

FINANCE COMMITTEE MEETING
held December 30, 2013
4:00 p.m. Conference Room

Present: Councilman Young, Councilman Clark, Councilman Tadych

Also Present: Mayor Sutherland, Finance Director Mahoney, President of Council Paul Koomar, Law Director Ebert, Councilwoman Karen Lieske, Councilman Clete Miller, Police Chief Spaetzel, Assistant Service Directors Sears and Thomas

Audience: Tom Henderson, Dick Majewski, Conda Boyd, Paul Vincent, Russell Thompson

Mr. Young opened the meeting at 4:00 p.m.

General Fund and Operating Budget 2014

Manuscript Bonds

Mr. Young explained the procedure for manuscript bonds, which is borrowing the money by the city from the city, and then paying that back over time. He noted that \$45,000 per year is paid per year for interest on the manuscript debt, back to the city, in payments made twice per year. Mr. Young asked where this is shown in the budget. Mrs. Mahoney explained that when the manuscript bonds are issued, the cash is placed into the funds from which the payments will be made. What we are doing now is paying it back from the investment dollars, resulting in a net zero effect. Manuscript debt was issued in the years 2009, 2010, and 2012, which is burning off about one-half million dollars per year. Interest is paid on June 1, and December 1. There is about \$2.4 million in manuscript debt currently. At the end of 2014, it will be at \$2 million.

Cable Television Fees

Projection for revenue for 2013 was \$142,000; for 2014, it has been increased by \$100,000. Council has not yet voted to increase the fees. Mr. Ebert will review the agreement to see what is necessary to increase those fees from 3% to the maximum allowable of 5%. Westlake and Fairview Park are currently at 5%.

Refunds and Rebates

The amount of \$213,998 for 2013 in revenue represents reimbursements from FEMA and First Energy, and a \$50,000 grant received for the doors at the Dwyer Memorial Center.

Municipal Income Tax

The anticipated municipal income tax revenue for 2014 has been increased by 3% based on the collections in 2013.

Property Tax

Director Mahoney stated that the County is anticipating that the property tax collections in 2014 will be higher, due to new construction, than the amount budgeted originally by Mrs. Mahoney. The anticipated revenue is being increased on the budget by \$100,000. Schedule "A" on the budget represents the County's forecasted revenue. Budget projections are the numbers that Director Mahoney has estimated. Mrs. Mahoney noted that collections are normally 1% higher than the estimate of the County. The County estimates a 97% collection rate; the city normally receives a 98% collection rate.

Expenditures

The budget indicates total revenue for building permits. Eighty-five percent of the revenue is paid to SAFEbuilt, Inc., and 15% is retained by the city. Mr. Young noted that the expenses for Building of \$421,000 for 2012 are not the true cost because former Building Director Milburn was only employed for one-third of the year. The real cost for 2012 with a full year's wages for Mr. Milburn would have been \$500,000. Mr. Young's calculations show the Building Department expenditures with SAFEbuilt to be reduced to \$284,500 for 2014. Mayor Sutherland noted a further savings by not having to provide vehicles and fuel. Mr. Tadych noted that there should be a reduction in total fuel costs reflected.

Transfers from General Fund

The amount of \$436,000 is being transferred for Parks and Recreation. Mrs. Mahoney noted that in the past pension and hospitalization costs for the parks employees were charged to the General Fund, and now has been changed to be charged to the Parks and Recreation Fund. Mayor Sutherland stated that the recreation programming is self-sufficient; the pool is paying for itself. The drag is on the parks maintenance including grass cutting and field maintenance.

Fire Pension

The amount of \$100,000 is being transferred to support fire pension costs.

Property Taxes – 2 ½% Roll Back

The General Fund line item for the roll back has decreased but other funds that receive this revenue have remained the same. Mrs. Mahoney will review.

Local Government Fund

Mayor Sutherland reported that there may be a slight increase from the state (Approximately \$5,000).

Minutes of a Meeting of Finance Committee
December 30, 2013

Estate Tax

There is no anticipated revenue in 2014 and forward.

Interest on Investments

Mr. Tadych is comfortable with an estimate of \$90,000 for 2014.

Meals-on-Wheels

The amount of \$12,000 estimated for 2014 is correct and may reflect a smaller enrollment of participants.

Sewer Connection Fee

Legislation to increase the sewer connection fee is being prepared by Mr. Sears. The first document was pulled from the Council agenda on December 16, 2013.

Rocky River Wastewater Treatment Plant

Mayor Sutherland reported that URS has documentation supporting their calibration. The expected increase to the City of Bay Village is \$400,000 annually. Sewer rates will need to be adjusted accordingly. Mr. Clark suggested a public meeting. January bills have already gone out for the first quarter of 2014.

Workers Compensation

\$110,000 annually is the base cost. Mrs. Mahoney will review and advise amount of transfer from General Fund necessary for anticipated expense.

Service Department Wages

Wages are allocated per pay period to the departments worked (sewers, streets, leaf collection, etc.) Mrs. Mahoney will provide a summary of all service wages.

Election Expense

Mayor Sutherland reported that there will not be an expense in 2014. The \$38,500 listed on the budget is payment for expenses incurred in 2013.

Property Taxes

Mrs. Mahoney will investigate to determine parcels on which property tax in the amount of \$3,500 total is being paid.

Bay Family Services

The amount of \$4,534 per month for ten months is being paid. Contract will be reviewed. The amount of the city portion should only be \$40,000 per year.

Civil Service

Expenses were high in 2013 due to 3 entrance examinations and 3 promotional examinations administered. Only one promotional examination is expected in 2014. (Police Sergeant)

Tree Removal

Mrs. Mahoney was asked why the 2014 Tree Removal budget was reduced to \$40,000. She noted that the \$40,000 represents only city property tree removal. Reimbursement is received from residents for private property removal and Mrs. Mahoney has created a new Account 400 expense line titled Sidewalk – Private Property Maintenance that now covers Private Property Tree Removal. Reimbursements will be posted similarly to an expanded Sidewalk Replacement revenue line.

Trash Removal

Mrs. Mahoney will review budgeted expense for accuracy.

Fire Department Retroactive Pay

The 2% retroactive pay back to year 2013 will be charged to 2014 because the contract has not yet been signed.

Additional Fire Department Personnel

Three (3) new firefighters will be hired in 2014. The cost per year for one new firefighter is \$80,000.

Surface Ice and Rescue Swimmer Training

The requested amount of \$17,000 is for equipment. Funds have been allocated for training.

Additional Police Department Personnel

There are three vacancies in the Police Department. Two will be hired for a staff of 23 including the Chief.

Police Training

\$12,000 budgeted for 2014 is for mandatory police training and new hire training.

Health Care

Departments are charged the Cobra rate less 2%. If expenses lower, fund will grow. \$900,000 expected to be the balance of the fund at the end of 2013. (\$14,000 per year per employee is the cost of health care currently).

Emergency Paramedic

The salary for the Fire Chief is divided between the Fire Department and the Emergency Paramedic Unit (EPU).

When the 2015 Tax Budget is submitted (deadline July, 2014), a .25 mill increase may be instituted to bring the millage to the total amount originally approved by voters, resulting in an increase in revenue of \$110,000 annually. This increase would cover the \$100,000 underfunding that exists for the Fire/EPU Pension that is annually transferred from the General Fund.

Fire Department maintenance is for periodic maintenance of vehicles. Equipment replacement line is for such things as pediatric backboards, firefighting boots, and an architectural drawing drawer.

Recreation and Seasonal Wages

The line item for Public Employees Retirement System has a significant increase, \$57,000 from previous \$34,000.

Field of Dreams

Mrs. Mahoney stated that the last payment has been made. The committee pointed out that the city committed to \$10,000 per year for ten years and the ten years has not yet expired.

Accrued Benefits Fund

Resignations and retirements in 2013 were reviewed. \$140,000 is budgeted for 2014. Mrs. Lieske asked about limitations on carry-over vacation for those employees not covered by labor agreements. Mayor Sutherland and Finance Director Mahoney both noted that they are currently working to formally draft a policy to address this issue with the city's Human Resource Consultant.

Human Resource Consultant

The retainer will be budgeted as Other Expenses in the Finance Department. Committee requested separate line item for contractual services.

Minutes of a Meeting of Finance Committee
December 30, 2013

Clerical wages increased because payroll clerk was moved from administration category to clerical category.

Outside Debt Issuance for 2014

Street Improvements can be funded from existing funds.

Pool improvements can be funded from the pool fund.

Municipal Buildings Fund can be used for improvements. Funds are left from insurance for the salt storage barn but additional funds must be added.

\$74,000 is needed for equipment for the Police Department

\$17,000 is needed for Fire training equipment. Vehicles and voice emitters for the Fire Department are under consideration.

The Hartman Field lighting is still under consideration.

Mr. Young noted that there are still savings to be had in the budget for 2014. Mr. Clark stated that debt will be issued in 2014 in the amount of \$1 million which will include refinancing a portion of existing debt. The remainder will be used for 2014 projects.

Mr. Tadych thanked Mr. Young for his many hours of work on the 2014 budget.

There being no further business to discuss the meeting adjourned at 6:00 p.m.

Michael A. Young, Chairman

Joan T. Kemper, Secretary