

FINANCE COMMITTEE MEETING

held June 25, 2012

6:45 p.m.

Present: Chairman Mike Young
Councilman Dwight Clark
Councilman Dave Tadych

Also Present: Finance Director Presley, Mayor Sutherland, Councilwoman Lieske,
Councilman Miller, Service Director Galli, Fire Chief Lyons, Police
Lieutenant Kirchner, Operations Manager Landers

Audience: Bruce Geiselman, Susan Fink

Mr. Young called the meeting to order at 6:45 p.m.

Health Care Consultant

Mr. Young stated that Council is attempting to have a health care consultant work with them in order to try to control health care costs. The Finance Committee members have met with a number of Human Resource Directors and consultants who serve other municipalities. The City of Bay Village has neither an HR Director or a consultant.

Finance Director Presley distributed a draft of a request for proposal for employee benefits consulting services for the City of Bay Village. (Exhibit A attached) He noted that he is using the form used by the City of Rocky River, changing some of the figures and numbers to apply to Bay Village. One of the considerations is the length of the term for the services. The city's health insurance expires 2/28/13, but they would look to have the insurance on an annual basis, if possible, to match up with labor contracts. A thirty day cancellation notice is provided with the existing contract. Mr. Presley asked the Finance Committee to review the document further, and send him their comments. He stated that he would like to advertise for bids and have something ready by the end of July.

Mr. Young stated that one of his concerns is having someone that can provide numbers, especially when the city is in negotiations with bargaining units and that information may be required in a rapid response situation.

Mr. Clark stated that one of the things to consider is that the language for the proposals for the health care consultant be prepared to ask for a fixed price and a quotation on a monthly retainer basis. It appears that the industry goes in one of two directions: flat fee versus monthly.

After reviewing the information presented by Mr. Presley this evening, the members of the Finance Committee will submit their changes to him by Wednesday, June 27, 2012. Mr. Presley noted that the plan is to pay the health care consultant directly from the city and not as a broker

looking to gain a commission from a health care provider. Mayor Sutherland added the importance of making sure there is a wellness component included in the scope of services.

School and City Shared Programs

Mr. Young advised that Mayor Sutherland, Mr. Koomar, Mr. Clark and he have been talking with the Bay Village Board of Education about some of the shared programs of the city and schools. An example of those programs are the school crossing guards, drug education programs, and others.

Mr. Clark stated that they have tried to set up a small committee composed of two members of the School Board and representatives of the city to try to align possibilities and allocate resources for services that overlap and affect the residents of Bay Village. One of the objectives was to have the right parties assigned what they think is appropriate for their scope of responsibility. Another objective was to find a way for the city to save money going forward, given the current financial challenges. What came out of this was to consider the following things talked about and agreed to, including, the city would cover the cost of crossing guards in 2013. The cost of the drug education program, whether it be DARE or others, is really something best suited for the school system, so the schools have agreed to take that program over for the coming year. Bay Family Services has been funded a \$20,000 equivalent for the first half of the year contract which runs from July 1 to December 31, 2012. The thought is that the city may throttle back their contribution for the first half of 2013. It is estimated that these objectives will result in an \$80,000 savings to the city on a going forward basis. The final component that was discussed is the Safety Town Program. The city has agreed to continue that program for this year, but how it gets funded in years going forward in 2013, 2014, and thereafter is still to be discussed. The fees that go to support the program go to the Normandy PTA, yet the city is really providing the cost to fund the program. This will continue to be a work in progress.

Mr. Clark advised that Mayor Sutherland and Superintendent Clint Kenner were part of the discussions.

Mayor Sutherland stated that Mr. Clark has presented a wonderful summation. The one caveat is that we are still waiting to hear what is going on with some of the police officers. There are still some things that may be dependent on how we are staffed in the police department, such as Bay Family Services. We have also talked about the fact that we want to reach out to the civic groups and let them know they are going to have to self-fund Safety Town.

Mr. Clark stated that the schools will pay for the full McKeon contract for \$80,000 for the coming year, with the understanding that in the past it was shared 50/50. The city's share may be less than that. McKeon is going to bill the city and the schools each month a ratable amount, but it won't start until September. If the city's share is \$4,000 a month, it would be \$16,000 for the balance of this year. We have approved \$20,000. Mr. Clark noted that part of this is a work in process. Manpower is important, but freeing up the drug program at the schools does free up a person on patrol to go full time on the street, which is something that has been discussed as a primary objective in the past. The schools have not made a determination yet on what the drug

education program will be, but they own this one and want to make sure the public is not concerned that the program is dropped.

Mayor Sutherland stated that they were very clear also in describing the fact that DARE was only one aspect of a very broad approach to drug and alcohol education that starts very early. The DARE program was just one piece that they will look at replacing in some way.

Mr. Clark noted the importance of the Community Diversion Program, which is part of Bay Family Services and the good work that our police and detectives do along that line. Mr. Young stated that he would like some information along that line because he is becoming aware of some of the things the city has done and is doing that he did not know were part of the scope of services. Mayor Sutherland stated that she is sure Detective Krolkosky would address the committee when he comes back from vacation.

Mr. Clark commented that in the past the city was being asked to allocate their fair share of \$40,000 per year with the understanding that this is important to us. Understanding how the funding mechanism works is incumbent upon getting a better understanding to make a better decision. The School Board will approve the contract tonight, and the template will be to share the responsibilities on the cost and duties going forward.

2013 Budget

Mr. Young addressed Mr. Presley about obtaining an extension for the 2013 Budget until September, to give time to review the possibility of changing the taxes. Mr. Presley will apply for an extension until September 15, 2012.

Mr. Young commented about the quarterly sewer bills, which he noted are just for the payment of the maintenance of the sewer system, and not the cost of capital improvements for the sewers. Mr. Clark stated that we now have defined costs for some of the sewer projects. Mr. Young noted that there will be additional projects going forward, and he would like to see the sewer rental fee cover more than just the cost of the maintenance of the sewers. He would like to see the cost increased to cover capital improvements for sewers. The challenge would be to come up with an idea of what it would cost on an annual basis for needed capital improvements for the sewers, and how that would apply to sewer bills.

Mayor Sutherland stated that it also needs to be considered that the city has done a lot in the public right-of-way and are getting to the point of dealing with the issues that are being created on private property. The LARK area is a prime example. We are now replacing the Cahoon Road sewer. Even though the city is done over there, it doesn't mean that those residents are still not going to have flooded basements because a lot of the problem is on private property. Everyone in Bay Village at some point is going to have to disconnect downspouts. If people don't have sump pumps, do we require sump pumps? We have to think that strategy through in connection with trying to figure out what we are going to do for capital improvements. We are getting to the point where we have to start integrating the private property equation.

Mr. Clark commented that it is difficult to do now because we are tackling so many things at the same time.

Mr. Tadych added that these are things the committee has talked about in the past and they need to be looked at and begin to format a plan to go forward with, whether it is T's on the property or other issues that we have talked about year after year. Mayor Sutherland stated that it may vary depending on where you are in the community. That is something that CT Consultants included in their report that was presented to the Environmental Protection Agency in Chicago.

Mr. Clark stated that the first step might be to look at the three current projects, look at what the balance might be, add the corpus of Bradley Naigle project and see what that comes down to. We will know what the debt numbers will be for that and this will be the starting point. The second part of the private property responsibility becomes the bigger issue. The Sunset Area is also something that will have to be tackled.

Mr. Tadych stated that he doesn't know if the T's should be paid for by the people themselves over a period of time, or whether we should bill for it and set up a fund. Mr. Clark noted that any decision cannot be made until all the facts are presented. Mayor Sutherland stated that there will not be a universal solution across the city.

Mr. Young stated that the capital costs of sewer improvements can continue to be addressed by the Finance Committee. The other programs, as far as inflow and infiltration and private property responsibilities should be sent to the Public Improvements, Streets, Sewers and Drainage Committee.

Mr. Tadych addressed the 2013 Budget, and what will be discontinued next year by the state, primarily the estate tax. He suggested that there will be continued receipts in the first half of 2013, even though it is discontinued as of the end of 2012. Mayor Sutherland stated that estate taxes will still be in effect for those who are deceased until 12/31/12. Mr. Tadych noted that the process of receiving the receipts can take some time, which means that 2013 will not be a flat zero, it will be significant number based on people dying the last half of the year.

Mr. Tadych asked Mr. Presley if the city receives a form stating how much the city should receive when the estates are filed. He noted that this information is given to the person who files the estate, and suggested that if the city had access to that information that is filed publicly, the city could generate a firm number on the estate tax on deaths this year that are going to be paid in 2013.

Mr. Tadych noted that in Lorain County, for filing that is taking place now, the money is not expected to even be generated for the city until next January. That represents a significant overlap.

Supplemental Appropriation Ordinance

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

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Public Improvement Fund:

Police Station Equipment \$ 7,500

This amount is for the Smart Board, Sound System and Wi-Fi at the Police Community Room, of which \$2,000 was donated by the VFW.

Cahoon Park Demolition \$ 3,500

This amount was spent for the demolition of the rental home in Cahoon Memorial Park.

Phone System \$50,000

The cost of the new phone system is estimated to be in the \$60,000 to \$70,000 area. This represents a portion of that cost. Mr. Presley noted that the city is no longer able to get replacement parts for the existing phone system. For the most part, the city has the wiring in place for a new system.

Finance Equipment \$10,000

These funds represent the redemption of credit card points, which were used to purchase the electronic tablets and accessories that Council was furnished for their use. Funds are still available.

Narrow Banding Radio Upgrade \$30,000

These funds represent an upgrade for the Police, Fire and Service Department as required by the FCC.

City Hall Renovations \$25,000

This represents the anticipated cost of further renovations to the former Police Dispatch area and the Police Chief's office in the basement of city hall.

Dwyer –ADA Grant \$55,125

This appropriation will pay for the modification to permit disability access to the doors and washrooms at the Dwyer Memorial Center in accordance with grant funds received.

Sidewalk Construction and Repair Fund – Operating \$22,500

This amount is to appropriate dollars up to the full contract that was awarded for the 2012 Sidewalk Replacement Program. Costs will be billed back to residents included in this year's program.

Swimming Pool Fund – Operating (\$4,500)
Equipment \$4,500

This appropriation is a correction between the two categories.

Sewer Fund – Operating \$25,000

The amount appropriated is for the utilities for the pump stations, which should have been much higher in past years. First Energy's metering system was inaccurate.

General Insurance Fund – Operating \$40,000

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The amount of \$15,000 is earmarked for the Alex Sill Company for the appraisal/arbitration for the hail damage to the buildings. The remainder is for the increased cost of the Travelers Insurance contract approved recently by Council.

Mr. Presley stated that he emailed today the updated debt schedules and purposes. (Exhibit B attached). The legislation to be presented this evening for bond issuance includes \$525,000 for street maintenance resurfacing for 2012. The amount of \$975,000 for equipment replacement includes the amount of \$395,000 to be reimbursed to the Bond Retirement Fund for a 2011 advance for equipment purchases. The 2012 Equipment Replacement Program called for \$580,000 of new debt, primarily because of the fire truck. The funds must be available when the contract is awarded. It is likely that the actual unit will not be delivered until 2013. The amount of \$80,000 in bond issuance is for radio narrow banding, and \$25,000 in bonds will be issued for city hall renovations in the former office of the Police Chief and the dispatch area.

Mr. Young stated that looking at the new phone system and the city hall renovations, there is still a large sum of money in the Capital Improvements Fund. Some of those funds could be captured to pay for this in cash. Mr. Presley stated that \$75,000 of the debt issuance could be eliminated and taken out of the Capital Improvement reserves. Mr. Young suggested letting the bond issuance proceed and saving the funds for future expenditures, such as the Community House.

Discussion followed concerning the 2012 Forecast number of \$289,490 for interest expenditures for debt service. Mr. Clark stated that this number seemed low compared to 2011. Mr. Presley stated that there was debt refinancing which cut the interest rates. He will double check the numbers.

There being no further business to discuss, the meeting adjourned at 7:30 p.m.

Mike Young, Chairman

Joan Kemper, Secretary