

## FINANCE COMMITTEE MEETING

held September 17, 2012

6:30 p.m.

Present: Chairman Mike Young  
Councilman Dwight Clark  
Councilman Dave Tadych

Also Present: Mayor Sutherland, Finance Director Presley, Service Director Galli

Audience: Councilwoman Lieske, Councilman Miller, Police Chief Wright, Fire Chief Lyons, Operations Manager Landers

Mr. Young called the meeting to order at 6:30 p.m.

### **August Financial Statements**

Mr. Young stated that the financial statements of the city through the end of August have been received by the Finance Committee. Municipal Income Tax statements through August and the Health Care Fund Expenditures statement have also been distributed to Council. (Exhibits A, B, and C attached)

### **Municipal Income Tax**

Mr. Young stated that municipal income tax receipts for the month of August have caused some consternation. Finance Director Presley informed Mr. Young that one of the reasons the receipts were low for the month was that a remittance normally received for the month was not received until the first week of September. Mr. Presley advised that the timing of the bills that should have gone out at the very beginning of August were delayed by ten days by the Regional Income Tax Agency. As a result, all of the receipts for August were delayed. Normally, in September, the city collects somewhere in the \$300,000 range. In 2011, the city collected \$330,000. Thus far, in September of this year we have collected over \$583,000. There is still one more pay due from the city with an additional \$4,500 in income tax. The Board of Education withholding for the month, which is generally in the low to mid-twenties, is still to be received. September collections will be slightly over \$600,000, and year-to-date \$3,915,000, down 3.92% compared to 2011. At the end of July, collections were down 5.35%.

### **Property Tax**

Mr. Young stated that the percentage of property tax collected as of the end of August is 94.08%. Mr. Presley stated that there will be additional taxes collected this year, e.g., state homestead exemption, ten-percent rollback, and two-and-one-half percent rollback payments. These payments will come in late November or early December. Property tax for residential, commercial, and industrial property comes from the county, and by the end of the year

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collections will total as close to 100% as possible. A delinquent property tax sale resulted in additional revenue, causing the increase from the average 97.5% collections.

Bayway Rental Income

An estimate of \$12,000 in revenue was posted and nothing has been received to date.

Sale of Recycling Materials

The revenue received in the past when the city kept the recycling trucks at the garage will no longer be seen. The \$15,000 posted as estimated revenue will be taken out when formulating the 2013 budget.

Miscellaneous Income

Estimated revenue of \$26,000 was posted, with year-to-date receipts of \$1,208.60. Mr. Presley stated that he may have been considering that the energy efficiency grant would result in these proceeds. Mr. Tadych suggested looking back at the minutes of previous meetings to see what the thought was when putting this together.

Grant Revenue

Revenue is over the estimate from this year and is from the SAFER Grant through the Fire Department. Reimbursement payments from last year, when the revenue was under estimate, have been received this year, causing the revenue to be over, but average out in total.

Court Fines

Mr. Clark noted that the city has done well this year with court fines. He asked if there will have to be considered a possibility of reduction next year with the City of North Olmsted breaking away from the Rocky River Municipal Court. Mr. Presley stated that revenue will not be affected, but, depending on their expenses, a court subsidy may occur if the court expenses are not reduced to account for the loss of North Olmsted. Mayor Sutherland commented that the Rocky River Municipal Court has guaranteed that there is not going to be an additional cost to the participants. The Mayor stated further that she would not recommend the establishment of a Mayor's Court for the City of Bay Village, noting that the Rocky River Municipal Court Judges have the expertise and resources to handle court cases.

Estate Tax

Mr. Tadych noted that the year-to-date receipts of \$678,238.69 are favorable for the city. He asked if the city is up-to-date on these collections. Mr. Presley stated that there is no way of knowing.

Property Tax Collections by Departments

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Mr. Young noted that percentage of property tax collections year-to-date for the paramedic fund are shown as 87.35%, but Parks and Recreation is at 93.03%. Mr. Presley stated that he needs to review how those were budgeted versus what the county sent as estimated revenue, and see how those line up.

Cable TV Franchise Fee

Mr. Clark commented that the city does well with the cable television franchise fee revenue. The city establishes the percentage collected which is currently at 3%. The maximum allowable is 5%. Internet fees are not part of the fee basis; it is only for cable television and the amount is broken out by the provider.

Building Permits

Mr. Clark noted that building permit revenue has not been to the expected level, with only \$57,657.99 collected year to date of the \$105,000 estimated revenue. He questioned whether this may be connected to the spike that occurred in the last year or two. Mr. Young noted that electrical permits are above what was expected. This may indicate that improvements are being made, but not as much new construction.

Interest on Investments

The revenue of \$54,091.95 is exactly at 72.12% collections for the year's estimate of \$75,000. Mr. Tadych stated that this is the first year that has occurred in many years.

**Expenses versus Appropriations**

Mr. Presley distributed an analysis of variances, or exceptions, to the budgeted expenses for the year for review by the committee. As an example, Finance salaries are at a higher percentage for the year than they should be, for the reason that the salaries for the clerks that take the sewer payments have not been allocated to the sewer fund account. The Service Administration Wages line item does not reflect the Service Director who is allocated under Street Construction, Maintenance and Repair, and the Sewer Fund.

Mr. Tadych asked if the city is receiving any compensation from the gas lines that are being installed in the city from the use of our public lands. Mayor Sutherland stated that no compensation is being received other than income tax from the contractors. The Mayor stated that this has been discussed in the past. There are certain utilities, e.g., cable television, that are quasi-utilities, but the others could be very problematic. Some communities charge to work in the right-of-way resulting in a small amount of revenue, but affecting the working relationship with the utility companies.

Mr. Clark stated that the committee has discussed Bay Men's Club Baseball and others paying more of their costs. He asked how the city has fared so far this year now that the season is over. This will be discussed further when numbers are available.

**Supplemental Appropriation Ordinance 9-17-12**

Mr. Presley reviewed the supplemental appropriation ordinance on this evening's Council meeting agenda as follows:

<u>Fund</u>	<u>Amount</u>	<u>Purpose</u>
Council Operating	\$ 3,000	Charter Revision Mailings
General Adm. Operating	(\$11,000)	Fireworks were appropriated twice
Civil Service	\$ 75	Expense for seminar attendance by Commissioner
Community Gym Capital	\$ 9,000	City's share of lighting changes*
Community Diversion Fund	\$ 1,000	Wages switched to Operating
Community Band	\$ 414	Donations for concerts turned into city for payment to conductors
Public Improvements	\$310,000	Tennis Court Improvement Project
Bond Retirement Fund	\$310,000	Advance for Tennis Court Project
Pool Fund	\$ 900	Umbrella Replacements
Insurance	\$ 700	Remainder of cost of insurance program of renewal in amount of \$197,200

\*Pursuant to agreement with Board of Education for the cost of capital improvement projects (City pays 2/3, Board of Education 1/3)

Mr. Tadych asked if the city is doing just one mailing for the charter revisions. Mayor Sutherland stated that just one mailing will be done. The letter is being printed and will be mailed to each home at the end of September. Mr. Tadych noted that *The Plain Dealer* summarized the words the way they should be written on the ballot, making it understandable.

Mr. Tadych asked about the sidewalk repair resolution that is on the Council agenda for this evening's meeting. Mr. Presley stated it is a block that was overlooked on the corner of Columbia and Wolf, and not included on the original list. Mr. Galli stated that they were not able to talk to the resident in this case about the settled sidewalk and decided to move ahead with the process. Mr. Tadych noted that a flashing light has been placed on the sidewalk by the Service Department. The sidewalk is level, but is cracked.

The resolution for the monthly fund transfer for the Council agenda this evening has the same fund transfer amounts that are done every month. The December transfers will change slightly due to rounding figures for the end of the year.

Mr. Tadych asked if any money will be received for the retiring leaf loader, with a new leaf vacuum loader being purchased through the passage of legislation this evening. Operations Manager Landers stated that the old vacuum loader will be kept for replacement parts.

**Road Resurfacing Program Update**

Mr. Young stated that Mr. Galli has furnished Council with a Summary of Completed Projects in Progress for the 2011-2012 period, dated September 14, 2012, and included spreadsheets with additional detail on these projects.

Mr. Young advised that going forward he would like to get a feel for cash flow, as far as major projects. For future meetings, a bond retirement schedule for proposed bonding will be helpful. He asked Mr. Galli to provide the committee with his thoughts on future street reconstruction projects, including estimated dates and costs, for the years 2013 through 2015.

Mayor Sutherland stated that the administration will be working with Councilman Pohlkamp to review capital projects. The Mayor stated that they have always worked off of a revolving five-year plan, but when the city was hit with the findings and orders from the Environmental Protection Agency everything ground to a halt and they had to focus on whatever the EPA wanted the city to do. The three current projects lined up will take care of those issues. Road projects have been put on hold for the past three years because of the economy, and for the reason of focusing on the sewer projects. They are ready now to go back and piece together another five year capital projects plan. The Bay Park Beach Area is in terrible condition because of the construction they have had there. The roads in the Bruce/Russell area are bad and in need of attention.

Mr. Young stated that the facilities study listed the critical things that needed to be done for city buildings. Many of the items were roof related, so hopefully most of those dollars will come back from insurance proceeds. There was a balance of other items and it would be good to get an idea of the overall dollar figure of those items.

The Mayor stated that the administration will compile a list, and with guidance from the administration and Council they will prioritize where they need to go with those projects. Mr. Gordon Evans of the Service Department has expressed concern for Lake Road on the west end. The city might be able to partner with some other governmental entities but that will take time to explore and put together.

Mr. Young stated that a feel for the dollar figures and how those projects will be financed over the next three years will help with the budgeting process for next year.

Mr. Galli gave an overview of his 2011-2012 Public Improvement Project Update Summary, Exhibit D attached, stating that he has broken the projects down into three categories: Sewer Projects, Roads and Parks Projects, and Buildings.

#### Sewer Projects

A pre-construction meeting has been held for the Cahoon Creek Aerial Sewer Replacement Project. The contractor will begin work when the material is delivered. Bridge traffic will be reduced somewhat during the project.

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The Cahoon Road Sanitary Sewer Replacement Project is in receipt of a \$600,000 loan from the Ohio Public Works Commission. The project has been designed and a Public Improvements Committee meeting will be scheduled in early October with consulting engineer, CT Consultants in attendance to explain the project and review the information concerning design storms. The contract amount is not indicated in Mr. Galli's summary.

The Lake Road Pump Station Project has not received any funding. The project is half-way through the analysis phase and the actual design phase will begin in the next month or two months. The Sanitary Sewer Interceptor Cleaning Project contract finals are considerably under budget.

Roadway and Parks Projects

The Bradley Naigle Road Improvements is anticipated to finish at \$1,648,599.43. A \$395,000 loan amount is projected, split with the City of Westlake. The rest of the funds will come from the grant. Mr. Young noted that 75 to 80% of the project is covered by the grant. Mr. Clark asked if all the bills are paid and if funds will be coming back to the Infrastructure Improvement Fund. Mr. Presley stated that an advance is out and Mr. Galli noted that about \$340,000 will go out this week in payments. The city's advance was \$1.2 million. Mr. Galli noted that even though the city is paying an additional amount of \$29,000 for the railroad crossing work, the total is still below the contract amount. At the end of the contract, a change order will be written for the contract deduction.

The Cahoon Park Tennis Court Project has mobilized and depending on weather conditions will be done as soon as possible.

The 2012 Pavement Maintenance and Resurfacing Project started last week on West Oviatt. Repairs will take two to three weeks, asphalt work will be done, and the contractor will then move over to the Huntington Woods Project.

The Huntington Woods Project should begin in approximately two weeks. Milling and the first course of asphalt will be done as quickly as possible. Traffic will be maintained.

Mr. Clark asked if the contract amounts indicated on Mr. Galli's report are hard figures with the exception of the Lake Road Pump Station Project and the Cahoon Road Sanitary Sewer Replacement Project. Mr. Galli stated that they are true costs, and Cahoon Park Tennis Courts has a \$20,000 contingency amount built in, the Cahoon Creek Aerial Sewer Replacement Project has a contingency amount of \$70,000, and the resurfacing program has a \$20,000 contingency.

The 2012 Pavement Marking and Striping Program will be done in the fall with most of the work done during the nighttime hours. The 2012 Sidewalk Repair Program will be completed the week of September 24.

The Dwyer Memorial Center ADA Improvements are covered by a \$49,000 grant of the \$55,122.58 project. Plans are done for the design/build project and the project should begin in the next two weeks. The washrooms will be done first. The doors will take one to two weeks of

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work, and the north, south, and west doors will be replaced. Disruption at the Dwyer Memorial Center will be minimized as much as possible. The city will do the inspection work and a small amount of concrete work. Only the west side washrooms will be redone. The east side washrooms will remain the same.

Mr. Young thanked Mr. Galli for his summary of projects.

Mr. Galli stated that he would like to speak to the Ohio Department of Transportation about a potential Lake Road project. He stated that there are programs that would require the city to do the engineering, bidding, and management, but the Ohio Department of Transportation would pay up to 90% of the construction cost. Mayor Sutherland noted that they have a very good relationship with the representative of the Ohio Department of Transportation. Mr. Clark stated that they would like to be able to expand it for bicyclists. Mr. Young noted that four years ago the residents on the north side of Lake said no to a bike path. The Mayor commented that things change and biking four years ago wasn't as popular as it is now.

Mr. Clark asked if the concrete from the part of the salt storage building that was demolished is coming out of the area soon. Mr. Galli stated that the contractor will be moving it out over the next month.

Mayor Sutherland stated that a wish list will be put together and asked Council to email her with any of the things from their wards they would like included on the list.

Bank Statements for Cahoon Memorial Park Property

Mr. Presley reviewed the bank statements he mailed to the Finance Committee for the Cahoon Memorial Park properties. He stated that Key Bank sends out these statements periodically. One statement is for Cahoon Memorial Park and the other statement is for the library (Rose Hill Museum). The statement indicates investment activity, value of the fund, and income from the investments, which is transferred to Accounts No. 810 and 830 for maintenance of the park and building.

Mr. Clark asked about the water damage to the Rose Hill Museum due to a breakdown of the air conditioning unit. Mr. Galli estimates the damages to be in the area of \$3,000. The insurance deductible is \$2,500. A claim will not be filed unless the damages end up being significantly more costly.

The meeting adjourned at 7:25 p.m.

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Mike Young, Chairman

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Joan Kemper, Secretary