

FINANCE COMMITTEE MEETING  
held April 14, 2014  
6:40 p.m. Conference Room

Present: Councilman Dwight Clark, Chair  
Councilman Dave Tadych

Absent: Councilman Henderson

Also Present: Mayor Sutherland, Finance Director Mahoney, President of Council Paul Koomar, Councilman Lee, Councilman Vincent, Councilwoman Lieske, Service Director Thomas, Fire Chief Lyons, Law Director Ebert, Operations Manager Landers

Audience: Conda Boyd, Marty Mace, Richard Majewski

Mr. Clark opened the meeting at 6:45 p.m. He thanked everyone for their attendance this evening.

**March Financial Reports**

Mr. Clark stated that Finance Director Mahoney provides the Finance Committee monthly with a printed list of all of the investments and debt in the City Treasury, the latter of which we own \$2,385,000. There have been some questions about what the borrowing procedures will be going forward. We have about 45% of that debt which will be paid off by funds that will be generated by property tax millage over the next two years, by the end of 2015. Sixty-five percent of that debt will be paid off by the end of 2016. Plans are to go outside going forward for debt as opposed to using our own funds for debt.

**Municipal Income Tax** receipts are up about 10% year to date so far this year as compared to last year, which was a good year. Finance Director Mahoney stated that after the last collection in April we are about even to last year, and should stay at that level for approximately four months. There is still another reporting segment for the month of April. Mr. Clark stated that even at \$1,660,000 year-to-date for 2014, it is a relatively good number compared to previous years.

**Health Care** expenses are down somewhat significantly from last year (32% lower for the first quarter of 2014 vs. the first quarter of 2013). Director Mahoney stated that in the beginning of the year most employees are still paying their deductibles. An administrative fee that is paid monthly will be paid twice in April because there was not one paid in March. The fee is about \$18,000 per month. Ms. Mahoney is trying to get them on track to paying one a month instead of two every other month. Mr. Clark noted that the Stop Loss premium and the administrative fee is about \$260,000 per year. He asked if we have reached the Stop Loss level on one major case that the city has. Ms. Mahoney stated that the case has reached that level and the insurance

Minutes of a Meeting of Finance Committee  
April 14, 2014

is now paying for that coverage. It was noted that the cold weather may have also caused people not to venture out to visit the doctor as often.

**Revenues and Expenses** were reviewed for the month of March. Mr. Clark noted that in Account No. 580, Sewer, year-to-date expenses were \$1,075,752. He asked if this includes the transfer made out of the Infrastructure Improvement Fund. Ms. Mahoney stated that the figure is prior year purchase orders. This is why it will never balance if you go back to the month-to-date, year-to-date expense report. The amount includes the Cahoon Sanitary Sewer Replacement Project. Mr. Clark stated that we have advanced about \$1,500,000 for that project, of which \$780,000 was an advance and \$750,000 was a transfer. Director Mahoney stated that the \$780,000 still has to be paid back which will be accomplished through longer term, low cost Ohio Public Works Commission borrowings. The Infrastructure Improvement Fund is under \$1 million right now, but we expect to add about \$1,130,000 back into the Fund when the Cahoon Sanitary Project is completed and the money is received from the Ohio Public Works Commission loan. We are also awaiting reimbursement from the Ohio Department of Transportation for the Lake Road Resurfacing Project in the amount of \$250,000. Mrs. Mahoney will follow through to see when those funds can be expected.

**General Fund** is in receipt of property tax payments once this year. Mrs. Mahoney stated that we get a few advances throughout the year but the true settlement comes twice per year. Mrs. Mahoney will advise Mr. Clark of the dates those are received.

The Cable TV Franchise Fee is a little low. The increase, approved by Council in early 2014, may not have been pushed through yet.

About \$47,000 has come in through the Estate Tax, as it finishes its way through to the end. This was an unexpected benefit.

Certificate of Occupancy was budgeted to take in \$15,500 for the year and we have already taken in \$16,400. Filings are done in the beginning of the year.

Receipts on rental for SAFEbuilt are \$16,573 and represent their share of the build-out of the space they occupy in City Hall.

**Department of Law** expenses were higher for Outside Legal than budgeted for this time of the year. Mrs. Mahoney stated that she will prepare a supplemental appropriation ordinance at the beginning of May. We need to move the money from the Clerical Wages down to Contractual Services. The secretary is now being paid from that line item since the retirement of the former secretary. Mr. Koomar asked if that former employee has received all of her accrued compensation. Mrs. Mahoney stated that those payments were completed in March. The \$5,258 that shows up in the March report finalizes her payments. The new secretary's expenses year-to-date are \$2,500. The Human Resource Consultant is paid under Other Expenses in the Finance Department account. Mr. Clark stated that Mr. Ebert did mention to him that the Outside Legal Fee is inflated by about \$7,000 which was the final bill on the Inglefield case, which is now closed. Mrs. Mahoney stated that there were also left over expenses from Consultant Jim Budzik. Mr. Koomar asked to receive a total amount on the fees paid to Mr. Budzik. Mrs.

Minutes of a Meeting of Finance Committee  
April 14, 2014

Mahoney stated that she would estimate those fees to be about \$50,000. The work included more than contract negotiations; there were also two grievances.

Election expenses were expected to be about \$22,000, but reached \$40,000. Mr. Clark asked Mrs. Mahoney for a breakdown on the invoice from the Cuyahoga County Board of Elections. Discussion followed as to the reason for the higher amount. Mr. Clark stated that there was a special election and a general election last year. However, we were led to believe it would be less than \$40,000. Mr. Clark stated that if we were ever to go back again on a cycle of making a charter amendment, before doing so, we would want to find out exactly what the cost would be. Mrs. Lieske stated that a charter amendment would be part of a general election, and not a special election. Mr. Clark stated that Mrs. Fink has spoken to Sean Webster, the Fiscal Manager for the County Elections Board. If you need an appropriate answer as to the cost of a charter amendment you need to go to the Board of Elections. Part of it is based on the amount of verbiage that is taken up on the ballot, and you don't know that until the ballot initiative is finalized.

Overtime wages for Emergency Paramedic are high. Mrs. Mahoney stated that is offset by the overtime in General Fund Fire being a little low (16%).

Street Maintenance and Repair, Fund 270, includes the cost of salt and snow removal wages which are elevated this year due to the severe winter.

Sewers, Account No. 580 includes the revised appropriation for the Rocky River Wastewater Treatment Plant operations in the amount of \$943,000 for the year. Through March, we are at \$189,000. Mrs. Mahoney stated that the bills received are \$94,316 per month for ten months.

### **Health Care Plan Summary**

Mr. Clark stated that he had asked Finance Director Mahoney to give the Committee a summary of our plan renewal for Medical Mutual for the plan year from March, 2014 through February, 2015. The \$1,200,000 expected claims plus \$214,000, and \$48,000 (administrative cost and Stop Loss premium) is the total amount expected to be paid this year, based on projected claims. The total is \$1,464,000 which Council had discussed as part of the budget process. The Stop Loss was increased from \$60,000 to \$75,000 about one year ago to reduce the premium. Mr. Tadych asked if this has negatively affected the city. Mr. Clark stated that they informed us that if we had more than two cases it would hurt us economically. We still only have one Stop Loss case.

There are 96 employees in the health care plan. Mrs. Mahoney stated that the monthly premium amount of \$564.20 for single, and \$1,523.44 for family coverage is the number used to budget for health care, including Stop Loss and anticipated claims. This would be the cost to the city per month if we were fully insured. The city is self-insured. The 9% share that the employees are paying of the total premium cost is applied to those numbers. When looking at the budget, on a monthly basis the departments are charged that amount based on how many single and family coverage employees are in the department. That is the expense column seen on the month-to-date expenses under Hospitalization for each department. The off-setting revenue goes

to the Self-Insurance Fund (No. 600). At the end of the year, if the claims are lower than anticipated, there will be a larger cash balance in the 600 Fund.

### **Tax Budget Planning for 2015**

The Tax Budget for Fiscal Year 2015 must be filed with the County Fiscal Officer by mid-July. This Budget includes the millage approved by voters. Last year existing millage was reallocated to more appropriately match revenues and expenses for pensions. If needed, the city can increase the millage for the Emergency Paramedic Unit by .25 mill to 2.50 mills (which has been voted-approved). The Bond Retirement millage generates about \$1,900,000 annually. The second page of the Tax Budget lays out all the publicly issued debt that the city has at this point in time. Some of the debt, 2007 and 2008 issuances, will fall off after the end of 2014. The 2002 issuances represent the Community Gym and the Aquatic Center debt. The bulk of our outstanding debt, about half, is for the Police Station, \$4,800,000 in total, comprised of two debt issues. Our \$1,250,000 Bond Anticipation Note will be paid down by \$250,000 in the next 45 days. Toward the end of April, Mr. Clark and Mrs. Mahoney will meet with Michael Sharb of Squire Sanders to discuss the process of going out to market the note issuance for this year, \$2,300,000, which includes the funding for the capital needs for 2014 plus refunding the \$1 million balance of the 2013 note. It has been decided to seek competitive bid proposals this time since short rates are still good. Mrs. Mahoney is expecting rates under 1%.

The Fiscal Year 2015 Tax Budget process will begin in early May. The purpose of the Tax Budget is to justify to the County that the city needs to collect property taxes to operate Bay Village for the year. Based on the information compiled thus far, no change in millage is expected.

### **Variance Report for March Financials**

Mrs. Mahoney stated that wages should be at approximately 23% for 2014 representing the six out of 26 payrolls for the year. Youth Activities Fund will be corrected to show the expenses for Kiddie Kollege Utilities in Account No. 810. The Bike Patrol account was appropriated an amount in excess of the cash balance. This correction will be included in an amended appropriation ordinance the beginning of May.

The Workers Compensation appropriations will be increased. The expenses are in excess of the amount originally budgeted. The \$193,000 in encumbrances represents the claims expense from 2013, and the premium amount.

### **Five-year Capital Plan**

Mr. Clark stated that he has asked the Mayor, Finance Director, and department heads to begin the process of looking at a five year Capital Plan. Mrs. Mahoney distributed a sample of a five year plan used by another city. The sample includes a capital projects request form for the following year. You would not include that request for every piece of equipment for five years; you would only submit it for the following year.

Minutes of a Meeting of Finance Committee  
April 14, 2014

Mr. Clark noted that the Service Department has been very good in the past trying to budget out their needs going forward.

Mr. Tadych stated that the forms recommended by Mrs. Mahoney are very easy to read. She noted that there is one for every department and a summary for the whole city. An account number will be included on each form.

The capital budget for 2015 will have an initial draft completed by September.

**Closing Remarks**

Mr. Tadych commented that he hopes there will be funds left over from the 2014 Resurfacing Project to complete work on the Columbia Road pavement around the railroad tracks.

Mrs. Lieske asked about the flyer Council received from the Ohio Public Entity Consortium for Health Care. Mrs. Lieske asked if the city would submit for information as a point of comparison of health care costs. Mrs. Mahoney will follow through.

Mrs. Mahoney stated that as part of the bargaining for employee contracts this year a health care committee must be formed, with representatives from each union. It is hoped to have this done before Council recess.

There being no further business to discuss the meeting adjourned at 7:20 p.m.

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Dwight Clark, Chairman

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Joan T. Kemper, Secretary