

FINANCE COMMITTEE MEETING
held March 14, 2016
6:30 p.m. Conference Room

Present: Councilman Dwight Clark, Chair
Councilman Tom Henderson
Councilman Dave Tadych
Mayor Sutherland
Finance Director Mahoney

Also Present: Councilman Marty Mace, Councilman Paul Vincent

Audience: Dick Majewski, Russell Thompson

Mr. Clark opened the meeting at 6:30 p.m. Mr. Clark thanked everyone for their attendance at this fourth Finance Committee meeting of the year 2016.

Capital Budget – 2016

Mr. Clark advised that the committee has worked through a number of renditions on the Capital Budget for 2016 and has reached the point of refining the components. The number one goal is to have the appropriate resources to take on the appropriate amount of debt that can be paid off in the appropriate period of time.

Finance Director Mahoney advised that the first page (Exhibit A attached) the 2016 BAN debt, which is actually an accumulation from 2015 and prior years, is \$3,311,000. That is the balance of debt at the beginning of 2016. On the second page, the different borrowings from 2013, 2014 and 2015 are listed. The new anticipated amount of debt for 2016 is shown on the second page as \$1,373,270. The amount of \$1,373,270 is indicated as the balance at the end of 2016 to be paid off in 2017. Using the \$1,373,270 number for the new debt issuance, in 2017 it is anticipated a \$43,675 shortfall. Mrs. Mahoney stated that she is ok with this because the balance in the General Bond Retirement Fund will cover the shortage.

Page three of Exhibit A shows the Capital Equipment and Projects for 2016. Mr. Clark noted that the Scareb composter bids came in lower than the amount originally anticipated of \$230,000. The revised number is \$178,000. This allowed some Capital Equipment and Projects that were originally scheduled for 2017 to be moved to 2016. The Kiddie Kollege floor and the Bay Lodge floors were added in to this year's Capital program.

Mayor Sutherland stated that she met with the owner of Kiddie Kollege in relation to taking over the rest of the Bayway building. Because some of those floor tiles are cracked and loose, they are subject to state violation with a 30 day notice for repair. The state does a combination of scheduled and random visits. Mr. Clark stated he would favor proceeding with the floor so that the safety of the children will not be compromised. He is also supportive of increasing the rental

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of the building when the new contract is to be negotiated. Mayor Sutherland stated that the owner will do kitchen enhancements, at her cost, to meet the state requirements.

Mr. Clark expressed support of proceeding with the Bay Lodge floor. This is the last piece of the remodeling work that has been done at that building.

Director of Community Services Leslie Selig will speak to Council on Monday, March 21, 2016 regarding her plans for meals to be served at the Dwyer Memorial Center twice per week. This will necessitate converting to a commercial kitchen at the Dwyer Center. Engineering fees for the conversion are included in the 2016 budget in the amount of \$20,000.

Mr. Henderson asked for a copy of the operating expenses that will be incurred with the new program of serving meals. Mayor Sutherland stated that there is a grant that goes along with the program in 2017.

Mr. Mace asked if Mrs. Selig is planning on a volunteer staff to prepare and serve meals. Mrs. Mahoney said there will be some volunteer hours. Staff will include a part time manager, a part time nutrition aide, and volunteers. Mrs. Selig has estimated some part of the Director and Assistant Director salaries. Mayor Sutherland stated that this can be used as in-kind payment for the grant.

Mr. Tadych asked if insurance costs for the City will be increased because of this activity. Mayor Sutherland and Mrs. Mahoney will check further.

Mr. Clark noted that there is an estimate of \$175,000 for the kitchen remodeling in addition to the engineering costs. There has also been discussion about improving the storage module. The footprint of the building will not be altered.

Mr. Clark stated that bond anticipation notes taken for one year can be redeemed nine months after closing, or 90 days earlier than the maturity dates. Should there be a need, as with the Sunset Project or Bruce/Russell Douglas Project, it can be coupled with potential borrowing or it can be kept separate. Mrs. Mahoney stated that these projects would be considered for longer term bonds.

Mr. Clark asked Mrs. Mahoney if there is any update on the telephone system. Mrs. Mahoney stated that the consultant is putting together the Requests for Proposals. He is meeting on March 15, 2016 with providers to get the final revision on what needs to go into the proposals. The new system will cover City Hall, the Dwyer Memorial Center, the Recreation Department, Service Department, Police and Fire Departments. The 9-1-1 system is managed by the County. Mr. Tadych asked how many phones are now included in the system, and noted that this is an important piece of information to have for the proposal. Mayor Sutherland stated we no longer receive support on the current system. Also, there are no extra phones. The new phones will be an I-P based phone system, which brings advantages and disadvantages. In the future we will not need new phones, but will need new software. The negative side is that not all stations that have phones have the wiring for I-P, for example the Rose Hill Museum. Mr. Sears is assisting with the determination of where phones are actually needed, such as the Community House.

Mr. Clark asked if there is consideration needed for a service contract for the new phone system. Mrs. Mahoney stated that information would come in through the proposals to be received. On the plus side, the consultant is also looking at our phone service providers. He believes he can save the City \$3,000 per month based on the services we have now and what we won't need when we switch to the new phone system. The consultant will address the Finance Committee in the near future. Mr. Clark noted the benefits of a forensic telephone audit. Mayor Sutherland stated that the City did receive the audit twice since 2002. Mrs. Mahoney stated that the consultant will also work to get new contracts with AT&T. He is also performing the same work in Westlake and has recovered over \$200,000 in back charges.

2017 Capital Equipment and Projects

Mrs. Mahoney stated that the largest item scheduled for 2017 is a Fire Truck, at an estimated amount of \$785,000. A new ambulance is also indicated on the schedule in the amount of \$220,000. Mr. Clark asked Mayor Sutherland if there is still discussion with Westlake regarding the possibility of sharing a ladder truck.

Mr. Clark noted that budget discussions for the year 2017 will begin after Council recess this year in order to complete the 2017 budget by December of 2016.

Mayor Sutherland stated that three labor contracts have been signed. The Firefighters contract and Police Gold contract remain to be signed. The Firefighters have agreed to the health care provisions and the wage increase. A non-economic issue remains to be settled. The City will move forward with an Administrative Compensation ordinance and modifications to Chapter 151, Employment Provisions, due to some of the contract changes.

Mr. Clark stated that it would be favorable to pass the Annual Appropriation Ordinance for 2016 when all of the labor contracts have been signed.

Mr. Clark summarized the discussion this evening. Community Services Director Selig will speak to the Council on March 21, 2016 about the potential build-out and grant relating to food preparation at the Dwyer Memorial Center. The City will consider debt issuance in the range of \$3.9 million. There is a possibility of first reading of note ordinances in April, with a desired total of three readings.

Mr. Clark noted that the City has been fortunate in not having to tackle much new debt, other than the annual projects and equipment. The recreation facility debt (Community Gym) will be paid off this next year (2017). The Aquatic Facility debt will be completely paid off in 2022. Mr. Clark noted that in the future there will be a call feature on bonds.

Mrs. Mahoney stated that City Council will be asked to accept the bid for the Scareb composter. Council will also approve the agreement for the use of the composting facility in Westlake.

There being no further business to discuss, the meeting adjourned at 7:00 p.m.

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Dwight Clark, Chairman

Joan T. Kemper, Secretary