

Minutes of City of Dunkirk Finance Committee held on July 16, 2012

The below minutes were from a special meeting of the Finance Committee called specifically to address overtime within those departments under DPW Director Tony Gugino.

Present: Councilman Mike Michalski, Chairperson
Councilwoman Stacy Szukala, Member
Councilwoman-at-Large Stephanie Kiyak, Member
Mark Woods, City Treasurer
Harry Briggs, City F.A.O.
Guests: Tony Gugino, Public Works Director
Kevin Mikula, Payroll
AJ Dolce, Mayor
Ron Szot, City Attorney
Shirley Pulawski, Observer
Jim Muscato

Opening: Chairman Michalski opened the meeting at 3:00pm.

Meeting Content:

Kiyak began with questions regarding O/T at Waste Water Treatment plant and why certain tests could not be done during regular hours. Gugino stated results from testing on Fridays must be recorded on Saturdays. Szukala asked if flex scheduling could minimize O/T? Gugino stated there are only two persons certified to conduct testing and it must be done on a daily basis because it is a 24/7 operation.

Overall, given staffing levels & additional government regulations for testing, Gugino felt city was getting a good value for its money at the WWTP. Szukala felt it may be necessary to hire additional personnel versus paying out overtime on a regular basis.

Michalski questioned a water filtration operator working four straight eight hour shifts and if this was legal under NYS labor laws? Gugino replied city was within legal rights to do so since it is a 24/7 operation. There must be an operator on duty at all times.

Michalski noted for the period ending 06/30/2012, Fund II expenses were 39% of plan and Fund III at 45% of plan (50%) for the year. Gugino was commended for his efforts and stated that through licensing and an additional operator (replacing retirements), were key to helping drive down O/T expenses at both plants.

Szukala questioned Mikula how often he red flags submitted time sheets? Mikula replied that as long as there is a supervisor and mayor's signature in the time card, he is authorized to pay O/T.

Kiyak questioned a supervisor's O/T to complete time cards on Saturdays within the Streets Department. Gugino replied because of the recycle center and minimum staffing on Saturday's he is there and was budgeted. Gugino stated that for the past three years, there has not been anyone to staff the phones at the DPW,, there is an answering machine and the fact that the city has not replaced twelve people in nine years. The supervisor checks the answering machine during this time for emergency issues from residents.

Szukala asked about flexible scheduling to alleviate O/T on Saurdays. Gugino replied his was receptive to flex scheduling however he needs a supervisor in that position to handle emergencies and special events such as festivals and events.

Gugino expressed how his current staff is extremely helpful in helping other departments with their staffing shortages. Overall, the amount of overtime under Gugino supervision is less and continues to decrease.

Kiyak questioned where the O/T for the three supervisors was being charged to? Mikula replied it is charged to the personnel services line of the respective department. Kiyak questioned why it was not charged to O/T? Mikula stated because O/T in our system is paid out in 1.5 times the pay rate, while the supervisors are paid straight time. Kiyak stated that O/T for these three supervisors is not added together or separated for a cumulative amount. Kiyak asked Mikula to please do so for future O/T reports.

Kiyak questioned Kim Robbins time split between the law dept. and WWTP. It was being charged 100% to the law department while it should be 50/50. This will be corrected in the future according to Mikula.

Michalski questioned O/T being incurred for Thursdays on the Pier and for festivals. Gugino stated there are occasional times when O/T is incurred for Thursdays. Regarding the festivals, Szukala recommended the Department of Development share in some of the expenses being incurred by DPW with profits from these events. Gugino felt there should be a separate budget line for the Boardwalk, Thursday and festivals and that his departments are unfairly carrying some of these expenses within Streets & Parks.

Kiyak questioned O/T at the Boardwalk, Gugino replied it was clean-up (garbage & bathrooms) on Sundays. However, O/T was not just limited to the Boardwalk area. It also represents the clean-up at the Point, Wright Park, Memorial / Washington Park. A cost savings measure was also used by Gugino to eliminate the cost of dumpsters as well as flexible shifts within the Parks department for the summers.

Kiyak wanted to reconfirm fact city is incurring O/T costs for Sunday garbage collection and those costs are not being transferred to the tenants of the Boardwalk. Despite contracts with the tenants, a maintenance fee may have to be considered to help offset future O/T costs.

Kiyak asked Mikula for clarification of Police O/T report regarding breakdown of time spent for special events such as 4th of July. This would be the responsibility of Police Chief Ortolano.

Kiyak questioned Gugino about DPW deliveries of compost to resident's homes and how DPW can justify O/T when time is spent doing so. Gugino asked for facts regarding this matter and that if there were special circumstances involved, although rare, he was fine with it if no O/T was incurred in the process.

Michalski questioned Gugino about floor sealing by city engineer Dave Manzella in which eight hours of O/T was incurred. Gugino stated floors had not been sealed for eight years (saving money in the process) and the most experienced city employees for the job, which included Dave Manzella & Bruce Tarnowski, were utilized. Money was saved by doing the job in-house versus out-sourcing and some costs are reimbursed by the NYS Court system.

Kiyak questioned why line-up pay for the Police varies. Mikula stated it depends on the number of days an officer works and that .017 hrs per day is paid for line-up pay. This is a contractual expense.

Meeting adjourned at 4:05 pm.

A motion was made by Szukala to accept the minutes of the April meeting, seconded by Kiyak.

Review of final ACO resolution establishing a fuel reimbursement line. Issue of fuel receipts was discussed. Receipt procedures will be spelled out in ACO contract for employment and not in resolution.

Rabies Clinic overtime was discussed by Szukala. Explanation for overtime was the setup & take down of picnic tables, clean up and moving of equipment. Szukala felt that because city mandates dog licenses, we may be required to offer such a program.

Briggs and Woods then presented committee with rough draft of needed budget modifications. Since draft was dated for June 5th's common council meeting, it was decided a review of modification would be needed at this time.

Szukala questioned why **Mayor's Personnel** line was over the budgeted amount. Woods explained there were two individuals in that department – the Mayor & his secretary. Briggs explained he received a call from NYS Retirement as to why Richard Frey received two extra paychecks to his retirement account for the year. Briggs felt the reason was best explained by payroll clerk Kevin Mikula.

The **Legislative Board** line finished the year with a credit balance. It was suggested this was due to the resignation of councilwoman Floramo in the fall of 2011. Kiyak felt that without definitive answers as to why these modification lines finished the year as they did, she did not feel comfortable moving forward with this process as is.

Committee decided to have another meeting, prior to the June 5th council meeting. A review of the budget modifications with complete explanations for each modification will be presented by Mr. Briggs at this meeting.

Committee decided to review budget drops for month of April.

Fund I Revenues:

Sales and use Tax was a timing issue. **Boardwalk lease payments** were at zero. Even though payments are made monthly, there is a quarterly transfer which will take place very soon. Woods explained Fund 13 was a construction fund used for the Boardwalk capital project. There are numerous capital funds projects within the city budget. Funds 1, 2 and 3 are operating budgets. Fund 13 is the Boardwalk project. Funds 14, 15 & 17 were also discussed. Funds 13 through 17 are considered non-operating funds. Copies of Funds 13-17 will be given to the committee for their review.

Unclassified Revenue line was in the negative by over \$18,000. This negative amount was explained by Woods as adjusting entries (revenues received in 2012 that should be credited back to 2011) made by the auditors and will not be reversed until the year is closed by the modification resolution.

Fund II Revenues were at 30% of budget. **Unmetered Water Sales** were at .02%. Woods explained that line depends on bulk water sales, weather, rainfall, contractor demand. **Water Service Charges** are made up of fees: turn-off and turn-on fees, meter installations.

Fund III Revenues – Michalski stated that **Waste Hauling Fees**, although budgeted for \$155,000, were only 3.8% of the budgeted revenue in Fund III. Szukala explained she has talked with Tony Gugino regarding this issue and informed the committee Cott had set up dumpsters and were filling with waste juice. Szukala felt city should approach Cott and try to work with them and get their business back. Szukala said Gugino did not feel it was feasible. Committee felt representatives from the city should still meet with Cott to discuss this issue face-to-face. Fund III revenues were reported at 29% of budget by Michalski.

Fund I Expenses – The following lines were questioned with no definitive answers given: **Discretionary Fund, Supplies, Cleaning Supplies** and **Building – City Hall Overtime**. Szukala had questioned if committee was going to address the weekly overtime reports be presented to council. It was recommended that department heads be brought in to discuss the city's overtime issue. Discussion followed as to reasons why overtime is incurred such as equipment failure, short staffing, union contracts and weather. Kiyak felt Tony Gugino should be present at the next meeting to address the overtime issue.

Szukala was concerned about the amount of time O/T reports would add to the meetings as the committee members felt they were not getting answers to their questions from previous meetings. Michalski then stated committee was still waiting on detailed reports and urged Woods to get those reports to committee in a timely manner. Michalski then stated that Briggs needs to come more prepared to the meetings and needs to expand his knowledge of the Fiscal Affairs department. Michalski felt that he needed to get meeting minutes out sooner as well.

Employment Insurance was questioned by Kiyak. Szukala stated that line would most likely finish over budget due to an increase which was made known to council after 2012 budget was passed.

Fund II expenses - Woods stated that progress on the water meter replacement program was currently less than 80 meters that still needed to be replaced.

Treasury report – Woods reported on the city's top ten water users as per Kiyak's request from the last meeting. Woods stated that the 21st Century grant the amount will be equal to the amount expended within the guidelines of the program.

Monday, May 30th at 5:00pm will be the next Finance Committee meeting to address the budget

modifications.

Meeting adjourned 6:30pm.

Briggs updated committee regarding the progress of independent auditors (Johnson & Mackowiak). There were no budget modifications available for review at this time.

Revenues Fund I

Kiyak questioned Boardwalk lease payments, as to why there were no payments made during the current month. Woods stated all tenants were up to date. Szukala questioned nuisance abatement. Woods replied it represents any property related fines. Kiyak questioned why line was negative. Woods will run a detail on the line.

Szukala questioned \$6,000 for miscellaneous Police grant. (line currently at zero). Woods explained it was a timing issue which typically has to go through the State of County first.

Szukala questioned Public Works and other government; both were at 0% and 4% respectively. Woods explained the Public Works line will be reimbursed by the County and the Other Government was reimbursement for snow removal of County roads within the city.

Szukala questioned the fireworks and festivals lines. Target for fireworks was around \$10,000 due to the carryover from the prior year. The festivals line was currently at zero, while budgeted for \$10,000.

Szukala questioned State Revenue Sharing. Woods stated NYS would reimburse the city \$170,000 in September and the balance on December 15th.

Kiyak question unclassified revenue and why it was negative. Woods explained it would have to wait for the auditors entries to zero out this line. Woods will run a detail on this line.

Fund II Revenues:

Michalski requested a report which will summarize where each fund stood regarding actual to budgeted percentages and net income (revenues less expenses) of each fund. Michalski stated such a report, which was done in the past, will the committee a better picture of each fund now that we are 3 months into the year.

Fund III Revenues:

Kiyak questioned what actions the city can take with the Waste Hauling Fees essentially being non-existent even though \$155,000 was budgeted in 2012. Kiyak asked how this revenue could have been considered given the last activity was in May 2011. Woods recommended committee sit down with Tony Gugino and get his explanation. Woods was not aware of the inactivity of the account during 2012 budget meetings.

Michalski stated that during his discussions with WWT plant supervisor Sean Raynor, Cott had not been to our facility since March 2011. Michalski stated Gugino had received a letter from Cott giving the city a two week notice of their intentions to take waste elsewhere.

Woods felt the issue that needed to be addressed was where COTT was currently taking its waste and what rate are they being charged. Then evaluate if the city can offer it at a lower rate and get the revenue back.

Kiyak asked who the city's top ten revenue accounts regarding waste water & water filtration. Woods replied Cott, Fieldbrook, Nestle Purina, Brooks Hospital, Carriage House and the County Home. In addition to revenues, Kiyak requested a listing of delinquent accounts and an aging schedule.

Kiyak questioned what procedures the city is following regarding delinquent industrial accounts. Woods replied it would entail a discussion with the Mayor & a phone call to the business. Delinquent utility bills in general are sent to the customer and after that, any remaining amounts still owed are levied on the city tax bill. Zeroing out the water/sewer/tipping fee and added to the tax bill.

Fund I Expenses:

Szukala questioned why there were four city employees listed on the overtime report for the recently held Chautauqua County Rabies Clinic. Kiyak volunteered to question the Mayor / Tony Gugino as to why overtime was incurred.

Michalski questioned **Central Data Processing** at 56% of budget. Woods felt it may be a timing issue and will update committee.

Kiyak questioned **City Hall - Building Services** and if \$50,800 represented one person's salary to clean the building. Woods explained there were two individual cleaning city hall currently with the second individual's salary being split between the General Fund & the Water Fund. Kiyak felt spending a combined total salary of \$75,000 to clean city hall was too much. Szukala stated she would like to see this individual in Streets Dept. where labor was needed. Committee felt a discussion was necessary with the Mayor regarding this issue.

Michalski questioned Szukala on status of new street signs since \$5,000 was allocated for the expense. Szukala will verify status with Tony Gugino.

Animal Control was addressed regarding mileage reimbursement to the ACO and where specifically funds were coming from. Prior to discussing mileage issue, Szukala felt committee needed to discuss recent veterinarian bill of \$500 which was paid from the general fund for an injured dog. Currently there is no line to pay emergency medical bills incurred when stray animals are injured and the city must pay to have the animal treated.

The \$800 in mileage reimbursement would come from: \$400 **Gas** line, \$200 **Spay & Neutered Program** and \$200 **Electric**. A resolution would have to be drawn up to establish a Fuel line within the department. A separate line for Fuel versus a pay raise would be preferred by the committee so that the amount could be adjusted year-to-year without effecting salary. Receipts would have to be presented with a quarterly cap of \$200. The first payment would be made October 1, 2012.

Szot questioned timeline of new ACO contract (expires 06/30/2012), establishing new Fuel line and funding of line with budget modification. Michalski felt that establishing account via resolution should

be done now with funding completed with other budget modifications from city audit. The new ACO Contract would need to be presented prior to 06/30/2012.

Szukala questioned **Snow Removal – Repair to Equipment**. Woods will run a detail report.

Personnel Services – Parks Department was questioned by Michalski as to why line was already at 56%. Woods will run a detail report.

Szukala questioned why the **Parks Department – Summer Help** line was already charged (\$739) so early in the year. Woods will run a detail report.

Szukala question **Supplies & Maintenance – Rec. Center** was at 392%. Woods explained the 21st Century grant via the high school will reimburse this line when submitted by rec. center.

Kiyak questioned festivals. Woods explained the process of collecting donations & paying for entertainment goes through the DLDC. Kiyak expressed there was concern among DLDC board members as to who (city or DLDC) manages the revenues & expenses incurred from promoting city events. Woods & Szukala confirmed that festival finances are managed by the DLDC.

Treasurer's Report:

Woods stated current tax collections were at \$1,022,141.66. This is \$180k – \$200k ahead of where the city was last year at this time or about 20% of the total tax levy (\$4.695M).

CAC Auditors Rotation Recommendations:

Michalski discussed the city's Procurement Policy for the purpose of soliciting bidders and dollar limits in regards to questions about the city appointing Johnson & Mackowiak as auditors for a period of five years. Jim White said the contract ran from \$35,000 to \$37,000 per year. Kiyak stated there are certain services that do not have to go out to bid and that Auditors were one of them. Woods agreed.

White stated while state laws do not mandate it, it is highly recommended by the NYS Comptroller's office as a best practice.

Michalski felt that although it was a good idea, this subject was more of a charter reform issue. Kiyak also felt that the State Auditors may have some recommendations from their current audit of the city.

Szukala felt we have to be careful in any future auditor policy such that we do not have to change auditors if not in the best interest of the city cost or performance meeting.

Meeting adjourned at 6:20pm

