

**The JOINT CD and FINANCE Committees held a meeting on
Monday, April 24th, 2023 beginning at 6:33 P.M.**

CD MEMBERS PRESENT: Committee Chair Callahan, Mitchell, Oswald, Schneider, Lipian

FINANCE MEMBERS PRESENT: Committee Chair Stewart, Tollett, Cerra, Davis, Schneider

OTHER COUNCIL MEMBERS PRESENT: Corbin

OTHERS PRESENT: Law Director Deery, Mayor Whitfield, Safety Service Dir Lundy, Asst. Dir Williams, Finance Dirs. Pileski and Farrell, Engineer McKillips, Building Official Farkas, Asst Dir Calvert, CD Mgr. Almobayyed, Police Captain Grooms, Fire Chief Pronesti

1. The matter of a Downtown Facade Improvement Program applicant for 246 Second Street.

Referred By: CD Mgr. Mona Almobayyed

This Matter was approved by the Elyria Economic Development Committee on April 3rd, 2023.

Ms. Almobayyed said this is a downtown Historic Redevelopment Grant for the Elyria Elks Lodge located at 246 Second St., downtown. They are doing a roof improvement. They did get comments from the Elyria Landmarks and the Commission was supportive of the project. It was also approved at the Elyria Economic Development Committee. Tom Breno of the Elyria Elks is here to explain what they will be doing. This is for a grant up to a \$50,000 match.

Mr. Tom Breno, Elyria Elks Trustee, 246 2nd Street. A committee was put together about 5 years ago to look at the roof. They determined it was in dire need of improvements. They did some fundraising and did some needed improvements. Their membership has dropped about 30% due to covid. The cost for the new roof five years ago was estimated at about \$120,000. West Roofing has offered a solution, they will apply a foam and sprinkle with granulated material. They guarantee it for about 20 years and that cost is about half. The building is 110 years old. It was built as an Elks Club in 1910. The Elks has been a part of Elyria for many years. They do a lot for the community. They are looking for assistance for this roof project.

Mr. Lipian thanked them for their donation to the Elyria Police and other things they do.

He asked if the roof is insured?

Mr. Breno said yes.

Mr. Lipian said they recently had some catastrophic windstorms and they could possible look into that.

Mr. Tollett is part of the Economic Dev Committee and they asked if this is a repair or a new roof? It seems like a new roof because they are receiving a 20-year warranty. Normally repairs don't come with a warranty. This is a new roofing system that is going on top of an old roof. And it's a new technology.

COMMUNITY DEVELOPMENT:

Motion was made by Mr. Schneider and second by Mr. Oswald authorizing the 'said' Downtown Historic Redevelopment Grant.

MOTION CARRIED

COMMITTEE REPORT WRITTEN

FINANCE:

Motion was made by Mr. Cerra and second by Mr. Schneider authorizing the 'said' Downtown Historic Redevelopment Grant.

MOTION CARRIED

COMMITTEE REPORT WRITTEN

2. The matter of a presentation by Mayor Whitfield for planning of ARPA Funds, Issue 6 Funds and Water Fund usage. (For Discussion Only)

Referred By: Mayor Whitfield

Mayor Whitfield said the best use of time today would be spent speaking about the debt capacity and the City's financial status in terms of our financial capacity in terms of borrowing and why it's an important part of the conversation. When the Mayor Whitfield term began in January 2020 they were staring down the moving of Bendix moving out of the City and then covid 19 hit. And he rec'd a prediction that we may face a deficit of the General Fund due to the pandemic. We froze hiring, laid off some employees, cut some things from the budget and tightened everything. Then at the end of the year, things weren't as bad as they thought they would be. In 2021 the City was fortunate to get this American Rescue Plan funding. They engaged the residents by having them take part in a survey and there were over 300 responses. The top responses were; 1.) Downtown and Midway Mall, 2.) Parks & Rec, 3.) Small Business, 4.) Non-profits providing aid to residents, 5.) cutting loses to avoid lay-offs. Most of those were approved; put \$700,000 in small business, \$400,000 in non-profits. And a lot has been done in terms of covering City's losses. As of April 3rd, of the 14 million dollars that have been allocated or spent, 44% of that went to EFD, 24% went to the EPD, 5% to Sanitation, 2% to Muni Court, 5% to Small Business, 1% to Home Beatification, 3% to non-profits, 2% to Parks & Rec, 8% to Streets, 1% to Misc. Some of that is a good investment because it will strengthen the General Fund.

It's important to talk about the debt capacity and not look at ARPA as a silo. They called the survey the Aid & Investment Survey. Issue 6 had passed and that's 30 million dollars over the next 5 years. And we got the American Rescue Plan Act and that 18 million dollars that has to be spent before the end of 2024. We have an opportunity to do something unique. To address some of the historic issues in the City and move forward.

We still have Issue 6 dollars that we can be planning for through 2026. We have these ARPA funds that we can be planning for the future. One of the big elements is our Bonding capacity. One of the reasons why he asked to hold off on major purchases was, if the levy doesn't pass, the ARPA funds will have to be used to pay for salaries, we cannot finance salaries. If Issue 8 passes, we should go to the drawing board and look at some of these historic investments, including the Central Maintenance Garage, the swimming pool, the fire station, evidence building, these are purchases that we need to make.

We have several things that we've borrowed for and some of those things are rolling off of the books; municipal court and City Hall which has been being paid for since they were built. If we feel comfortable with 20 million in debt capacity and we can see what kind of projects we can get done with that.

Finance Dir Pileski went through the excel sheet on the screen. They started with the governmental activities in 2022. Current Debt Service in 2022.

Enterprise Funds ~ have their own source of revenue stream to pay for sewer and water debt
General Obligation Debt ~ is borrowing for projects that don't involve water & sewer and these bonds are paid from the General Bond Retirement Fund and / or special revenue funds.

Two were dropped off the books last year. Chestnut Commons Bonds which were issued for original Chestnut Commons Drive and the street lighting when Walmart went in, will be paid off this year. However, that bond is being paid off with TIF's (Tax Increment Financing) payments. The bonds will be retired, the TIF's will still be coming in, but it won't be able to be used for any other debt. If TIF's come over and above the Bond payment, which they have, the excess goes to Midview School District. So these won't impact the General Bond Retirement Fund.

Police and Fire Pension Bonds were issued many years ago to pay off a long-term debt that all municipalities across Ohio to bail out the Police & Fire Pension Fund because it was underfunded for so long, going back to 1960's. The legislature enabled cities to issue bonds to pay off the loan at a deep discount so they did that many years ago. Those bonds will be retired at the end of this year. They're being paid out of Police & Fire Pension Fund and when they fall off the books that freed up money can be used for current pension expenses. City Hall construction bonds are due to fall off in 2026 and that will free up about \$475,000 in debt service dollars in the bond retirement fund.

Industrial Parkway Bonds, will be paid off in Dec. 2024 and will free up \$62,000 in bond debt and another one which will free up an additional \$72,000.

Muni Court construction bonds will be retired in 2032.

Last year we had the Energy Conservation Bonds were paid off and frees up a half million in debt service revenue starting this year.

Paid off the various purpose improvement bonds and that frees up \$360,000 in the general bond retirement fund.

Providing that we get income tax renewed, which would be about a million to a million and two that's going to be falling off the books of what's going to be paid over the next couple years.

They will be able to issue more bonds and pay off other bonds with that money.

The money that goes into the bond retirement fund is property tax revenue, the inside millage. We get 4.2 mills of inside millage, by law a small percentage has to go into the police and fire fund and the balance can be split between the general fund and the general bond retirement fund upon council's approval. If the levy passes we'll have extra money on hand to borrow for projects that have been discussed.

Other loans are the Ohio Public Works Commission Loans and these are interest free 10-year loans that we get through the State for various road projects. Our debt payment is about \$102,000 per year and it comes out of the bond retirement fund.

We have Capital Leases on two fire trucks, one will be retired this year and the other will be retired in 2025. Those are being paid out of the Issue 6 Fund.

There is a State Infrastructure Bank Loan for Route 113 paving project and Route 20, being paid out of the muni motor vehicle tax fund, license plate fees. These two together are about \$108,000.

Next is Business Type Activities and these are big numbers because of the sewer projects. For Bonds in the Water & Sewer Fund, there is a total of \$51,168,000 of outstanding and long-term bonds and most is Sewer.

We have another \$39,732,000 in outstanding OWDA Loans which are sewer with the exception of one small water at the end. Most of this is funding for EPA mandated sewer projects which is what's driving sewer rates to increase.

There are a number of leases on sewer vac trucks, most are 5-year leases. Total 1.8 million and most are 5-year leases. Total business type activities, Enterprise Fund Operations and Funds that are a self-supporting business type where we're selling a product like water or service; there is 93 million in outstanding long-term debt in bonds and loans.

Mayor Whitfield asked what do we want to do collectively, what do the residents want to do? We should come up with a shared vision for how we move forward versus just trying to push something through. Again, this is a once in a generation. He was recently at a Mayor's Convention and there are other communities that are grappling with these ARPA Funds as well. He thinks it's important that we think about 40 years from now and we think about the type of decisions we can make to impact historical issues in our city.

Finance Dir Pileski said he is working on the 2022 Annual Comprehensive Financial Report. It will be about a 260-page book. It's due to the State by May 30th and to the Government Finance Officers Association by June 30th, but may need to file an extension.

Mr. Tollett said a fire truck and a sanitation truck were recently bonded. The reason we couldn't use ARPA Funds for those is because it's against ARPA rules to pay off debt with ARPA monies. It can be used for new Capital Expenditures. The trucks were purchased before ARPA. The City's Bond rating is based on the City's debt, the less we have on the books as debt, the better our bond rating is. We have outstanding people in our Finance Department who have kept this in check for so long and our bond rating is extremely strong, we're an A+ rating.

Mayor Whitfield said when we talk about the bonding capacity and the utilization of ARPA funds, we're not talking about paying things back with ARPA, because that's not an eligible use. The Finance Dir wanted everyone to know that there are things rolling off of the books in terms of what's been borrowed on and there will be funding freed up. One of the pieces that's been talked about is that we are in a position where all of our ARPA Funds can be moved into the General Fund through lost revenue. Some of the feedback was once it went that way, it would go back to the status quo kind of standard. He hopes that everyone recognizes that we can still decide around something larger, whether it's thru debt capacity. There is still a significant way to make a significant move.

Mrs. Davis asked about a sanitation truck that we owe on.

Finance Dir Pileski said we have a note outstanding for \$350,000 that was issued 2 years ago. He has only been paying the interest and this year he's rolling over \$300,000 and using \$50,000 to pay down on the note. Last year they helped the sanitation fund out by budgeting money in the ARPA fund for Sanitation Svcs. The \$350,000 in short term debt will turn into \$300,000 and that note comes due at the end of June.

Mrs. Davis asked about the 5-year lease that's going to be paid off for the sewage vac trucks, is that correct?

Dir Pileski said no, the last year of the lease, the vendor makes a balloon payment on the City's behalf and they take the trucks back and then we go into another lease which come out of the sewer fund. It's the camera and vacuum trucks.

Mrs. Davis asked the Mayor if the employees who were laid off during covid came back?

Mayor Whitfield said yes, all of those 5 employees were brought back, and one retired.

Mr. Oswald asked Dir Pileski if these large debts are normal in cities, do other cities have bonds like we do?

Dir Pileski said there are some cities that are cash rich and they don't have to borrow as much. Our debt is being driven primarily by sewer, by EPA mandated projects. Some of the projects are 20 and 30 million dollars. Our debt capacity, which is what the bank says we can borrow is like 100 million dollars. It's similar like when you get pre-approved at a bank, you can get approved for a \$350,000 house, but you know you can only afford \$150,000. So, we want to stay in the range that we feel comfortable with.

Mayor Whitfield asked the committee what is it that they are hearing from residents as to what we should be doing for Elyria?

Mr. Tollett said he is hearing that a central pool/aquatic center is wanted by several residents, but it should be a citywide vote. It should be a stand-alone project because instead of doing a 10-million-dollar pool, let's do an 18-million-dollar pool and make the levy to build it and so we have the funds to operate it. There would be 2 long term debts with that, cost to build it and the cost to operate it.

Mr. Lipian said his feedback is residents who have had issues with flooding, mainly on Miami Ave., which sits in a vulnerable position based on the flood plain. There used to be tiling but when they modernized the area, they tore out all the old tiling. They will have a sewer relief put in place, which will help. His thoughts were to have tiling put back in and going down to the Black River to relieve that flooding. He's spoken with stormwater officials and Supt. Korzan. Tiling is a way to get the water to outlet and gather and be directed to the River.

Mr. Oswald said he thinks everyone wants good city services; leaves & trash picked up and water & sewer services and good streets and Fire & Police Dept's. And we need Economic Development to bring businesses into the city.

Chair Stewart said these ARPA funds need to be expended by the end of 2024. And again, Bendix is no longer here and that's 1.5 million dollars of income tax we're losing each year.

Finance Dir Pileski said the only source of revenue in the general bond retirement funds is unvoted property tax millage, inside millage. \$280,000 of that is in the form of roll back tax.

There is a house bill out there which would reduce the State Income Tax but it would eliminate the rollback tax. There's a possibility that our revenue and the bond retirement fund could drop by \$280,000 if that goes through.

Mr. Cerra went back to the issue of the central swimming pool. The main thing is if we don't have a mechanism to maintain it, it's not worth building.

Mr. Lipian said his thought is giving our police forcing staff the strength they need through salaries. In some cases, there's a 25% gap between the salaries that Elyria offers and other police departments.

A lot of the young guys are jumping ship and going to those other cities and others are staying because they feel a sense of loyalty. If we could use some ARPA funding to go into merit-based salaries for police officers.

Mr. Stewart asked, if the mayor is prepared to give council ideas of what his plans are?

Mayor said this is two-fold. A big concern with this opportunity, after hearing from residents, is we should see some sort of economic return on the money.

Other concerns are; getting rid of dilapidated buildings and have sites ready for companies to be able to move in. Some sites that we do have don't have the infrastructure underneath. Moving forward with the Chestnut Commons piece, they've been in conversations with businesses, but there's a challenge with the sewer capacity in Chestnut Commons. The Housing Beautification Program raises up resident's economic base for their homes and adding value and he thanked councilman Oswald for pushing that. We're already at the max for that program and he's asking to add an additional \$250,000 to that program.

What he cautions on is hiring and salaries with these funds. This money will not be here after 2024. We need to create a quality work environment, a quality city and pay people a fair wage which we're always assessing that, but he's cautioning that.

Mrs. Mitchell will always advocate streets for all over the city. The streets are one of the things that residents complain about. She would like to see more money for streets.

The Mayor produced a long list of ideas. There are real possibilities for what we can do in the city.

Chair Callahan said this was a lively energetic discussion. Good suggestions were made and we'll see where we go from here.

Seeing there is no further business for Community Development Chair Callahan asked for a motion to adjourn the Community Development portion of this evening's meetings.

**Motion was made by Mrs. Mitchell and seconded by Mr. Oswald to adjourn
The Community Development portion of this evening's meeting.**

The meeting adjourned at 7:35 P.M.

MOTION CARRIED

The evening's meetings continued with The Finance Committee Meeting which began at 7:40 P.M.

Respectfully Submitted by,

Colleen Rosado, Secretary/Administrative Assistant