert – Using that schedule, what kind of time frame are you taking about?

Auditor David Hollingsworth – Five years on Lowes and Davids Drive and four years on the landfill.

Councilman Stuckert – How close are we having to do repairs?

Auditor David Hollingsworth – That is out of my realm of expertise. You would have to ask the street department on that. It is obvious driving around town that there are streets that are going to need...

Mayor Riley – Davids Drive is in pretty good shape. I don't think anyone is considering doing any repairs to Davids or Lowes Drive at this point.

Councilman Stuckert – We probably would have to do something within five years.

Auditor David Hollingsworth – Lowes Drive, in my opinion, is in kind of bad shape.

President Kirchner – And that is one of the reasons that I had brought in the concept of using the carryover funds to pay that off, because if you drive across Lowes, it's not long before you're going to be spending significant amount of money to do repairs there. Perhaps it wasn't originally designed for the heavy industrial traffic it sees. There is deterioration in that road that you can't deny. The other thing I would throw out to council is that the \$100,000 in permissive tax that is coming in each year could then be used to do the street repairs instead of going to pay off this bond issue. So it's not like that money would just disappear. It would then become available to do street paving and items of that nature. A little relative math, with the excellent budget work that council and the administration were able to accomplish in balancing the budget last year and going back to council's original indication of wanting to maintain the 25% carryover, we actually achieved a 35 or 36% carryover. If you look at our current budget at \$7.8 million, the difference between what we have historically carried over, which is at the 25% level, and what you have actually created in carryover at the 35% level, is actually 10% of the budget. You have actually created a carryover of \$780,000 on top of the \$1.95 million in the 25% number. My recommendation would be that council consider paying off those bonds to get to the point where the permissive tax could be used to repair streets on a regular basis, because we do have deteriorating streets. That money is not making us any money, and that still maintains the 25% carryover that is the history of this city and this council reaffirmed its commitment to last year. And, I have a

question on the Moody's rating. The reserves also look at the amount of debt that the city currently carries. Is that correct?

Auditor David Hollingsworth – Well, that is part of it. But they specifically mentioned the reserves. They don't look at that in relation to your debt necessarily. I would be real concerned taking that excess money and paying down the debt all at one time.

President Kirchner – But last year you seemed willing to go ahead and budget it for spending this year on the structure of the city – In other words, in the structural cost in personnel. So, initially the budget that you brought forward spent that money. So, it didn't carry it over at all.

Auditor David Hollingsworth – When you say initially – it wasn't my budget.

President Kirchner – The mayor had indicated that you had provided the budget, so that is why I said... It wasn't meant to say that it was your budget, but the mayor had indicated this was the work that you had done.

Auditor David Hollingsworth – That's council's decision how much they want to pay down, but it would be my recommendation, and I would like to go on record, that I would not do that.

Councilman Jaehnig – I think whatever is done with the General Fund is one issue. We have an issue with the Solid Waste as it is anyways. If we pay it down and take all of those funds out of the Solid Waste Fund, we do have some major capital expenditures coming up there. If things broke down before we were prepared for it, we would not be in a position to deal with the situation. In conversations with Donnie, taking and paying that down and leaving him with a reserve of \$190,000 would make him very nervous considering some of the conditions on the capital equipment that he has. So, even if we decided to spend the General Fund money, I'm not sure if it is a good idea to spend the Solid Waste funds down considering we're not even a month into the new rates and seeing if that is going to accomplish what we want to accomplish at the landfill. My personal opinion is that I would take the Auditor's recommendation and I would move forward. We're going to save a little bit on the budget. I would take the Auditor's recommendation.

Mayor Riley – I would like to go on record in agreeing with you, Bob, that we do the \$200,000 as we had budgeted and then refinance the remainder of the note. I would agree with David that we buy the note ourselves. But, I agree with you and the Auditor.

Councilman Mead – If it was my debt, I don't owe a nickel to anybody, so I would pay it off. But, it is not my money and it's not my budget. That is still my recommendation, that we do what we had planned on. Next year is another year. If things get better, we can look at it again and do the same thing if we want to next year. But this will have to come up for a vote at an upcoming meeting. I don't know what the protocol is to come up with a consensus so we can prepare the legislation so we can vote on it in the meeting before it's too late.

Councilman McKay – My recommendation would be to go with the Auditor's opinion. He's the guy we pay to do that.

Councilman Mead - What's a good way to take a straw vote?

Councilman McKay – I just gave you my opinion. You have Rob's.

Councilman Wells – I would think that the Finance Committee would decide among themselves and then present that to council.

Councilman Mead – Well, we're going to have to do it. We could probably have a Finance Committee meeting next Thursday. We're used to being here on Thursdays anyhow.

Councilman Wallace – I would vote to go with Auditor’s recommendations.

Councilman Stuckert – I’m still a little bit troubled by the fact that we’re looking at five years out and we’re denying to the streets department and we’re denying to those two roads funds for repair. Didn’t we have other money left over that’s going to do that. It’s sort of ironic to me that leading up to this budget here, we were fighting so intensely to get to 25%. Now we’re at 35 or whatever it is, and now we’re going that way, as you said, Rob. We all know that the Streets Fund has been in serious trouble for some time.

Councilman Jaehnig – Well, it’s not the only fund that’s in trouble.

Councilman Stuckert – I understand that.

Councilman Jaehnig – That’s why my concern is spending all of this money when we know we have issues in parks. We know we have issues in safety. We know we have issues in fire. We know we have areas that we need to look at possibly spend of that overflow. So, to spend down General Fund money and then not have it available to take care of those particular issues to pay down debt that is not going to cost us any interest... It is an interest-free year. But to pay down the debt and not be able to take care of the needs of these other departments, that is what concerns me.

President Kirchner – Actually, Rob, that would not necessarily be the case at all. That is why we covered the additional funds that had come into the budget. You would still have the ability, regardless of this purchase and the use of that extra 10% carryover, there are still additional monies available to address the fact we didn’t have police cruisers, to potentially address some of the issues at the parks. Between the Bureau of Workman’s Comp refund and the inheritance tax unexpected windfall, you’re talking almost \$250,000 that we’re not talking about in that carryover. So, those funds to address all of those other issues now exist. The difference is, this move would actually allow the \$100,000 in permissive tax to flow into the Streets Department year after year after year, addressing the needs on the streets. So, potentially, your General Fund support of that could be reduced by that amount. So, it’s a pay-me-now/pay-me-later question, but you can still address the concerns that are there before council without having the discussion mixed because of the additional funds that we have identified that are coming into the budget.

Councilman Jaehnig – I would agree with you on that, except for the fact that we’ve had some requests that have been on the table for over a hundred days and have not been dealt with. We’re continuing pushing it down the road. Now, if we had started dealing with some of these things, maybe that would be the case, but we have not dealt with any of them. We have discussions, we have discussions, we have discussions, but we don’t seem to be taking any action.

President Kirchner – Well, we still don’t have all of the data that we were looking at on the impact of the budget. Because you may have a good bit more in carryover than you think. The reason I have been driving at those insurance numbers is because that could be additional funds to address some of those issues.

Councilman Jaehnig – That may be the case, but for us to rush to judgment to pay off that debt because we have a deadline of July 18, when based on the way we have been working so far, we’re not going to have all of those numbers and have everything figured out by July 18.

President Kirchner – I’m not sure how that coincides with the talk of a budget cycle where we could have a brand new budget that we could vote on in an hour last fall, so to me that logic doesn’t make sense.

Councilman Jaehnig – What I am saying is I brought the parks needs to council over a hundred days ago. We haven’t even had a discussion about spending the money on that yet. It was promised that we would have the discussion, and we have not even had the discussion yet on spending that.

President Kirchner – We had that a week ago where we began to understand what funds were available and what the needs were – what needs have been covered. Actually, we have supplemented the parks budget this year so they can apply for grants. To say that we haven't addressed that at all, to me, is disingenuous.

Councilman Jaehnig – Well, we'll agree to disagree.

President Kirchner – And I think that what you're seeing here is the second time we've asked the question about the insurance money and what could be available.

Councilman Jaehnig – I don't argue with you in regards to that.

President Kirchner – the question about how you address this debt is critical because of the timing of when the debt is due.

Councilman Jaehnig – Whether we renew the debt right now or not, we can decide in three months or four months down the road what the budget says we can do. We can still pay down the debt more. Correct?

Auditor David Hollingsworth – You would have to reissue a new note. We can pay that debt off any time within that 12 months.

Councilman Jaehnig – But, you don't have to issue a note if you're paying it off.

Auditor David Hollingsworth – Well, we have to make sure that language is in the ordinance.

Councilman Jaehnig – Because, that was one of the things that was offered up during the meeting – That we could pay it off at any time that we wanted.

Auditor David Hollingsworth – If we owned it.

Councilman Jaehnig – If we own it. Correct.

President Kirchner – Which is the opportunity you have right now before you, pay it off at this point, and in fact not issue it to ourselves or anyone else and thus free up future unencumbered monies from the permissive tax. \$200,000 is already there. You're talking about \$702,000 that would be reissued now. The question of whether or not to use General Fund money toward the landfill expenses is a whole different question, but number one, with the increases that were put in place back in '09, all of the costs of the expansion were supposed to be taking place and covered. Number two, with the changes that we have recently made and the indication from the Service Director that we were getting major accounts back...

Councilman Jaehnig – To my knowledge, we have gotten one.

President Kirchner – I believe at the last meeting he had indicated that we have two major accounts.

Paul Fear – There were three major accounts. One has come back. The other two have not as of yesterday at 3:30.

Councilman Wells – I have a question. David, the \$700,000, you have to buy that note. Where would that come out of?

Auditor David Hollingsworth – There are two money market accounts that are earning .1% interest roughly. They are just sitting there, so that is what we would use. But, it would go out of a money market account to a security called Wilmington City Short Term Note. That is the only difference.

Mayor Riley – I would also note, Loren, I think you mentioned about the money that we use to fix the roads with. We would not deplete that fund. There will still be money available in

permissive tax to repair roads. It's a matter of prioritizing, and that is something that Denny and Larry do. They are on the roads and are looking at what to prioritize. That is not depleting funds. There would still be money there, if something needs to be done on an emergent basis.

Councilman Stuckert – We know we want police cruisers. We know we have a request for additional money for parks. Can we put up a list of what we would like to spend on if we could out of the pot that is a one-time deal? Can we come up with a list to make these decisions? Because I still say, we're talking, if we satisfy the need to pay these off, we're talking a couple of hundred thousand dollars a year. That is going to take a lot of pressure off. So, if we're talking five years, you're talking a million dollars over five years.

Mayor Riley – As you recall, the Secretary of State's office is doing the LEAP audit for us currently. In fact, they have nearly all of the interviews done. They are working on finalizing their report, and I think that will give us some of those guidelines that you just mentioned.

President Kirchner – Councilman Stuckert, to your point, at the last meeting, that is why I was asking all of the department heads and I forwarded Brenda the email – actually that was Andrea that week you were on vacation. Andrea had sent me an email asking what the department heads needed to do. The indication was, if there are any unplanned for and imminent needed in this year, emergency costs, those need to be brought forward so we understood the list. We did already pay for the phone upgrade. Are the phones working yet?

Clerk Brenda Woods – Yes.

President Kirchner – The police cruisers had not been funded yet - \$64,000.

Chief Weyand – I would say that is down by \$6000, because I got a vehicle forfeited to us. Actually, I took cash in lieu of, so I just saved you \$6000.

President Kirchner – So, that and the parks list of \$37,150 to address Councilman Jaehnig's concern that there are costs at the park we can cover. That was what we got. No indication of additional costs beyond that. So, the money is available to pay off the note to fund those and still not affect your 25% carryover.

Councilman Wallace – How many firemen did he say we needed?

President Kirchner – Well, remember, one of the things we talked about was that we weren't asking for additional personnel requests because those are structural costs.

Councilman Wallace – But that is what he brought up – that he needed more fireman.

President Kirchner – That's correct.

Councilman Wallace – When we asked him what he needed...

President Kirchner – That is true. Andy wanted to put back the two fire personnel that the mayor had removed from the budget funding for this year. But, if you pay for them out of this money, it's one-time money. You don't have the income and your budget isn't balanced.

Councilman Stuckert – I think you have to pay for one-time deals out of your one-time money and pay for your ongoing costs out of your General Fund. Would paying it off bring any more – have we gotten all of the permissive tax money that we're going to get this year. Would we get more from permissive tax.

Auditor David Hollingsworth – I'm not sure what that number is. We usually request it from the county when we need it, but I don't know what's in that fund right now.

Councilman Wallace – Don't we get that later, though. Sometime in October?

Councilman Jaehnig – I think it is twice a year.

[Discussion of permissive tax receipt schedule]

Councilman Mead – How many people are going to be available for a Finance meeting Thursday at 6 p.m.?

Councilman Jaehnig – Are you asking just for the finance committee?

Councilman Mead – I'm asking for a Finance Committee meeting, which anyone can attend, obviously. Bryan should be back. It's one of the last chances we are going to have, because we're going to have to give them a little notice to get legislation together if we do something different. Is Thursday okay, Brenda? That's all I have this evening.

Clerk Brenda Woods – What items do you want on the agenda?

Councilman Mead – The debt buy back...

President Kirchner – It's actually bond anticipation notes. That covers all of the topics.

Paul Fear – Are you going to talk about additional capital needs?

President Kirchner – Finance can have a discussion on potential additional funding, supplemental appropriations, if you like, based on the request for cruisers and the parks. So, supplemental appropriations would be the other item.

Water Committee - Chairperson Wallace had no report.

Streets Committee - Chairperson McKay had no report.

Solid Waste/Recycling - Chairperson Wells had no report.

Wastewater/Sewer Committee - Chairperson Stuckert had no report.

Judiciary Committee – In the absence of Chairperson Siebenaller, Councilman Stuckert – The head of the Judiciary Committee is not here. If you will bear with me, I'll attempt to bring this to us. We have a couple of items, the second reading on an ordinance amending a section of Chapter 133, Employment Provisions of the Codified Ordinances of the City of Wilmington. It has to do with who needs to be bonded under the blanket bond. Am I correct, Mr. Law Director?

Law Director Shidaker – Yes.

A motion was made by Stuckert and seconded by Wells to give the second reading only on the ordinance Amending a Section of Chapter 133, Employment Provisions, of the Codified Ordinances of the City of Wilmington.

President asked for discussion.

Seeing none, President called for vote.

Motion passed

Director of Law read ordinance by title only.

Councilman Stuckert asked that the third reading be on the agenda for the next meeting.

Councilman Stuckert - The second item, and I may need your help, Mr. Law Director, on this. This is the first reading on an ordinance that is amending our ability to ride skateboards, motorcycles and bicycles on sidewalks.

Mayor Riley – Not motorcycles.

Councilman Stuckert – But it says it right there. If you need more explanation of that. I think this is something you wanted to update, Mr. Law Director.

Law Director Shidaker – This was something that was brought to the Judiciary Committee meeting. This is what I believe you decided at that meeting.

Councilman Stuckert said he would like the first reading.

Councilman Wells asked if they would amend it later.

Councilman Stuckert – Are you saying you do need to amend the motorcycles?

President Kirchner – I was just reading. Actually, if you flip to the second page, Section 2, That each and every section of Chapter 373, Bicycles, Motorcycles, and Skateboards, of the Codified Ordinances, except those sections identified and amended in Section 1 of this ordinance, are hereby ratified and republished and incorporated herein by reference as though fully rewritten herein...which seems highly unusual. Generally, if we didn't touch anything, we wouldn't be making that statement.

Clerk Brenda Woods – All of that was the same. She only changed that part.

Law Director Shidaker – That was just was already in the original chapter, in the original ordinance.

President Kirchner – So that is what it says in the original ordinance.

Law Director Shidaker – The only thing that is changed is “northerly.”

President Kirchner – Very good. So, council can understand what the Law Director is saying, the only change that is being made by this is in 373.11, Section ‘a,’ the strikethrough is removed and the bold is inserted. So you would remove “southerly” and implement “northerly.”

A motion was made by Stuckert and seconded by McKay to give the first reading only on the ordinance Amending §373.11, Riding on Sidewalks, of the Chapter 373, Bicycles, Motorcycles and Skateboards, of the Codified Ordinances of the City of Wilmington.

President called for vote.

Motion passed

Director of Law read ordinance by title only.

Stuckert asked that the second reading be on the Agenda for the next meeting.

Safety Committee - Chairperson Wells – I have nothing on the agenda, but I would like to ask the Chief a question. An officer just left for military duty. Are we planning on hiring another officer?

Chief Weyand – Basically, the position is occupied. We have nothing invested in his departure, but he occupies the position. When he comes back, we have to put him back on the force. I can't hire one and lay one off. It doesn't make much sense. It wasn't really by design to get hired and then get shipped. It was one of those fluke things that happens. The poor kid is kind of sad and upset because it's really a devastation to his life. He had been shipped overseas a few years back, so he wasn't anticipating it. He went to his normal reserve meeting and learned that he was departing for another tour. He has a 10-month old kid, was recently married and had a new job, so he applied for the hardships and all he could do, but unfortunately, it is what it is. That's the military.

Councilman Wells – Does he know when he will return?.

Chief Weyand – His orders say that he could serve up to a maximum of 364 days. Between now and May of next year.

Councilman Wells – Didn't we originally talk about two officers?

Chief Weyand – We have another one that we have been waiting to fund that we put on the burner because we had been waiting on the LEAP report. The LEAP report said that we're eligible to...you know, that we're definitely one behind. We're up what we should be by half our staffing. So, what I did do, I worked on, I was able to meet the deadline after

they gave us that report and I got a grant in for the COPS grant, June 4, but the award date isn't until September, so I don't know when that will come about. But, I even applied for that when I asked for the waiver for Russ as far as our match. We'll know on September on that.

Councilman Wells – Thank you.

Downtown Revitalization Committee - Chairperson McKay had no report.

Parks and Recreation Committee – Chairperson Jaehnig had no report.

Income and Levy Tax Committee – Chairperson Jaehnig had no report.

Service Director – In the absence of Service Director Reinsmith, there was no report.

Safety Director – Safety Director Russ Burton had no report.

Reports

A motion was made by Wells and seconded by Jaehnig that the Auditor-Treasurer Report – May 2013, be accepted as presented.

Motion passed.

Reports accepted as presented.

President Kirchner opened the meeting up to the general public and/or members of council to address council while in session.

Councilman Mead – I have one quick comment. I've seen the Fifth/Third building. It looks great. They're doing a great job on it, except I'm disappointed that they didn't put curbs in. They just have dirt coming to the street.

[Discussion of curbs at construction site Rombach/Oak]

Mayor Riley – I think they replaced it the way they found it.

Councilman Jaehnig – I would like to do a two second commercial for Downtown Live, since Mark didn't mention it. There is a party at the mural tomorrow night. I'm working the late shift.

Jeff Fryman – 886 Hickory Trail Drive. I have one comment on what Mr. Wells brought up earlier, just to give you a heads up. There are a lot of folks in our neighborhood, because I live just down the street from Councilman Wells, who are taking it upon themselves to make sure that those areas are cut. The two biggest are the two areas, the green spaces out front. Most folks don't have that kind of lawn equipment to mow those – they are huge. The other area are the drainage areas along the bicycle path or walking path that goes from our neighborhood to Holmes Elementary. Those are probably the big two areas that are difficult to mow. Myself, I have an empty lot next to my house, I've been mowing it now for several years – not a big deal. I'll keep doing that. About the snake, there is a bigger issue in our neighborhood. There are raccoons in our storm sewer and, I hate to mention this one, I really do, but feral cats. Those two are bigger issues than that water snake. I'm not trapping or killing them, but that's the bigger issue in our neighborhood. The snakes are going to be there no matter what.

Mayor Riley – The feral cat fits the same definition as the raccoon or opossum or anything else. I think that's horrible, but that is the way it is. Let me see if I can find somebody to handle that big snake issue. I think you mentioned a big snake.

Councilman Wells – Larry Reinsmith knows all about it.

Mayor Riley – I think I'll see if there is any way we can handle that through some department of natural...

Jeff Fryman – I don't want you to bother. As a person in that neighborhood. If you're going to do that, then take all of the deer out. Leave the snake alone, it belongs there. We're intruding on its space. I would prefer that you leave the snake there.

Councilman Wells – That retention pond back there is never supposed to hold water, which it does hold water.

Jeff Fryman – The creek is there anyway. The snake is going to be there no matter what.

Mayor Riley – Jeff, I'll give you one of those papers that I was talking to Don about earlier. I'll get you one of those as well.

Councilman Wells – We identified it. It's a northern water snake. They're very aggressive.

Bill Limbacher – 934 Darbyshire Drive – I heard today from another citizen that Staples is closing on August 1. Would that be an impact on our community?

Councilman Jaehnig – The little I know is it's a lease dispute. I know that Staples is closing multiple locations, not just the one in Wilmington. I don't know which ones they all are. There are 15 of them. There was a lease dispute. There was an attempt to downsize and shrink the store size, but Staples Corporate and the building owner could not come to an agreement on that reduction. At one point it sounded like they were going to reduce their size by about half, which would actually open up a third store space. I think where things fell apart came down to who is going to pay the cost to split that and put the wall up and things of that nature. That is what little I know. To my knowledge, they still may be jockeying, but I had heard August 3, not August 1. It's not the only one, and it would be very unfortunate for them to leave, no doubt.

President Kirchner asked if anyone else wished to address council while in session.

President Kirchner - Lora Abernathy, could you please note early in your story the change of date for the next regular meeting so folks are aware. Our standard ordinances indicated that it would be Friday. So, when people go on line they will see something different if they investigate our ordinances.

Lora Abernathy – I will find a place for that.

Seeing no one else who wished to speak, President Kirchner asked for a motion to adjourn.

A motion was made by Jaehnig to adjourn.
President Kirchner declared the meeting adjourned.
Council adjourned.

ATTEST:

President of Council

Clerk