

FINANCE COMMITTEE MEETING
held April 17, 2023
5:45 p.m.

Councilman David L. Tadych, Chair
President of Council Dwight Clark
Councilman Thomas J. Kelly
Councilman Peter Winzig

Also Present: Councilwoman DeGeorge, Councilman Greco, Finance Director Mahoney, Mayor Koomar, Clerk of Council Kemper.

Mr. Tadych called the second meeting of the Finance Committee of 2023 to order in the Committee Room of Bay Village City Hall at 5:45 p.m. and thanked everyone for their attendance.

Financial Reports for the First Quarter of 2023.

Investments

Mr. Tadych called attention to the increased interest rates for investments and noted the positive effect on the City's finances. He asked how Mrs. Mahoney determines in which bank to invest.

Mrs. Mahoney stated that she has been keeping short term cash in Star Ohio, and hasn't pushed any more to Key Bank or Fifth Third Bank. In both of those cases, it is a matter of reinvesting those that come due. The short-term rate at Star Ohio reached 5% today. Mr. Tadych noted that even Money Markets are paying 4%, and are easy accounts to maintain.

Mr. Tadych noted that there is a significant number of investments coming due at Key Investments and other institutions in the remainder of 2023. The new rate of these investments should be a much higher return from what they currently yield. One of them is at a low rate of .3%, another is at .17%. The bucket total of money coming due is in the 5 million dollars plus range. He would expect each of them to come in at a 4% rate or thereabouts.

Mrs. Mahoney stated that she has a formula for how much she goes out for four or five years. At this time a lot of money is kept in Star Ohio because it is a good rate, and there is nothing higher for shorter term rates. Some investments are longer, and some are shorter. The representative at Key Bank is very helpful.

Mr. Tadych asked for further information about Star Ohio. Mrs. Mahoney stated that it is a State of Ohio investment account. It is short term. Mr. Clark noted that it is deposits and pledged collateral. It could be a combination of agency security, surety bonds, and things of that nature.

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Mrs. Mahoney stated that in January and July the large property tax deposits are received. In the beginning of June there will be the large debt payment. Some money must be kept in the short-term account to pay off the debt due.

Municipal Income Tax

Mr. Tadych stated that municipal income tax receipts are up again this month, but going down. The receipts are up about 5%, or \$100,000 more than last year at this time, and 2022 was a high point for municipal taxes. April usually has a small decrease.

Mrs. Mahoney stated that last April there was a push to pay people at higher hourly rates, so that pushed receipts up. It is hoped that municipal income tax receipts stay even this year as compared to last year. There are effects from the recession, i.e., Hyland Software is laying off 20% of their workforce. Mr. Clark noted that the benefit in Bay Village is the educated work force working from home and drawing a good salary.

Healthcare

Mr. Tadych stated that the number of employees on the City's healthcare plan for employees is stable. There is \$1 million in reserve in Jefferson Health Care, on which interest is received. Mrs. Mahoney will seek further information. Money can be drawn from the fund if that is the city's choice. Mrs. Mahoney noted that last year a moratorium was taken on deposits from the city into the reserve fund with Jefferson. Mr. Kelly noted that the cash in the reserve fund is actually \$750,000.

Mr. Clark stated that the last report from Mrs. Mahoney was that the reserve fund was earning about 1.3 to 1.5%. If half of it was drawn and put into Star Ohio it would earn 5%.

Mrs. Mahoney noted that health claims are up 166% over last year. That will draw down the reserve fund.

Mr. Kelly asked if the increase is due to one or two catastrophic claims. Mrs. Mahoney stated that is correct. The healthcare plan has a small population so one or two large claims will cause that increase.

Fund Balance Account

Mr. Clark asked if the donation from the Mary Eitzen estate has been received. Mrs. Mahoney stated that \$200,000 was received and a similar sum may be received this year.

The American Rescue Plan Act (ARPA) money (\$1.6 million) is earmarked for the fire station renovation. There is also \$1.2 million of ARPA money received from Cuyahoga County for the lakefront renovation. It must be used for that purpose.

Mr. Clark stated that there seems to be good experience with Workers' Compensation. The balance now is \$850,000.

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Mr. Winzig asked if grant revenue of \$64,042 gets reapplied to another project. Mrs. Mahoney stated that she will investigate further.

Mr. Clark asked the frequency of the receipt of local government funds. Mrs. Mahoney stated that the local government funds are received monthly in the amount of approximately \$33,000. Since it was reduced approximately 10 years ago, the City of Bay Village has lost \$11 million, or about \$600,000 to \$700,000 per year.

Mr. Tadych asked when the change will occur, if there will be a change. Mrs. Mahoney stated that it would be according to the state budget. The Local Government Fund was instituted when the State Income Tax went into effect, as a way of sharing with cities.

Mr. Winzig asked about the transfers in the Parks and Recreation account. Mrs. Mahoney stated that the \$500,000 transfer needs to move to a different line, as it looks like a different transfer. The \$500,000 transfer goes into Parks and Recreation monthly.

Mr. Clark asked if an annual contribution is still received from Tom Coulton for Coulton Courts at Bradley Road Park.

Mrs. Mahoney stated that Mr. Coulton had contributed his entire pledge of \$60,000. This year Mr. Coulton wanted the tennis courts resurfaced again, and contributed another \$13,000. This was added to the balance left of his donation. The schools are also contributing \$9,000 for the resurfacing project which is just under \$50,000. Thirty-four thousand of the \$50,000 cost is money from outside sources. Mayor Koomar commented that he has been told these are the best public tennis courts in Northeast Ohio. The schools are contributing because the courts are used for Boys and Girls Varsity Tennis, in response to a request by Recreation Director Enovitch.

Mr. Clark asked about reimbursement receipts from residents for sidewalks fixed by the City over the past couple of years. Mrs. Mahoney stated that only about \$17,000 was certified to the county fiscal officer for attachment to property taxes for unpaid charges for sidewalk repairs.. Mr. Winzig noted an assessment for sidewalks of \$275 and reimbursement of \$500. More information will be provided by Mrs. Mahoney.

Mr. Winzig asked about encumbered expenses from the prior year that carries over into this year. Mrs. Mahoney stated that with the new finance system the encumbered expense goes away. The purchase orders are closed out and then reopened for the new year. The purchase order number remains the same with an "R-1" next to it. This year in the budget the reopened encumbrances were anticipated and the lines were increased. The exception are the capital projects, which are carried over.

Mr. Winzig asked if the Mary McGuire Eitzen Fund is required to be spent anywhere specific. Mrs. Mahoney stated that is for the Dwyer Fund in general.

Mr. Clark noted that Municipal Income Tax Receipts are split 94% General Fund, 4% General Capital Fund, and 2% Accrued Benefits, by ordinance.

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The roads program is funded through the General Capital Account in the amount of \$1.6 million in note proceeds. In the past the roads program was funded through the Street Improvement Fund. It was changed because it was thought to be separate from the general street maintenance.

The new Storm Sewer Revenue fund has received its own number. A revenue budget has not been established for these funds. Mr. Clark noted that a half-year's collections should be about \$110,000.

The Reserve Funds report will be updated.

Network Operations is credit card fees. The City is working with a new credit card vendor. Currently the City collects the fees and reimburses the vendor. The new vendor's fees will not run through the City books. The \$89,000 existing in the account will be sent to the vendor for the fees paid through their credit cards.

There are no expenses that are creating a concern at this time. Expenses remain at about 77% of budget.

Mr. Winzig asked about a large expenditure under supplies in the amount of \$42,140. Mrs. Mahoney will provide further information.

Preparations for renewal of General Liability Insurance are underway. The renewal must be completed by June 15, 2023. Numbers should be provided by May.

Mr. Winzig asked if invoices have been received from Chagrin Valley Engineering for the Equalization Tank Project. Bills are received as the work is done. The loan paper work is completed. Mrs. Mahoney will begin requesting the loan proceeds.

An encumbrance of \$462,000 in Sewers is for a sewer cleaning truck that is on order.

Mrs. Mahoney suggested looking at the Project Report for information concerning the EPA mandated sewer project.

Mr. Tadych asked about Walker Road Park and the situation concerning the request of the residential builder adjacent to the park to install a roadway and gate. The Mayor stated that there is nothing new on the request at this time.

Mrs. Mahoney is pleased with the new finance accounting system. The elimination of paper purchase orders and a shift to electronic approval has been a plus. Being able to attach electronic documentation to the purchase order provides ease of accessibility. The only two departments not integrated for payroll are Police and Fire Department. All others approve their time electronically, which is approved electronically by the department supervisor. The Police currently use a LabTech electronic time system. The files are being uploaded into Incode, the new Finance system. The Fire Department may be incorporated into LabTech as well. The Mayor commented that this would eliminate training time into the new system and will work for

these departments because of the ease of uploading payroll information into Incode. Mrs. Mahoney will meet with the vendors and provide a recommendation in May.

Mr. Tadych asked if the hydrant painting program will be held again this year and the funds can be found under Contractual Services in the amount of \$46,000. Mrs. Mahoney stated that this is correct and the total time of the program is three years.

The Refuse contract renewal is upcoming in April 2024 and will be addressed by a committee of Council to be assigned in the fall of 2023. Previously the Service and Utilities Committee have worked on refuse collection contracts. The Mayor noted that the weekly bulk pick-up has been very popular with residents and all efforts to continue this service will be made. Eight additional items are picked up weekly, equating to 32 items per month which is a great help for homeowners.

Project Activity vs Budget Report

Mrs. Mahoney reviewed the Project Activity vs Budget Report that she distributed to the members of Council. To begin the review, Mrs. Mahoney noted that a negative is a revenue in the revenue section of the report (a credit in the system). A good example is Ashton Lane Bridge in the report. All of the various sources of funding for the project are shown: cash from Fund 494, debt, additional debt, and ODOT funding. The only thing that has not been funded is the ODOT funding, awaiting final numbers from ODOT. Mr. Clark noted that the project cost far more than originally planned, and, Mr. Tadych noted, took longer. The City of Bay Village paid for the engineering and the increased costs.

Mr. Tadych asked when the City will receive the ODOT reimbursement. Mrs. Mahoney stated that it is an “in and an out.” Mrs. Mahoney does not know when the money will be received.

Mr. Winzig asked if the project is closed. Mr. Tadych noted that an award for the bridge design is being received from ODOT.

Mayor Koomar stated that he is sure there is paper work with ODOT to be closed out. They are trying to work with the county on Wolf Road to get the contractor back out for the punch list. The Wolf Road project can't be closed out until they do the final striping and other items. The Mayor noted that ODOT is super slow, even if the project is all done. Ashton Lane Bridge won't be closed out for some time yet because ODOT's process is very detailed and takes time.

Mrs. Mahoney stated that the budget for each project would be an end result of zero. The revenues and expenses are shown.

Mr. Winzig asked the procedure when there are additional funds left over. Mrs. Mahoney stated that if there is cash it would be sitting in Fund 400.

Mr. Winzig stated that the report states “Ashton 494, Cash” and the amount shown. Below it says “Ashton 494, Cash” and the amount shown. Mrs. Mahoney stated that if the cash doesn't need to be spent it would be given back to Fund 494.

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Mr. Clark noted that the City is waiting for reimbursement from the county for the Bradley Road resurfacing project. That was a 50-50 project with the county matching up to \$200,000. The bid was favorable and the paving extended to Carlton Road. Mr. Tadych stated that the amount forthcoming from the county is \$50,000. If there are additional funds unspent they will return to the fund from which the money was taken.

Mr. Winzig asked Mrs. Mahoney if she tracks recovered fund balance money from the year. Mrs. Mahoney stated that most of the cash from these projects is sitting in Fund 400, and would include those funds when doing the budget for the following year.

In regard to the Westerly Bridge Improvement Project, Mayor Koomar stated that from the Safe Routes to Schools Project it was his understanding that the bridge belonged to the schools. In further discussion, it was learned that the bridge is actually a City asset and not a school asset.

Mr. Winzig asked if the Cahoon Multi-Purpose Facility is complete. Mrs. Mahoney stated that there are just a few minor items to be finished. Fund 495 would receive cash back because the entire project amount has not been sent.

Mr. Clark asked if the Cahoon Memorial Park Electrical Project is going to allow the City to operate Bay Days safely.

Mr. Tadych complimented Mrs. Mahoney on the creation of the project report.

The City Hall Improvements represent the installation of the new HVAC.

Mr. Winzig noted that \$800,000 is money from two loans to be received for the EPA mandated sewer overflow project. Mrs. Mahoney stated that the paperwork for the first loan of \$600,000 has been completed.

Fire Vehicles funding represents the new ambulance that is being purchased and awaiting delivery. Mrs. Mahoney noted that total activity is encumbrance and expense.

Huntington Improvements represents the Huntington Lift Station and transfers from the General Fund in 2022 (\$605,000).

The Interurban Pedestrian Bridge Project money includes debt, TLCI grant, NOACA funds. The cost of the bridge is \$464,200. Mr. Tadych stated he would like to know the cost of the two pieces of bridge that are being brought in to the City, and how much expense there will be to put those two pieces of bridge together.

The IT replacement will be closed out. The funds were for the cost of the purchase of 18 computers in 2022. Mr. Tadych asked if the computer purchase was paid from the American Rescue Plan Act funding from the COVID epidemic. Mrs. Mahoney stated that many computers (laptops) were purchased from COVID money, but not in 2022. The laptops were provided to some employees to work remotely from home during the pandemic. Mr. Clark stated that it is

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probably money that would have been spent by the City if we would not have gotten assistance from the federal government during the COVID period. The laptops are still being used by some employees. Mr. Winzig asked if the \$18,000 remaining from 2022 is spendable or not spendable. Mrs. Mahoney suggested thinking of the funds as a bank account. It is sitting in Fund 400. If it is not spent, it still sits there.

Parking Lot Improvements Project is the improvement of the parking lot adjacent to Play in Bay, and the parking lot on East Oviatt across from the post office. The Mayor stated that they were waiting to do the parking lot off of Dover Center Road by the pool. They did not think the library would be finished as quickly as they did, so held on that parking lot. They would like to move forward with that lot now and would allow the alignment of some of the trails to their standards. They will also slightly realign one of the crosswalks at that location.

Mr. Tadych asked the status of the police body camera purchase. Mrs. Mahoney stated that they are trying to purchase them. Mr. Tadych asked if the grant money has been received. Mrs. Mahoney stated that the money has not yet been received as of the end of March. Originally the expense budget was \$25,000 for expense, but the grant was awarded. The struggle is they are trying to work with Motorola to ask if we can pay the \$51,000 this year and adjust the future years. They are waiting for the Motorola Accounting Department response. It is a reimbursable grant. If the City spends the \$51,000 then the City would be reimbursed the \$51,000 immediately and adjust the future payments in the five-year plan. Motorola has had some turnover employees which has delayed their response.

Mr. Winzig asked if the Pool Improvement represents the pool floor refinishing that was done. The budget amount is \$183,440. Mrs. Mahoney stated that there is more work to be done. The concrete on the pool deck needs leveling.

Mr. Tadych asked when the Safe Routes to School Project will be completed. Mayor Koomar stated that the project is with ODOT. Director of Public Service and Properties Liskovec will provide an update on the Wolf and Cahoon Project at the Council meeting this evening.

Mr. Clark stated that Road Improvements are budgeted at \$1,406,970. First reading this evening is an ordinance for a debt issuance of \$1.6 million. Mr. Clark asked the difference between the two amounts. Mrs. Mahoney stated that it is all going toward streets. Mr. Clark asked for a reconciliation of the two amounts. Mrs. Mahoney stated it includes street striping, and Reclamite applications.

Mr. Tadych asked if the bike trail striping on Wolf Road will be started soon. Mayor Koomar stated that it is included in the county punch list. They also did not pour the crosswalk area correctly in a couple of spots, one at Columbia Road and one by the fire station. The punch list also includes a couple of driveway aprons. Mr. Tadych noted that the bike lanes are not just for bikers anymore, people are walking, jogging and skateboarding in them instead of using the sidewalk. He stated that he believes it is going to be an issue.

Bond/Note Issuance Ordinance for 2023, providing for the sale of notes in anticipation of the issuance of bonds.

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Mr. Tadych stated that he believes the ordinance as written is incorrect in reference to the amounts. In the first paragraph it states \$5.5 million, and asked if it is not \$5.2 million.

Mrs. Mahoney stated that in May of 2022 the City issued notes in the amount \$5.5 million. In 2023, the amount of \$5.2 million is being issued. The \$5.5 million is maturing June 22, 2023. We are issue \$5.2 million in 2023, maturing in 2024. Mr. Clark suggested Mrs. Mahoney include the detail in the Council packets that she included in the Capital Budget for 2023 that shows the roll off of the old note debt. Part of the ordinance is to show how much corpus is left from each year's note ordinance because we amortize the equipment over five years and the roads over seven years. It is very nice detail that puts it all together.

Additional thoughts and comments regarding sewer rental rates.

The bills with the new rates will go out at the end of June with an August due date. The Mayor will issue an explanation for residents in approximately two weeks.

There being no further comments or discussion, the meeting adjourned at 6:55 p.m.

David L. Tadych, Chairman

Joan T. Kemper, Secretary