

FINANCE COMMITTEE MEETING

held July 12, 2013

7:30 a.m.

Present: Councilman Mike Young
Councilman Dwight Clark
Councilman Dave Tadych

Also Present: Finance Director Mahoney, Law Director Ebert, Asst. Service Director
Sears, Director of Public Service Galli arrived at 8:10 a.m.

Audience: Susan Fink, Bruce Geiselman, Conda Boyd

Mr. Young opened the meeting at 7:30 a.m.

Review of Financial Report – Period Ending 6/30/13 (Exhibit A attached)

Municipal Income Tax receipts are \$342,000 above collections at this time last year.

Health care costs for employees are 7% over last year at this time, or \$158,000 to the negative.

Mr. Clark stated that looking at the last four years by month of municipal income tax, four of the first six months are at the highest level, which seems to indicate that we are coming out of the economic problem that existed around the year 2010. The city tried to redesign the health care plan this year beginning March 1, 2013. Health care claims are high, and we are still battling the lower employee contributions. Mr. Young asked about administrative fees, noting that in some months the fees are low, and in previous months they occasionally showed as zero. Finance Director Mahoney stated that the difference in the fees now as compared to other years is that the full cost of the stop loss insurance and the administration fee in the administration fee column. In prior years, only the administration fee was posted to the fee column. If a month showed zero, it was because the city either paid ahead or it wasn't paid at the time the report was printed. The stop loss insurance premium is approximately \$200.00 per month, per person. This is the only guaranteed cost. There are 94 full time employees with hospitalization insurance, and two COBRA covered individuals. In 2011 there were over 100 covered employees. The full effect of the Building Department transition to a private source will not be fully felt until this month.

The Equipment Replacement Account shows a higher encumbrance than balance in the account. Mr. Clark noted that the Fire Department Pumper has been approved but has not yet been invoiced or paid. Mr. Young stated that there will still be receipts, but it will not be enough to cover the deficit of \$239,000. Mrs. Mahoney stated that a transfer is necessary from the Municipal Income Tax Fund. (Later in the meeting it was learned that disbursement from the Municipal Income Tax Fund for 2013 is 98% to the General Fund and 2% to the Accrued Benefits Fund). Receipts from the sale of equipment on-line will be credited to the Equipment Replacement Fund, approximately \$30,000 for five (5) vehicles.

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Mrs. Mahoney noted that additional funds will be needed in the Accrued Benefits Fund. Former Police Chief Wright's pay-out will be posted on the July report, and a Service Department employee has just notified Mrs. Mahoney that he will be retiring. At least \$60,000 will be needed for that account.

The FEMA reimbursement was posted incorrectly, resulting in a negative \$66,281.00. Mrs. Mahoney will correct this posting.

Reimbursement from First Energy is posted in the General Reserve Fund.

The General Insurance Fund is showing a negative balance due to the need to post the allocation of individual departments for insurance to that fund account (#601).

Mr. Clark asked if the Dwyer line item (860) should show the \$20,000 for improvements approved. Mrs. Mahoney stated that \$20,000 is included in the appropriation ordinance but that \$20,000 was in the balance in the account. There was no additional revenue allocated to the account.

In the Sewer Account (580), expenses are \$1.8 million year to date. Mrs. Mahoney stated that \$300,000 was for the Rocky River Wastewater Treatment Plant, \$200,000 for wages. Mrs. Mahoney will check further and report back to the committee.

Estate Tax – The amount of \$225,000 has been received to date, with an expected \$400,000 budgeted for 2013. A shortage of revenue is anticipated.

General Fund beginning balance of \$1,180,331.49 includes \$200,000 in encumbrances from the previous year, reducing the actual beginning balance to \$982,000.

SAFEbuilt invoice for the month of May in the amount of \$24,384 will be paid today.

Mr. Clark asked Mrs. Mahoney to check on the line item Reimbursements received to date, as well as Ambulance Reimbursements received to date and report back to the Committee.

Mr. Tadych asked if it was correct that there were no parking fines collected in June. It was confirmed that there were no parking fines collected in June.

Summer Program registration receipts are at 121% of anticipated revenue for 2013.

Mrs. Fink asked if anyone has ever done a count over a one-month period of time to see how many people are actually using the community gym, and the hours of usage, with the possibility of saving money by adjusting the hours of the staff. Mr. Clark stated that this question would be best answered by the Recreation Director. Mr. Young stated that he would hope to concentrate efforts on increasing gym membership. The energy reduction lighting has been paid. Mr. Tadych asked if the electric bill has reflected the savings by the installation of the lighting. Mrs. Mahoney states that the bill goes to the schools, and the schools bill the city for their portion.

Mr. Tadych asked how they would know the new portion with the new lighting. Is it metered? Or, is it just being absorbed into the overall bill. Mr. Sears stated that he will look into the matter. Mr. Tadych commented that we want to make sure there is some sort of adjustment for the new lighting.

Mr. Tadych stated that there is a fee by Codified Ordinance 1305 based on construction of new dwellings and commercial space. The fee is \$500.00 for 1000 square feet, and \$600 for every \$2,000 square feet portion and is to be deposited to the Parks and Recreation Department account. Mr. Tadych asked where those funds can be seen on the monthly report of revenue, and is it being applied appropriately to the Parks and Recreation Department. Are SAFEBuilt's fee based on the receipt of this fee, or is this outside of their scope? Mrs. Mahoney will research and provide the information to the Finance Committee.

Mr. Clark stated that the Outside Legal expense continues to go up, and is at 72% for the year. Council will have to think of allocating more funds to that account. Mr. Young will ask Mr. Ebert what he perceives going forward for this account for the balance of the year. Mr. Clark noted that there are a number of extraordinary things that the Law Director has been dealing with this year.

Mr. Clark called attention to Page 11 of the Expense Report for the month ending, June 30, noting that the Equipment Replacement Account ties into the discussion the committee had about the \$860,000 to spend on equipment replacement such as the Fire Department pumper, city hall, and the phone system. The amount of \$395,500 listed in Transfers Out is a carry-over from past years when monies were advanced, and it is needed to back out that entry.

Mr. Tadych asked if money has been paid out for the roof repairs, and if there were any problems during the recent heavy rains. Mr. Galli stated that there were no problems, and the new roof at city hall is holding up fine.

Overtime Incurred Through June 30, 2013 (Exhibit B attached)

Director Mahoney discussed the overtime for Bay Days, noting that overtime is paid for holidays at time and one-half. If the employee is already working on overtime, and is working overtime on the holiday, the pay is increased to time and one-half times time and one-half. Conda Boyd, from the audience, commented that the price of the wrist bands for all-day rides was increased to help off-set the cost of police surveillance during Bay Days.

The Committee reviewed the report submitted by Director Mahoney for Fire, Police and Paramedic overtime through June 30, 2013. Mr. Young noted that total overtime costs are at 35.63% of the budgeted amount for 2013, and 42.11% of the budgeted amount for police overtime.

Primary Election Costs **Civil Service Examination for Police Chief.**

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Mr. Clark stated that the cost for the primary election in September to the Board of Elections will be approximately \$27,500. That has not been budgeted. The cost would be less if there were additional issues on the September ballot, such as a county or school issue.

Additionally, an amount of \$5,130.00 is needed for the Ohio Association of Chiefs of Police for the Police Chief testing. This will also need to be appropriated.

Mr. Clark noted that with these additional needs and the loss of revenue from the Estate Tax, approximately \$200,000 will be needed.

Director of Public Service and Properties Dan Galli addressed the committee concerning the Lake Road Resurfacing Project. The necessary appropriations have been made. Bid documents have been completed, the project advertised and bid opening is set for July 31, 2013. The annual Road Resurfacing Project is included in the advertisement and will also have bid opening on July 31, 2013. Final approval for the Lake Road Project from the Ohio Department of Transportation is expected the week of July 22, 2013. Construction will begin the first or second week of August, and be finished in approximately one month. The two projects will total approximately \$1.2 million. Mr. Clark asked if there will still be a provision in the road resurfacing annual project for fill in sections of Wolf Road. Mr. Galli responded affirmatively. Osborn Road is still in need of attention.

Mr. Young asked if the increase in gasoline costs over the past month will dramatically change the price of asphalt. Mr. Galli stated that the asphalt liquid numbers have been stabilized since 2008.

Mr. Young stated that the concern has been cash flow in regard to projects. There is an Infrastructure Fund with a balance of \$2.9 million that is used for cash flow prior to bonding out for funds. The fiscal year for the Ohio Public Works Commission began July 1, 2013, and they will begin reimbursing the city for projects that have been advanced. The amount of \$987,000 is expected for the aerial sewer project, and \$512,000 for the Bradley/Naigle Intersection project. These reimbursements have been approved by the OPWC.

Mr. Galli stated that appropriations should be established for the Cahoon Road Sewer Project. There are pre-construction items being worked on by the Service Department at this time.

Mrs. Fink asked if contractors working in the city are subject to municipal income tax. Mr. Young stated that they are subject to payment of municipal income tax. Mr. Galli stated that information is included in the bid documents outlining the requirement of registering with the city prior to the beginning of contract work. Sub-contractors are also required to register.

Mr. Clark asked the status of the Lake Road Pump Station Project. Mr. Galli stated that a meeting was held recently and a letter will be sent to residents with an up-date the week of July 22, 2013. A meeting will be held with the Environmental Protection Agency in late August. After that meeting, a determination should be received on how to proceed.

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It is expected that the Cahoon Road Sanitary Sewer Project should begin between August 1 and October 1, 2013. Sewer work can be done in the winter until the temperatures are very cold. It is estimated that the project will not be finished until March or April of 2014. Cahoon Road traffic will be maintained as much as possible one-way, and cross-streets used to divert traffic in the event of partial closures. The project area is from Wolf and Cahoon south to Knickerbocker Road. Work is being done now with CEI to coordinate utility re-locations.

Mr. Tadych asked if there are sewer lines crossing under the railroad tracks to Westlake. Mr. Galli stated that the lines stop before they get to the railroad.

Mr. Young stated that he is concerned about the prospect of Westlake going to a different water supplier and the pipe connections from Westlake to Bay Village. Mr. Galli noted that an estimate to replace the water lines on Cahoon Road came back at almost \$1 million. Mr. Tadych noted that the Cleveland Water Department identified the area as one of the areas with the older pipes.

Mr. Clark asked if an audit review meeting will be scheduled with the auditors. Mrs. Mahoney is in the process of scheduling that conference for Council. Mr. Clark suggested the importance of Council reviewing the audit due to the changes that have occurred.

An amended appropriation ordinance has been prepared and will be presented to Council for approval at their special meeting to be held Monday, July 15, 2013.

Mr. Clark stated that this is the third change in the annual appropriation ordinance, and asked if these will be seen in any regularity. He noted that it is good to have the transparency, but the many changes sometimes cause difficulty in keeping track of the funds. Mrs. Mahoney explained that as changes occur, funds need to be appropriated to accommodate those changes.

Mr. Young will speak with Mr. Ebert regarding the Outside Legal Fund. He will discuss potential ramifications regarding the possibility of Westlake changing their water source. Mr. Koomar will be informed of the necessity of an early August Council meeting for approval of contracts. A September date will be selected for the audit review by Council.

The meeting adjourned at 8:30 a.m.

Mike Young, Chairman

Joan Kemper, Secretary