

FINANCE COMMITTEE MEETING

held June 24, 2013

6:30 p.m.

Present: Councilman Mike Young  
Councilman Dwight Clark  
Councilman Dave Tadych

Also Present: Mayor Sutherland, Councilwoman Lieske, Councilman Miller

Audience: Susan Fink

Mr. Young opened the meeting at 6:30 p.m.

**General Fund Revenue Options for 2014**

Projected shortfall for 2014 is \$250,000. It may be necessary to add an additional shortfall amount due to street construction projects.

Discussions have taken place as to whether or not to adjust the millage on the 2014 Tax Budget to address the shortfall. All those with whom it has been discussed have responded that the relatively low value of increasing the millage would not justify that action.

Mr. Tadych agreed. Mrs. Mahoney noted that labor contracts are still in negotiation. Mr. Clark noted that the projected shortfall takes into consideration a 2% increase in salaries and 12% contribution by employees for health care. Mr. Clark suggested starting budget discussions in September, with the goal to be completed by the end of the year.

Mr. Young presented the option of increasing Cable Television Fees. The city is currently at 3%. It can be increased to 5%. This would generate an additional \$100,000 in revenue. Most neighboring communities are at 5%, with the exception of Rocky River at 3%. Mr. Clark commented that people will not stop getting cable television because the fee has been raised. Mr. Young noted that CATV fees include cable television and DVR service.

Mrs. Mahoney presented the option of lowering the municipal income tax credit to .85 instead of one percent. This would generate an additional \$600,000 in revenue. It would be best to change this effective at the beginning of the year, if it is decided to exercise this option. Mr. Clark noted the changes that may occur due to pending House Bill 5. Mrs. Mahoney noted that if the tax credit is changed effective 1/1/14, the full effect of the additional income will not be realized for at least one year. Mr. Young suggested waiting until 2014 to consider this option because of the unknown effects of House Bill 5. If discussion of this option continues, Mr. Clark requested that statistics be provided that reflect the credit given by other communities.

Mrs. Fink encouraged the Committee to get this out into the public for public discussion, if the option of reducing the credit is seriously considered.

Mr. Ebert will research the existing cable contracts to determine the type of notice required to increase the city's percentage of fees collected.

Regarding the option of increasing the trash collection fee, Mr. Clark stated that for every \$1.00 per month it would increase revenue for the city in the amount of \$75,000 annually.

Discussion followed regarding the possibility of credit to seniors through granting a credit for the use of a smaller trash can, or by home address, or by giving a flat credit to seniors. The current trash collection fee is \$12.00 per quarter. Mrs. Mahoney noted that the contract is based on charges per household, not by the amount of trash generated per household. Mr. Galli noted that it takes the same amount of time to pick up a 30 gallon container.

Mr. Young stated that he would prefer having a minimal increase in millage to cover the cost of trash collection. Residents can then write off the amount they are paying for trash collection as part of their taxes. Mrs. Mahoney stated that rather than changing the millage, an assessment for trash collection can be done. Mr. Clark suggested that the question of an increased millage or trash collection assessment would need to be brought to public discussion. His concern is raising the trash fee to pay for other services in the city.

Mr. Ebert noted that the City of Cleveland charges \$100.00 per month for trash collection.

Mr. Clark noted that other than instituting the trash collection fees and a small increase in sewer rental fees, the city has not increased the amount of taxes or fees to be paid by residents. The General Reserve Fund was used to subsidize operations, but we no longer have that benefit.

Mr. Koomar commented that as the budget process begins in the fall, this would be a good starting point in looking at additional revenue sources in 2014 and 2015.

#### Overview of Capital Expenditures

The primary capital expenditures in the future are:

##### Sunset Area Improvements

Sewers – Based on EPA regulations, there are two projects left to be finished. At our current rates we can no longer pay for sewer maintenance and sewer capital improvements.

Municipal Building Improvement Fund – There is \$2 million in this fund.

Infrastructure Improvement Fund - \$200,000 is in the fund but transfers are due back in for projects that are completed and for which OPWC loan money will be received. The OPWC loans are 30 year loans with zero percent interest. Bradley/Nagle reimbursement is \$500,000; Cahoon Aerial Sewer reimbursement is \$987,000. First loan payments are due six months after

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the funds are received. The Cahoon Road Sewer Replacement Project bids will be awarded to the low bidder in the amount of \$1,555,619.00. Contract administration will be awarded to CT Consultants in the amount of \$111,000. An OPWC loan will be received for \$600,000, leaving a balance of a little more than \$1 million. There is a possibility of obtaining additional OPWC loan money since a considerable amount of money from the Bradley/Naigle project went unused. It is estimated that the start time for this project will be August of 2013.

Mr. Koomar requested that Mr. Galli research whether the replacement of water lines should be included in the Cahoon Road Sewer Replacement Project. Mr. Galli stated that he has worked with the Gas Company and CEI about their work to be coordinated with the project. He has not yet addressed the water lines. Mr. Galli was reminded that water lines in the area were included in the report from Cleveland Water Department as lines that need replacement.

Lake Road Pump Station – This project is still pending. Mr. Galli will seek an update from CT Consultants as to the plans for this project. It is too early to tell what the cost will be, but it is unlikely that the project will occur before 2014.

Lake Road Resurfacing Project – The advance money of \$765,000 for the project has been approved. The funds will be appropriated for the total project this summer.

Mr. Clark asked if a sign-off is received from the Environmental Protection Agency after mandated projects are completed.

Municipal Building Improvement Fund – There is a balance of \$1.926 million in the fund. Mr. Young would like to improve the condition of the Community House. Mr. Clark and Mr. Tadych agreed. Mr. Ebert discussed the need for improvements in areas of the city hall. Mr. Young noted that the Cahoon Will mandates the maintenance of the Community House and it must be addressed.

City Phone System

Mrs. Mahoney will have more information to report after the Fourth of July holiday.

The meeting adjourned at 7:28 a.m.

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Mike Young, Chairman

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Joan Kemper, Secretary