

FINANCE COMMITTEE MEETING
held November 7, 2022
5:30 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, Councilwoman Maier,
Finance Director Mahoney, Mayor Koomar, Fire Chief Lyons, Finance
Assistant Milton, Director of Public Service Liskovec, Director of
Community Service Goers, Clerk of Council Kemper.

Audience:

Mr. Tadych called the third meeting of the Finance Committee of 2022 to order in the Council Chambers of Bay Village City Hall at 5:30 p.m. and thanked everyone for their attendance.

Sewer Rates Increase Discussion – Minutes of Committee Meeting held October 3, 2022

Mr. Tadych asked Finance Director Mahoney how many dollars she feels are needed for the sewer fund in 2023.

Mrs. Mahoney stated that the funds report of the Finance Packet shows a negative \$229,554.00 in Fund 580 which is the Sewer Fund. At least for 2023, \$250,000 more money is needed than the funds that were used this year.

Mr. Tadych asked what that equals per household.

Mrs. Mahoney stated that it would be \$40 each for the 6,250 households in Bay Village.

Mr. Clark asked if that takes into account those that are not paying their sewer bills directly to the City, but have them attached to the property tax bills.

Mrs. Mahoney stated that it would just be generally \$40 per household, because eventually we receive that money through the tax bill payment. Every year about \$250,000 is assessed on property for sewer bills that are not paid directly to the City. That \$250,000 is collected the following year. The funds received from the prior years' sewer bills that have not been paid directly to the City offset the delinquencies from the current years.

In regard to the sewer rate increase under consideration, Mrs. Mahoney stated that if there is a \$40.00 per quarter increase in the sewer memo received from Mrs. Mahoney. Mayor Koomar stated that this increase is based on the actual cost for 2023 plus projections received from the Superintendent of the Rocky River Wastewater Treatment Plant.

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Mr. Winzig noted the large increase in Interceptor cleaning, going from \$80,000 to \$115,000. This will be discussed further with Director of Public Service and Properties Liskovec.

Mrs. Mahoney stated that the current sewer rate is \$90 per quarter. Strongsville, Rocky River and Fairview Park average is \$213 per quarter. The Bay Village average is well below. An average of Rocky River, Fairview Park, North Olmsted and Lakewood is \$212 per quarter. With a \$40 per quarter increase and an extra 5% added each year after 2023 it would take all the way to 2033 to reach that average that current cities are paying now. The current receipts in Bay Village for 2022 are just under \$2.5 million. A Rocky River Wastewater Treatment Plant loan in 2026 has a large increase because of the EPA mandates being placed on the treatment plant and the fixes they are going to need to remediate treatment plant issues. Mrs. Mahoney used a 4% increase for all the city's expenses, e.g., wages, interceptor cleaning, contractual services, supplies, etc. With that assumption in 2022 there is a deficit. There were cash balances to start this year which is where the just under \$20,000 deficit will come from, but about \$250,000 is needed in 2023 just to cover without any consideration of remediation of the City's EPA SSO problems.

Mr. Winzig noted a large increase in contractual services and equipment improvements has a little less than doubled.

Mrs. Mahoney stated that most of the increased expense is with the pump stations, including \$30,000 to refurbish a pump. There is an increase in communications cost that is due to putting the pump stations on cellular service to detect issues with the pumps (\$10,000). Engineering services increased \$5,000, and there is a 5% jump (\$10,000) in supply costs due to inflation. Mayor Koomar added that there is electrical and generator work to be done at the pump stations needing several hundred thousand dollars appropriated.

Discussion followed concerning the pump stations. Mr. Tadych stated that he thought they had been maintained. Mayor Koomar stated that the pumps in there have not had any maintenance since approximately year 2000. They could not be pulled out because there was not an extra pump.

Mr. Clark noted that the increase proposed is somewhat in the range of the increase done in 2015 because of the strength and flow study results for the Rocky River Wastewater Treatment Plant indicating Bay Village at 24% of the flow. The proportionate share for Bay Village increased. The items being discussed tonight are more of capital in nature. The magnitude of the increase is tricky. We are trying to prefund the rate increase before the capital expenditures even occur. The question is not so much if we are going to have an increase but how much and when. The City has been very good in holding the line. Lakewood charges \$100 per month for their sewer fund.

Mrs. Mahoney stated that there is a need to increase even without the need for capital expenditures at the Rocky River Wastewater Treatment Plant. At \$40 per quarter with the 5% increase takes the City out to 2031 before it would have to be looked at again. Potentially, the 5% per year isn't going to be quite enough to keep the City on track with the expenses. Using an estimated \$800,000 per year starting in 2026 for the payment of the loan for the Equalization

Tank. If the number needed should be less it would take the City out farther before needing another increase.

Mr. Clark noted that the engineering for the tank has not been done yet. We have determined the estimate of \$14 million for the tank. That could go up or down depending on the capacity.

Mrs. Mahoney stated that a usage based sewer bill would mean involving the Cleveland Water Department to do the billing. A calculation worksheet received from them indicates a cost to the City of Bay Village about \$175,000 per year. Or \$2.30 per bill, per month, for them to do the billing, more than the \$12,000 to \$14,000 currently paid for postage and billing. Either that \$175,000 is passed on to the residents as an additional charge, or the rates would be adjusted in order to collect that charge.

Mr. Tadych asked if a summary can be received at the year end and bill people for the monthly cost. Mrs. Mahoney stated that this could be done at a cost of about \$26,000 to get the information from the Cleveland Water Department on a once per year basis, maintaining quarterly bills. Mr. Tadych believes that this should be done, with a separate billing for the overage of the amount in the summary of the year end.

Mr. Winzig suggested a year end report and look at high/low and at some point draw a line and say that people from this point down are fine for what they paid, and from this point and above they have exceeded the volume and would owe additional funds.

Mrs. Mahoney noted that the City of Rocky River gets the information from the Cleveland Water Department and bills on usage. They get it once a year, and the whole following year that is the rate the residents pay. This is what the City of Bay Village does currently with their commercial bills.

Mayor Koomar noted that the administrative end of that could be problematic because the City of Cleveland automatically applies payments to water bills and not the sewer bills. The Mayor expressed that there might be a loss of control if using the suggested new system.

Mr. Tadych stated he likes the idea of having a cut-off of the lower portion of the money and then a lump sum paid by the people using a significant amount, e.g., a palatial yard that is being watered every day compared to those watering infrequently. If we just pick a number of how much water is being used, and not increase the people that are using less than or equal to that amount. The people who are overusing would be able to accept the difference in the overuse.

The Mayor noted that those with a sprinkler system can get a second meter. The bottom line is that a certain revenue number must be reached to make the budgets work. A usage plan would mean the ones paying more would pay a lot more. The high end of the information from Cleveland Water would be \$1,300 annually which would be 3.6 times more. There are 1300 families in the school system. Families with children use more water and would be affected.

Mr. Tadych stated that the bill is high for the senior lady living alone in her house. To pick a group of people doesn't seem justified either.

Mrs. Mahoney stated that the FCF charge that she would need to charge based on the City's usage that the Cleveland Water Department sent her would have to be \$71.06 per FCF. That would get the City \$3.8 million in revenue. The average person is about 500 CCF's or 6 MCF per year. A person in Mrs. Mahoney's staff was asked about usage, a single person household, and she uses about 6 MCF's per year. If the bill is \$71.00 per MCF, that is \$440 per year. It is still under the \$40.00 per quarter increase scenario, about \$80 cheaper. That person is saving \$80 whereas a family of four using that same 6 MCF per person could be paying \$1,300 per year which is well more than the scenario of adding \$160 per year to their current bill. Mrs. Mahoney believes that using the per usage basis definitely affects the families exponentially more than it hurts the single person household.

Mr. Kelly stated that the analysis provided for other communities speaks to the idea that there is a flat rate use. He asked if the other communities are all on a per usage basis. The analysis portrays the average.

Mr. Kelly said that he is inclined toward the argument of a flat rate, but if hearing correctly all of the examples presented are all based on usage. Mrs. Mahoney stated that they are; there are no flat fees.

Mr. Kelly stated that it does beg the question of why they think that usage is the way to go instead of a flat fee.

Mrs. Mahoney stated that the argument is if people use more water they should pay more. She does not know what the answer is. Maybe they never looked at a flat rate.

Mayor Koomar stated that the people that are going to pay more are going to pay a lot more. It becomes a philosophical question – why do the people on Humiston Rd. pay the same when they only use a quarter mile of the sewer system to get to Rocky River. Everyone has to pay in to the paramedic tax, whether they use the squad or not. If you go to a usage system people will pay a large increase. We want to identify the people that would be affected by that change.

Mr. Clark stated that one of the concerns he has is implementing the \$40 increase with 5% step increases now and prepaying for anticipated capital expenses. Many factors are not quite known yet. His opinion would be to step this at some point in time and figure out what the right number is to buy a little bit of time because inflation is affecting many people.

Mr. Tadych stated that 5% sounds like a lot but calculated it is \$2.00 or \$3.00 a quarter, insignificant compared to the amounts we are talking about now, that \$35 or \$40. Mr. Tadych stated that he does not mind the 5% but does mind the initial shock.

Mr. Clark noted that inflation now is clipping at 8.50% through September and if the school levy does pass that will be additional expense for residents. We have held the line on this for seven years. What is the right number to buy a little bit of time. There are still unknown factors. Another question is when do we implement this? It seems like January of 2023 might be a little

premature because the ordinance would need to be on three readings. The discussion should be continued going forward.

Mr. Tadych stated that he would like to keep things as they are and try to figure this out a little closer to the real amount. We are not working with real numbers yet.

Mr. Clark stated that the idea of usage versus flat fee is one that still needs to be vetted. Other communities are doing it. This throws some interesting factors in that we did not have to deal with in 2015. The discussion will be continued with perhaps some input on numbers so that the Council can agree on an informed decision which is fair to the residents in the City.

Mr. Tadych suggested bringing the matter to the whole of the Council.

2023 Budget Review:

Fire Department

Mr. Tadych asked the status of the building improvements that are under study.

Chief Lyons stated that the architects are do in this week. A meeting will be held on Wednesday with the architects and the team from the fire station and Project Manager Mark Spaetzel. Preliminary, conceptual ideas and drawings will be presented. Meetings will be scheduled with the Mayor and the team to look at the drawings. Steady progress is being made.

Mr. Tadych asked if a new building is planned.

Chief Lyons stated that they will be presenting ideas to Council and Council will be making the decision about what they want to fund. Some sort of fire station renovation will be presented, whether it is a brand new building or a renovation of what is standing there or some hybrid model.

The Mayor stated that the goal is renovation. That is the direction given to the architect. We do not have an answer yet if it would be more expensive than a new building. There have been delays due to COVID in the architect's staff.

The Mayor said he would rather see a remodel if it is less expensive. They know the administration's feelings. The goal would be to balance the sewer fund operationally for 2023 and as the fire station study is finished that would be picked up separately in January to discuss potential funding. It is a large project that will not meet the timeline of budget preparation. At this point it is a feasibility study. We have time to make a decision about the direction to go.

Mr. Tadych stated that he would like to see something done in stages. The Mayor stated that over the next few meetings they will be playing with scenarios for the set up and a sense of what they would recommend, as well as discussing the price per foot for each suggested component.

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Chief Lyons stated that meetings regarding the study will be scheduled over the next couple months. Mr. Tadych asked Mr. Clark to be sure that Council is kept advised. Mr. Tadych asked if potential growth of the department in the future will be included in the study.

Mayor Koomar stated that what is being seen elsewhere are three or four bathrooms with showers to accommodate both male and female firefighters. These are the kinds of things that need to be built in for the future.

There are 24 line members, plus the Chief, or a total of 25 members of the Bay Village Department. There are three, eight-member shifts. It has been that way for some time. The financial records are posted 60% to the General Fund, and 40% to the Emergency Paramedic Unit Fund. Benefits are split the same way. Mayor Koomar noted that 60% equates to 15 bodies. The salary numbers in the budget reflect the pay increase agreed to by the bargaining unit agreements. Mrs. Mahoney stated that the 3% increase in wages will be across all departments. The other large change is hospitalization which is a 6.67% increase. In the last few years, 85% of that hospitalization number has been budgeted, instead of 100% in order to burn down the Health Care Fund. In 2023 it will be 100%. For the Fire Department, the General Fund shows a 5.39% increase overall, including the 3% for wages.

Mr. Clark noted that the Central Dispatch number has gone up significantly over the three year average from 2019 through 2021. It is about \$172,000 where the three-year average is \$122,000.

Mrs. Mahoney explained that this is a function of the carry-over purchase order. The last quarter goes into the next year. This is how the new system works. The \$172,000 number is for five quarters.

Turn-Out Gear is six sets per year. All firefighters are to have two sets of gear, a primary set and a back-up set. It is a safety issue. The older practice of keeping the old sets has been eliminated. The average life of turn-out gear is ten years: five years for the primary set and five years for the back-up set.

Mr. Winzig stated that when WestCom was toured he saw a lot of computer equipment delivered. He asked if a phase in plan has been implemented. Fire Chief Lyons will check with Westlake IT.

Mr. Clark asked Chief Lyons if he is comfortable with the overtime budget. Chief Lyons stated that they should be back to normal next year. This year there was an unplanned departure. A conditional offer of employment has been made to fill that gap.

Mr. Tadych asked if there is a need for the fire department to have cameras. Chief Lyons stated that they will look at cameras as they go forward with the renovation of the Fire Station. At the very least, they would like to camera the exterior doors. Another location for a camera would be an EMS room where pharmaceuticals are stored.

Mr. Tadych asked if body cams would be a possibility for the Fire Department. Chief Lyons stated that they would not be suitable for paramedics due to privacy issues. Another issue would

be helmet cameras which are used for training. There is wide debate in the fire service community as to the value of helmet cameras. The cost ratio of value to usefulness is high. It is something to look at but that would definitely be a capital request in the future.

Total pension for the Fire Department employees is \$613,000.

Fire Chief Lyons stated that given the projected increase in revenue in ambulance reimbursements and fire pension, the total budget for the Fire Department is \$3.4 million. The increase is \$65,000 or 1.9% for the entire department.

Mr. Tadych asked if there is an increase in payments from insurance companies for ambulance runs. Chief Lyons stated that there is not an increase in payments but there has been an increase in runs.

Fire Chief Lyons stated that they are not looking at large capital expenses due to the pending fire station project, but they would consider an extra Seabob, which is the water rescue device. The one that they have now is performing well with a dozen documented saves. They are looking at outfitting a second rescuer. If the primary rescuer gets into trouble, they would like a back-up rescuer to be equally equipped. Another reason for a back-up is if there are multiple victims needing to be rescued. A third issue is redundancy, in the event that one should go down. He noted that they train heavily in swimming, but it is necessary to have the equipment for rescue.

Community Services Department

Director Emily Goers stated that she is in observation mode at this point. Ms. Goers plans on meeting with the Community Services Advisory Committee early next year. Opportunities for additional program for BV60+ and for the Senior Center are being explored. Ms. Goers is watching what people are enjoying and trying to expand on those activities. The facilities are nice and there are great people in the department. Mrs. Mahoney has worked with her on the budget and has been very helpful.

Mrs. Mahoney stated that the Community Services Department has the same increase in wages and health care as the other departments. The only addition will be a new photocopy machine and increased fuel costs for next year.

There are two full time and two part time employees, plus the drivers in the department. There are two part time vacancies; one for the BV60+programs and one Transportation Coordinator who will work 20 hours per week and be responsible for all the transportation services. There are four drivers, down one compared to the former number of drivers.

Mr. Clark stated that part time wages averaged \$68,000 for three years ending in 2021. We are budgeting \$114,000 this year. Mrs. Mahoney stated that is because of the two new part time positions that are vacant at this time. Ms. Goers is still having conversations about how to proceed with the transportation; the budgeted number could change if transportation services are contracted out. Also, there is one driver opening.

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The Dwyer Fund, Fund 260, is the donations and the payments for the Holiday Caring and Sharing. There is \$84,000 cash in the fund. Mrs. Mahoney budgeted \$20,000.

Senior Services is an in and out fund which is used for payment by participants and providers for programs.

The Waldeck Estate Fund is from a donation of \$163,000 to help people with home care. The current balance is \$15,000 that is permitted to be spent. The principle amount cannot be spent.

A fund is to be created for a recent estate donation. The amount is unknown at this time.

Building Department

Director Tuck-Macalla stated that there is a Building Inspector position that will be taken over by the Property Maintenance Inspector. At that time the Property Maintenance Inspection duties will be spread out between three Building Inspectors. At that time, Mr. Tuck-Macalla will review the Property Maintenance Inspector position to see if it needs to be filled or eliminated.

There are four full time and one part time employees in the Building Department, including the Director.

Mrs. Mahoney stated that she has budgeted for the Property Maintenance Inspector for 75% of the year, anticipating the move to Building Inspector.

General Administration including the Mayor's Department
and Finance Department

Mrs. Mahoney stated that she has budgeted for a potential code change process for the Council.

In the Mayor's Department there is a slight decrease in wages due to an overlap with a retirement and a new hire for the Mayor's Assistant.

Training for the secondary staff budget has been increased.

The Finance Department has three full time and two part time employees. The new hire has opted out of hospitalization.

Mrs. Mahoney and her assistant attended the Tyler Technologies conference. They also offer training on-line. The Police and Fire Departments and a time keeping system remain to be implemented, with perhaps integrating the existing system for time keeping used by the Police Department and Fire Department.

The Municipal Income Tax receipts have been increased over the 2022 budgeted amount by 10%. Last year a 4% increase was budgeted. At this point the Municipal Income Tax receipts for 2022 are at 112% of budget. The amount of \$7.3 million was budgeted; \$8.3 million has been received, with two months left in the year. Mrs. Mahoney noted that the cost of collection

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is 3%. At the end of the year R.I.T.A. gives a rebate based on the cost of collections. The rebate this year was 1.7%.

The largest increase in General Administration is the property tax collection costs by the county. The state charges a fee to collect from those in arrears. Bay Village has a 98% collection rate.

The increase for the County Health Department is shown in the budget for 2023.

The fireworks have been budgeted at \$16,000 this year. The Bay Village Foundation fund is down to \$10,000 for fireworks.

Transfers

The transfer for the Parks and Recreation Fund is increased by \$50,000.

The Street Construction Fund (Fund 270) will receive a \$300,000 transfer to meet a \$1.3 million in expenditures.

Ms. DeGeorge stated that a few months ago she sent an email to all of Council asking that the Council budget be increased to send out a Council newsletter, since she learned that we cannot be included in the Mayor's newsletter. Ms. DeGeorge says she does not see that in the budget. The Mayor stated that adding something with the sewer bill may be an option. Mr. Tadych noted that the residents do not read all of the pages when there is a lot of items in one mailing.

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

David L. Tadych, Chairman

Joan T. Kemper, Secretary