

FINANCE COMMITTEE MEETING
held November 10, 2014
6:30 p.m. Conference Room

Present: Councilman Dwight Clark, Chair
Councilman Dave Tadych
Councilman Tom Henderson

Also Present: Mayor Sutherland, Finance Director Mahoney, President of Council
Koomar, Councilman Lee, Councilwoman Lieske, Councilman Vincent,
Operations Manager Landers

Audience: Conda Boyd, Dick Majewski

Mr. Clark opened the meeting at 6:30 p.m. He thanked everyone for their attendance this evening. Mr. Clark paid tribute to all the veterans who are either present this evening or serving to protect our country, and the great sacrifice they provide for our freedom.

Variance Report

Finance Director Mahoney distributed a funds variance report through the month of October. Any balances that are indicated with an “Amend” in the far right hand column will need to have an adjustment on the appropriation ordinance. The Finance Department Equipment Replacement Account is showing a negative balance due to the purchase of a new computer for the receptionist desk.

A negative balance under Building – Other is because the encumbrance reflects what the payment to SAFEbuilt will be for the last three months. That estimate may be too high. Mrs. Mahoney will review further. Mr. Clark stated that the excess of revenues over expenses for SAFEbuilt this year is about \$35,000 year-to-date. Mr. Clark asked that these figures be tied together in a report going forward so that the revenues and expenses can be matched.

Additional comments concerning variances are listed on the final page of the report. Mr. Clark stated that any questions should be referred directly to Finance Director Mahoney.

An amended appropriation ordinance will be presented to City Council at their meeting of December 15, 2014. This should coincide with the third reading of the 2015 Budget. There will be no issuance of purchase orders after the end of November.

October Financial Statements

Revenue

Municipal Income Tax- Receipts are still showing at 4% higher than this period of time in 2013 including school and city employees' numbers, which are paid directly to the City and not through the Regional Income Tax Agency, saving the fee paid to R.I.T.A.

Health Care – There were a couple of expensive claims that went through in October. Eleven administrative fee payments were made through October. Expenses are down about 26 ½ percent versus the same period for 2013. Payments are kept within the calendar year, for the calendar year that they are due. The Accounts Payable Clerk will be notified that only one more administrative fee is due for 2014.

Cable Franchise Fees - This is the only revenue item that is not tracking as expected, possibly due to the fact that the increase in the franchise fee portion due to the city did not go into effect until after the first quarter of the year. Mr. Clark asked Finance Director Mahoney to advise if these receipts come in quarterly.

Interest on Investments –Mr. Clark expressed that Mr. Tadych's prediction of the amount to be collected is accurate. We will receive interest income on our Treasury (Debt) investments payable on December 1.

General Fund Balance – Down \$600,000 from September. Mrs. Mahoney advised that there were three payrolls in October, accounting for about \$300,000. Mr. Clark stated that the balance was at \$2.2 million General Fund at the end of September. Mr. Henderson pointed out the \$100,000 expenditure in Other Expenses – Building, Fund 350. Mrs. Mahoney stated that figure is too high. The balance is now \$1.6 million. He asked Mrs. Mahoney to research further.

Expenses

Council – Other Supplies –Expense of \$9,549 in October is due to the amount paid to Walter Drane Company for codification ordinance publishing.

Cuyahoga County Health Services – The semi-annual bill for health services will be paid in December.

Contract Services - \$8,500 was budgeted for the year. Year-to-date expenses are \$16,500. (100.119.53255). Mrs. Mahoney will provide more information.

State Property Tax - \$5,000 was budgeted for the year. Year-to-date expenses are \$14,622.48. Mrs. Mahoney will research further.

Shooting Range Repair and Maintenance – Encumbrance of \$9,075.00 is for the necessary repair and maintenance done annually or as needed by the signal system in the range indicating maintenance is needed.

Full Time Wages Emergency Paramedic Unit – Expenses for 2014 are at 96% spent through October. The General Fund Fire Department wages expenses are under the budgeted amount. Mrs. Mahoney will check her allocations of personnel.

Road Salt – Fund 250 revenue is used for road salt, but does not cover the expenses. The remainder is paid out of Fund 270. The increase in the cost of salt will be reflected in the 2015 Budget.

Accrued Benefits Fund – There have been retirements resulting in pay-outs for unused vacation and unused sick time. Depending on length of service, the maximum pay-out for unused sick time is at the rate of 50% of accrued time. Payments are made based on ending rate of pay.

Sewers – Fund 580. Architectural and Engineering Expenses budgeted at \$100,000 for the year but only 21.12% of that has been spent. The CT Consultants contract is paid from the General Fund – Engineering account.

Review of 2015 Capital and Operating Budget

Mrs. Mahoney circulated a full revised 2015 budget (Draft No. 2) taking into consideration some of the revisions on revenue, expenses, and the capital accounts.

General Fund – Local Government Revenue was reduced to \$300,000.

Reimbursements – Kept at \$300,000, assuming the increase in ambulance fees.

Grant Revenue – The SWIF Grant is listed under the capital accounts (Account No. 490)

Rocky River Wastewater Treatment Plant – Preliminary Budget has been received for 2015. Operating Expenses will be increased for Bay Village by about \$130,000 for the year 2014, although still not approved by the Mayors of each community. 2014 operating expenses for our Bay Village community approximates \$943,000. There have been no capital increases. A meeting of the RRWTP Management Committee will be held next week. More detail will be provided. The proposed increase of sewer rental fees will only cover the increased operating costs and will not address capital sewer projects as previously anticipated. Mr. Henderson noted that this may affect the capital expenditure planned for the sewer truck.

Transfers Out – Bay Family Services increase must be reflected for 2015, at a revised figure of \$42,400.

Three percent of \$5,974,000 is the cost for R.I.T.A. collections of municipal income tax.

Property and Casualty Insurance – The budgeted expenses appear to have gone up significantly. Mrs. Mahoney stated that in prior years, we have used the balance in the fund, which is now depleted. General Fund will have to subsidize the account. The same is true for the Workers’

Minutes of a Meeting of Finance Committee
November 10, 2014

Compensation Account. These are pass-through funds from which the bills are paid but expenses are allocated to all the different departments. The Health Insurance Fund balance must be kept at about \$1 million in the event that the City ever stops as self-insured.

Bond Retirement Fund – Mrs. Mahoney added the 2016 numbers for the benefit of Finance Committee review. The revised Bond Anticipation Note issue amount of \$3,406,000 includes anticipated refunding of the 2015 amount less one-fifth the 2015 additional borrowing, and less one-fifth of the 2013, 2014, and 2015. Mr. Clark explained this results from the current debt request on the table for capital equipment and projects for the Bond Anticipation Note for 2015, and paying off one-fifth of the 2013 Bond Anticipation Note, and one-fifth of the 2014 Bond Anticipation Note. One then compares the outflows against what we project to be our inflows, which are property tax numbers, about \$1,930,000 per year. A revaluation of property is forthcoming in 2015 which may indicate a small increase in property tax inflows for 2016. Mr. Clark suggested a 3% increase for years 2016, 2017 and 2018.

Service Department – One full time employee has been reduced to part time. The savings of \$52,000 can be used to offset the addition of Dispatch in the Police Department.

Fire Department – There was an error in the Fire Pension calculations. These have been corrected. A change in personnel has been reflected. A Firefighter retired and the hiring of a new Firefighter is reflected. A projected Fire Department 2015 Budget Analysis was distributed.

Police – The Dispatch function was retained in the 2015 Budget. Dispatchers cannot be hired until there is a change in the compensation ordinance. The City's ratio of officers per thousand would be 1.4 after department reorganization. This is still lower than Fairview Park, Lakewood, Avon, Brecksville and Middleburg Heights. Most of these cities have dispatchers. Chief Spaetzel can provide additional information as requested.

Public Utilities – Mr. Clark asked if sizeable increases are budgeted in 2015. Mrs. Mahoney stated that she made an error in the 2014 calculations, which have been corrected.

Chief Spaetzel's adjustments to his budget have been incorporated into the Draft 2 version of the 2015 Budget.

Central Dispatch – There will be an increase of 3% of operating expenses, or about \$4,000. The budget for Central Dispatch has not yet been approved.

Capital

Information Technology has been reduced slightly. Some computers anticipated for 2015 were able to be purchased with 2014 funds. Also included is the carryover of the phone system to be purchased in 2015.

Fiber Optic Bids will be opened on Friday, November 14, 2014. Funding was approved in 2014.

Minutes of a Meeting of Finance Committee
November 10, 2014

Police – The Fingerprint System and Mobile Forensics have been moved to 2016. The CAD System will be paid over a five year period at \$25,000 per year, which includes operating costs.

Police Vehicles – Communities are using SUV's and sedans on a 50/50 basis. The SUV's are preferred due to ease of entering and exiting the vehicle. Mayor Sutherland prefers a standardized model for the department, preferably the SUV's. The Mayor stated that outfitting vehicle costs are basically the same for the SUV. Mr. Henderson noted the negative connotation among the public about the use of SUV's.

Mr. Clark commented regarding his concern that we incurred debt in 2014 to fund about \$700,000 in capital expenses this year, that have not been paid as of the end of October. Part of that is the composter to be purchased together with the City of Westlake. We have worked hard to get the budget done in December this year to be at an advantage for purchases in 2015 through state bidding, yet paying interest on purchases approved by council, yet not acquired and in place as anticipated.

Now that information is out concerning the increase in the operating costs for the Rocky River Wastewater Treatment Plant, some of the planned equipment purchases for the sewers will have to be reclassified.

The cost of the Walmar Sewer Reconstruction Project has been added to the 2015 Budget.

The amount of the City Hall parking lot has been corrected to reflect the City's portion of expenses.

The Community House Renovation project will be reassessed at a later date. Mr. Clark and the Mayor noted that there are foundation issues that must be addressed prior to interior renovations. Mr. Tadych asked if the stoves will be removed without delay. Service Director Thomas stated that the stoves will be removed.

The Five Ton Dump Truck (#35) was removed from the 2015 Budget. If the engineering for Lake Road and Wolf Road do not happen, we potentially could use those funds for the purchase of the truck. If not, purchase can be moved to future year.

Service Director Thomas will meet with the County on Friday, November 14 regarding the Wolf Road and Lake Road projects.

A Finance Committee meeting will be held on Monday, November 17. The time and topics to be covered will be announced in the posting.

Meeting adjourned at 7:30 p.m.

Dwight Clark, Chairman

Joan T. Kemper, Secretary