

City of Bay Village

Council Minutes, Special Meeting
Council Chambers 6:30 p.m.

August 14, 2012

Paul A. Koomar, President of Council, Presiding

Present: Clark, Koomar, Lieske, Miller, Tadych, Young, Mayor Sutherland

Not Present: Mr. Pohlkamp

Also Present: Finance Director Presley

During the agenda review, Councilman Michael Young, Chairman of the Finance Committee, advised that he has been informed that President of Council Koomar would be a few minutes late this evening. Mr. Young stated that Mr. Koomar asked him to use this time to discuss the work of the Finance Committee regarding the 2013 Tax Budget.

Finance Director Presley advised that the tax budget required to be adopted by Council establishes the rates of taxation for property taxes beginning January 1, 2013. Based upon the Charter of the City of Bay Village, there are certain caps that cannot be exceeded. Millage, at its limit, has been collected in all funds with the exception of the Emergency Paramedic Unit, which has a cap of 2.5 mills; the city has been collecting 1.5 mills.

The Finance Committee has discussed rearranging some of these property taxes directly to specific funds, where allowable, so that inter-fund transfers do not have to be made in the budget and then monthly as required by the Auditor of State to get the funds necessary to operate those funds. The one change that has already been made, and is on first reading, is to reduce the General Fund and increase the Police and Fire Pension Funds by the amount of money necessary for those funds. The Police and Fire Pension Funds previously were at .30 mills each, and transfers were necessary to cover the cost of the Police and Fire Pension Funds. What is on first reading at this point is to take those from .30 each to .69 each and reduce the appropriate millage from the General Fund, thereby maintaining the total overage millage of 14.9 mills, having no impact on the residents as far as the total millage the city is collecting.

Mr. Presley noted that the tax budget needs to be adopted this week in order to be delivered to the Cuyahoga County Budget Commission so that they can do their work necessary for 2013. Previously, the City of Bay Village had been granted extensions until mid-September, when Council returned from recess. However, the county did not put in their request to the State of Ohio for an extension to get their work done. Therefore, the city cannot get an extension to the September 15 date.

Mr. Young stated that the Finance Committee discussed the Emergency Paramedic Fund at their meetings concerning the 2013 Tax Budget. When the Emergency Paramedic Fund was originally established it was designed to meet one-third, or one-shift of the overall costs of the

employees of the Fire Department. The Finance Committee felt that this did not reflect reality and that Emergency Paramedic costs were more than one-third of the actual labor costs of the Fire Department. The Finance Committee reached out to the Fire Chief who advised that the time involved for paramedic functions was over 70% of the time spent for Fire Department duties. At the same time, more staff is required for a fire run than for a paramedic run, and there is substantially more fire training done than paramedic training. Taking all of these things into consideration, the Finance Committee settled on a 50-50 percent division of costs of the Fire Department and Emergency Paramedic Unit. The current rate of 1.51 mills raising \$758,518 was not enough to fund the Emergency Paramedic Unit based on the 50-50 percent division of costs. In order to accomplish that division, the Emergency Paramedic Unit would have to be increased to \$1,130,241, raising the Emergency Paramedic Unit millage to 2.25 mills, with additional millage allowed by law remaining untouched.

The Finance Committee then discussed whether they should correspondingly decrease the amount taken from General Fund, similar to what they did with the Police and Fire Pension Funds, or should they possibly just raise the millage for the Emergency Paramedic Unit and make no change to the General Fund millage to allow for the increase to the Emergency Paramedic Unit. The Finance Committee decided to reduce the General Fund millage so that the total millage collected from property taxes does not change. The Finance Committee did discuss other options, but felt with the limited time to discuss the tax budget it does not give enough of an opportunity to the Council of the Whole, or the citizens of the community, to digest what those changes mean and look at the ramifications of making future changes.

Mr. Young distributed copies of the 2013 Tax Budget with the changes discussed this evening reflected in the budget. In presenting the resolution adopting the tax budget, it will be amended for final reading this evening. The budget shows the General Fund millage reduced to 6.88 mills and the Emergency Paramedic Fund increased to 2.25 mills. The overall millage of 14.9 mills is not increased.

Mr. Presley stated that the pages distributed by Mr. Young will be amended pages for the General Fund and Emergency Paramedic Fund, replacing those pages that were on first reading. The remaining pages on first reading will be valid to make up the 2013 Tax Budget.

Mr. Clark stated that one of the things the Finance Committee wanted to accomplish and improve was to match the revenues generated by specific funds to the expenses thereof, thereby eliminating some of the inter-fund transfers and more accurately reflecting the cost of these particular emergency units within the city at no increase in cost in taxation to the residents.

Mr. Tadych stated that this action will bring the city far closer to the real numbers at the end of the year.

Mr. Young stated the Finance Committee discussed trying to align revenue with expenses starting in 2013. Presently, the paramedic ambulance reimbursements are posted to the General Fund. Instead, they might want to post those to the Emergency Paramedic Fund or Fire Department, as opposed to the General Fund, so that revenues are aligned with costs. That was part of the discussion in trying to make that even. The posting of the paramedic emergency

ambulance run reimbursements to the Emergency Paramedic Unit Fund does make the 50-50 percent cost to each fund balance with revenue.

Mr. Presley noted that when the study begins for the 2013 appropriations budget, he will ask for an ordinance or resolution clarifying that effective January 1, 2013 the EMS reimbursements will be accounted for in the Emergency Paramedic Unit Fund.

Mr. Miller asked if there is a reason why that initial paramedic reimbursement wasn't shown as direct revenue back to the beginning. Mr. Presley stated that it was not shown as direct revenue to the Emergency Paramedic Unit because a majority of the Fire Department expenses were still in the General Fund. That is being shifted to a 50-50% split of the Fire Department expenses and Emergency Paramedic Unit expenses. After the EMS reimbursements are moved into the Emergency Paramedic Unit Fund, 50% of the costs will be in General Fund, and 50% of the costs will be in the Emergency Paramedic Unit Fund, which is what the Finance Committee was driving toward for an equalized accounting of the expenses.

Mr. Clark stated that they basically tried to balance the General Fund for 2012. Now, those reimbursements can be realigned more accurately toward where the expense occurs. That will be exercised this fall.

Mr. Presley stated that he would like to point out that by no means can he guarantee that this will eliminate any operating transfer from the General Fund to the Emergency Paramedics Unit Fund. If EMS reimbursements drop and we get to the point that we otherwise would have a deficit balance in the Emergency Paramedic Unit Fund, that cannot be the case in order to close the fiscal year out. A transfer from the General Fund to the Emergency Paramedic Unit Fund would then be required. There was a \$10,000 transfer this year from the General Fund to the Emergency Paramedic Unit Fund to keep the fund in the black for 2012. While on paper, at this point in time, it looks like there wouldn't be a need for an inter-fund transfer from General Fund to Emergency Paramedic Unit Fund, there is no guarantee that this won't be the case. It certainly minimizes the dollar amount that would be transferred from General Fund to Emergency Paramedic Unit Fund in the future, or, more importantly, from General Fund to Police and Fire Pension Funds, understanding that there will be fluctuations that may or may not cause the need for a transfer from General Fund.

Mr. Young stated that next year at some time, possibly a summer meeting of the Finance Committee, there could be discussion of the trash collection contract budget. At this time, the trash contract is \$1.178 million with \$878,000 transferred out of the General Fund in order to pay for trash collection. The other \$300,000 is picked up by a fee charged to the residents of \$12.00 per quarter, per household. The Finance Committee has discussed trying to align revenue with costs, and trying to simplify records for transparency as opposed to sorting through transfers. The trash collection issue is an example of revenue through fees, and costs split between funds. One of the ideas was to possibly increase millage to pay the additional amount. For a \$200,000 home, the additional millage represents \$46.00 per year. This could be written off when filing year-end tax returns, as opposed to not being able to write off a fee. These are discussions for next year and are being related so that residents understand some of the ideas the Finance Committee has been wrestling with in trying to align costs and revenues, as well as trying to

make things more transparent when looking at the budget.

Mrs. Lieske commented that we don't want anyone in the audience to think that we have discussed raising taxes. As Mr. Young noted, it came up just at the Finance Committee meeting and has not been discussed with the whole Council, or the Mayor.

Mr. Suter stated that the collection through an increased millage may amount to collecting more dollars than what is being paid as a fee now by the residents for the trash collection. He asked that the people who do not take these tax deductions be kept in mind.

Jerrie Barnett asked if the funds received from the rental of Bayway Cabin will go into a special fund or the General Fund. Mr. Presley stated that initially the money will go to pay for the improvements that have been done to Bayway Cabin. Once that has been met, the rest will go into a special fund for Cahoon Memorial Park buildings, which is the intent of Council. That fund will be set up in 2013 for Cahoon Memorial Park buildings, including the Community House.

Mr. Suter asked what the repairs to the Bayway Cabin have totaled to date for its use for Kiddie Kollege. Mr. Presley stated that the repairs have been under \$20,000 in total, but he will have to double check those figures. Mr. Tadych stated that knowing the exact amount would allow Council to follow the payment of the building preparation costs.

President of Council Koomar called the Special Meeting of Council to order at 6:50 p.m. in the Council Chambers with the Pledge of Allegiance led by Councilman Clete Miller, Ward 2, and roll call.

AUDIENCE

The following members of the audience signed in this evening: John Suter, Russell Thompson, Kent Silverberg, and Jerrie Barnett

ANNOUNCEMENTS

Mr. Koomar called for a reading of the Minutes of the Special Meeting of Council held July 26, 2012. Mr. Clark **MOVED** to dispense with the reading and accept the minutes as prepared and distributed. **Motion carried 6-0.** Mr. Koomar called for a reading of the Minutes of the Cahoon Memorial Park Trustees held July 26, 2012. Mr. Clark **MOVED** to dispense with the reading and accept the minutes as prepared and distributed. **Motion carried 7-0.**

Mr. Young read **RESOLUTION NO. 12-72 ADOPTING A TAX BUDGET FOR THE CITY OF BAY VILLAGE FOR THE FISCAL YEAR BEGINNING JANUARY 1, 2013, SUBMITTING SAME TO THE COUNTY FISCAL OFFICER, AND DECLARING AN EMERGENCY**, amending by reading, and moved for adoption.

There being no further discussion, Mr. Koomar called for a vote on the motion to adopt Resolution No. 12-72.

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Roll Call on Suspension of Charter Rules:

Yeas – Clark, Koomar, Lieske, Miller, Tadych, Young
Nays- None

Roll Call on Suspension of Council Rules:

Yeas –Clark, Koomar, Lieske, Miller, Tadych, Young
Nays– None

Roll Call on Use of the Emergency Clause:

Yeas – Clark, Koomar, Lieske, Miller, Tadych, Young
Nays - None

Roll Call on Adoption:

Yeas –Clark, Koomar, Lieske, Miller, Tadych, Young
Nays – None.

Mr. Koomar announced adoption of **Resolution No. 12-72**, an emergency measure, by a vote of 6-0.

In compliance with Section 121.22 of the Ohio Revised Code, Mr. Clark **MOVED** to adjourn to Executive Session regarding contracts and personnel at 6:57 p.m. Mr. Koomar advised that prior to convening to Executive Session there would be a very short recess to conduct a meeting of the Cahoon Memorial Park Trustees.

Roll Call Vote: Yeas- Clark, Koomar, Lieske, Miller, Tadych, Young. Nays – None. Motion carried 6-0.

Council reconvened in an open meeting at 7:24 p.m. Present were: Clark, Koomar, Lieske, Miller, Tadych, Young.

There being no further business to discuss, the meeting adjourned at 7:25 p.m.

Paul A. Koomar, President of Council

Joan T. Kemper, Clerk of Council