

FINANCE COMMITTEE MEETING
held March 9, 2015
6:45 p.m. Conference Room

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

Also Present: Mayor Sutherland, Finance Director Mahoney, Law Director Ebert,
Councilman Lee, Service/Safety Director Thomas, Operations Manager
Landers, Police Chief Spaetzel

Audience: Richard Fink

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

Review of Financial Reports through February, 2015

Finance Director Mahoney reported that regarding the Investment Revenue of the City, one of the banks that the City funds are invested in was giving the City a 1% earnings credit. Mrs. Mahoney was trying to deposit more funds in that bank to cover the banking service charges, which are about \$6,000 per year. The bank has now reduced the earnings credit to .05%. Interest earned for 2015 year-to-date is \$24,000. Mrs. Mahoney will try to invest more funds to gain more earnings.

Municipal Income Tax Receipts are down through February. Mrs. Mahoney feels that the receipts will level out through March. A 3% increase in the receipts of 2014 has been budgeted for 2015. Mrs. Mahoney anticipates that this budget amount will be met.

Health Care expenses have increased significantly. January and February expenses include payments made at the end of December, 2014. Mrs. Mahoney noted that a payment was made in the amount of \$17,766 in Affordable Care Act fees in January to the federal government. This charge occurs once per year. March 2015 begins the new year for our health care plan. Employee share of total health care premiums increases from 9% to 10% on March 1, 2015.

Mr. Clark noted that the Debt Schedule seems to be accurate. We did make a correction where we are going to increase the anticipated Property Tax receipts beginning in 2016 due to the reevaluation that will occur in 2015. The anticipated increase is in the amount of 2%.

Significant encumbrances are noted in Equipment Replacement – Sewer. Mrs. Mahoney stated that these are due to projects that are underway. Purchase orders have been approved to order the necessary equipment related to these projects. These purchases were capitalized in 2014 and 2015.

Minutes of a Meeting of Finance Committee
March 9, 2015

In most accounts, encumbrances will be high because of the change of the process of issuing monthly purchase orders for repetitive purchasing to specific vendors, to annual purchase orders. The new system insures compliance with audit procedures.

Mr. Clark suggested that dormant line items be removed using as an example the Sidewalk Fund No. 400 being rolled into Account No. 245, Private Property Maintenance. Mrs. Mahoney stated that in 2012 there was an advance of \$50,000 from the Infrastructure Fund to the Sidewalk Fund. The auditor has requested that since the advance is so long outstanding, it should be turned into a transfer or the money paid back to the Infrastructure Fund. Mrs. Mahoney stated that if the money is paid back, it will just need to be advanced back and forth every year. Mrs. Mahoney will have an ordinance prepared to change the advance of the \$50,000 to an official transfer of funds. The funds will stay in Account No. 245, and will serve as a buffer for expenses that occur prior to residents' reimbursements for sidewalk repair and replacement.

Review of Revenue through February, 2015

The first of two Property Tax Receipt settlements annually has been received in the amount of \$1,048,000.

Cable Television Franchise Fees and Refuse Collection Fees are received quarterly. Ambulance Reimbursements are generally low during the first part of the year due to deductibles being met on insurance policies. It is expected that these will gain traction the second half of the year.

The Workers Compensation Fund, Account No. 602, shows revenue in the amount of \$109,560. This is the total of the amounts charged to the individual departments of the City based on anticipated Workers Compensation rates. Workers Compensation is paid in February and March for the year, and the amounts in the departments are the funds needed to "transfer" to the Workers Compensation Fund to pay those expenditures.

In regard to Refuse Collection Fees, there was a large expense in February in the amount of \$180,985. Mrs. Mahoney explained that previously the trash expenses were paid to the collection company using a credit card which delayed the payment until the following month. Republic Services refuses to accept credit cards any longer, which caused the City to lose that one month float. Therefore, we have paid three months bills to date in 2015 (2 on credit and 1 directly to Republic Services.) It will be necessary to watch at year end to see if the December bill can be paid in January of 2016. If not, a revision to the appropriation may have to be considered to allow 13 months payments in 2015. The committee suggested a change in merchant cards might be an acceptable compromise, e.g., use Master Card/Visa instead of American Express.

The Mayor noted that Director of Public Service Thomas will begin preparations to seek proposals for a new refuse collection contract. The existing contract will expire at the end of August, 2015. Mayor Sutherland noted that outside Cuyahoga County most trash collection contracts are private contracts between the residents and the trash collection companies.

Amendments to Annual Appropriation Ordinance

Fund 100- General Fund
Ohio Attorney General Funds

Funds in the amount of \$2,240 were received from the Ohio Attorney General to be used specifically for Police training. This amount is in addition to the amount of \$15,000 set aside for training purposes for the Police. The funds from the Attorney General are used prior to using the \$15,000.

Fund 230 – Parks and Recreation

Adjustment from “Other” to “Wages”

Move \$1,400 from Uniform under the “Other” category to Uniform under “Personal Services” – this is to account for how some service employees requested payment for their uniform allowance. Most of the employees would prefer using a purchase order directly to the uniform company for their uniforms. However, some employees prefer the payment method. Mr. Henderson asked if there is any concern that the employees will not use the direct payment to not purchase uniforms. Mayor Sutherland stated that they must have appropriate gear for their jobs, and there has been no evidence of abuse of the privilege. Finance Director Mahoney noted that the personal payment method is allowed by contract.

Fund 240 – Equipment Replacement

Appropriate \$30,000 for Truck 45 – Utility Body

This truck was appropriated for and funded in 2014, however, the truck was not purchased so the funds need to be appropriated to allow for purchase in 2015.

Fund 270 – Street Construction Maintenance and Repair

Walmar Street Project

The Walmar project will need to have a total rebuild of the road which was not originally planned. The estimated total cost could be \$110,000. This is \$35,000 more than originally anticipated. These funds will need to be funded through debt issuance.

Service Director Thomas stated that the situation was much worse than anticipated due to the quicksand in the area. When the sewer replacement started, the telephone poles were actually tilting in. The roadway around the sidewalks and curbs were all falling apart. To rebuild 400 linear feet, from curb to curb, which includes 7 inches of concrete and curbs, will cost \$100,000. There is also another \$10,000 needed for contingency. This will cover the area on Walmar Road from Walker Road south to Bexley Road. The amount of \$75,000 has already been appropriated; another \$35,000 will be appropriated with this amendment. To continue from Bexley down to Wolf Road will be a pavement overlay, and is already included in the \$600,000 Pavement Overlay Program. The overlay cost for just that section is approximately \$90,000.

Total cost of the Walmar Road project, including sewer/sanitary and street replacement, will approximate \$220,000. Cuyahoga County is giving the City of Bay Village \$20,000 for pothole and surface repair on other sections of Wolf Road.

Mayor Sutherland noted also that the Queenswood Bridge will need to be repaired in the near future. The administration is in the process of assessing options. Estimated life of a rebuild of that bridge is 10 to 20 years. There may have to be an engineer's study and a weight limit placed on the roadway. Once a weight limit is placed on the roadway, an application can be sent to the state for funding.

Fund 290 – Senior Programs

Increase Funding for Various Programs

Increase by a total of \$15,000 additional appropriations necessary to fund various programs. These programs are all paid for by participants.

Fund 480 – Walker Road Park

Appropriate Funds to Pay for Annual Walker Road Park Assessment

Amount of \$220 is needed to appropriate in order to pay City's share of assessment at Walker Road Park.

Fund 495 – Municipal Buildings Improvement

Correct Fire Facility Improvement and Bay Lodge (\$40,000 total)

Both of these should have been appropriated from Fund 495 but were inadvertently listed under Fund 490 – Public Improvements.

Appropriate Funds to Repair City Hall Clock Tower

Estimated cost to repair clock tower is \$14,140; \$7,070 has been received from the Village Foundation with the remainder to be reimbursed as the project progresses.

Transfers and Advances

Advance repayments from the Sewer Fund – 580 (\$74,000) and the Street Construction Fund – 270 (\$60,000) to the Infrastructure Improvement Fund should have been included on the original appropriation ordinance. These represent the remaining funds to be returned to each respective fund for the Cahoon Sewer and Lake Road projects. These projects will be closed out in 2015 and the advances returned.

The meeting adjourned at 7:25 p.m.

Minutes of a Meeting of Finance Committee
March 9, 2015

Dwight Clark, Chairman

Joan T. Kemper, Secretary