

THE FINANCE Committee held a meeting on Monday, June 10th, 2024 beginning at 6:18 P.M

Committee Members Present:

CD: Chair Callahan, Mitchell, Schneider, Oswald
Finance: Chair Tollett, Davis, Schneider, Cerra, Siwierka
Utilities: Chair Mitchell, Davis, Oswald, Stewart
Absent: None

Administration and Department Heads Present: Mayor Brubaker, Law Dir Deery, Safety Service Dir Pyanowski, Finance Dir Pileski, Asst Finance Dir Farrell, Engineer Schneider, Public Works Supt Conner, CD Manager Almobayyed,

1. Approval of the May 28th, 2024 Finance Meeting Minutes.

Motion Made by Mr. Cerra and second by Mr. Schneider to approve said minutes.

MOTION CARRIES

2. The matter of delinquent utility accts to be certified to the Lorain County Auditor.

Referred By: Public Works Supt Conner

Team Leader Conner said this list was approved by the Resolution Board for a total amount of \$14,624.76 to turned over the County Auditor's Office. Some of these are multi-units.

Mrs. Siwierka said 209 Westminister is a sewer only account.

Supt Conner said that is correct, and there is no recourse they cannot turn the service off.

Chair Tollett said this is standard procedure and there were no more questions.

Motion made by Mr. Cerra and second by Mr. Schneider authorizing a resolution for 'said' charges to be certified as liens to the Lorain County Auditor's Office.

MOTION CARRIES COMMITTEE REPORT WRITTEN

3. The matter of a request to dispose of certain Fire Department equipment that is no longer used and not suitable for municipal use.

Referred By: Fire Chief Pronesti

Safety Dir Pyanowski said the City Fire Dept has 2 apparatus vehicle lifts that are not in use. They need to get rid of them. They will try to sell these on govdeals.com.

There were no questions.

Motion made by Mr. Cerra and second by Mrs. Davis authorizing the Safety Service Director to declare 'said' property unfit for municipal use and to dispose of by the best means possible.

MOTION CARRIES COMMITTEE REPORT WRITTEN

4. The matter of creating 3 Capital Project Funds; Abbe Rd., Midway Blvd., and Furnace St., which are part of the Year 2024 OPWC road projects.

Referred By: Finance Director Farrell

Finance Dir Farrell said these funds need to be created in the appropriations to accommodate these 3 road projects for this season. These should be passed as emergency clause.

Dir Deery said this will take effect immediately.

Motion made by Mrs. Davis and second by Mr. Cerra authorizing three new Capital Project Funds for the 'said' 3 streets.

MOTION CARRIES COMMITTEE REPORT WRITTEN

5. The matter of applying for Round 39 for grant and / or loan funding through OPWC - Ohio Public Works Commission for Year 2025 road projects.

Referred By: Engineer Schneider *[this was passed by Utilities Committee on 6/5/2024]*

Engineer Schneider said this is to start the application process for next year's OPWP Streets. This list is what we are recommending to apply for. They will start putting the documents together for this. Applications are due September 1st. Engineer Schneider listed those streets; W. River (Furnace to 57), Leona (Griswold to Midway Blvd.), Murray Ridge (DH to Corp line), Gulf Rd (Vista Ct to Hilliard) E River (E Broad to Lincoln).

Chair Tollett asked about when the construction on Gulf Road would begin and if it would interfere with the Valley of the Eagles development? Would it be better off to delay that one?

Engineer Schneider said they don't have final plans for Valley of the Eagles and they don't know when they are actually going to start. It will be a 4 or 5 phase approach as far as construction. Will it take 2 years, 4 years, 10 years? He doesn't want to wait for the Gulf Road project to begin because the road is falling apart.

Mrs. Siwierka said East River between E Broad & Lincoln and the hospital is redoing their crosswalks and overhead, should we wait on that?

Mayor Brubaker said he had met with the hospital's CEO a week and a half ago and other times earlier in the year and there has been no discussion on that project. They did ask if road construction in regards to the sewer line and that project will not effect the hospital projects. They are looking at grant money to take down McKinley School and will eventually build a new helipad. There has been no conversation about a new crosswalk, but, he will reach out to find out for sure if that is in the works.

Mr. Schneider asked if they will time S. Abbe to get done for when E Broad has more traffic flow? Because a lot of people are using it to navigate thru the Heights to avoid the construction otherwise there will be two blocks of back-up.

Engineer Schneider said they are hopeful to have E Broad open by the time S Abbe project starts. Also, the communications Dept has installed a new traffic controller at S Abbe to accommodate vehicle detection in the future and be able to move traffic a little more efficiently.

Motion made by Mr. Cerra and second by Mr. Schneider authorizing the Mayor to apply for Round 39 Grants/Loans thru OPWC for resurfacing of certain roads and accept if offered.

MOTION CARRIES

COMMITTEE REPORT WRITTEN

6. The matter of the 2025 Tax Budget. [Standing Referral]

Referred By: Finance Directors Pileski and Farrell

Finance Dir Pileski said the City is required by the Ohio Revised Code to prepare and submit a tax budget to the Lorain County Budget Commission every year in July for the following year. The tax budget becomes a starting point for the Certificate of Estimated Resources that is maintained by the Lorain County Budget Commission from information that is received by his office. At the end of April, he looked at every individual fund on the books, there are 84 funds, between general, revenue, debt service, capital projects, enterprise, internal service and custodial fund. The budget form that is supplied breaks it down type and he has to break it down by fund type and then a step further and do each individual fund and group them. That document is what is submitted to the LC Budget Commission.

He started by looking at the cash balance and each individual fund on April 30th. He estimated the remaining revenue to come in during May to December 2024. He then came up with an estimated cash amount at 1/1/2025 which is the starting point for the Tax Budget. Then he takes each individual fund and estimates what will come in during 2025 as far as revenue and expenditures, to come up with a number that represents cash as the end of Dec. 31, 2025.

There will be a change in the General Fund, in 2025, because the ARPA monies will no longer be able to be spent on payroll after the last pay of 2024. Remaining items that ARPA funds are to be used for will have to be under contract or purchase orders. But, payroll will be completely done.

We're actually starting to run out of ARPA monies appropriated for Police and Fire in this year's budget, so they will be switched over to the General Fund. There are currently 17 firefighters that are being paid from ARPA monies and 2 sets of police paid out of ARPA, one is out of our share of ARPA and one is from the State of Ohio that passed thru to us for new hires for Police. In total we're paying 30 Police from ARPA and one civilian. Those employees will all be moved to the General Fund in 2025. As a result, looking at the tax budget, the estimating case in the beginning of 2025 and the General Fund would be 14.7 million. The city has grown over the past few years because of ARPA.

We currently have the most in the General Fund, ever, in his career. Estimated revenue for 2025 is 32,355,000, that's a minor increase in income tax revenues. It does not take into account anything that might happen at the Mall. Estimated expenditures total 36,445,000 and that factors in a 3% increase and that is unknown because they have negotiations with Fire and AFSCME coming up.

What you see at the end of 2025 is the cash has dropped to 10,595,000 and we started at 14,676,000. Unless there is a big swing upwards of income tax revenue, we will be spending more money than what we're bringing in, starting next year in the General Fund, to the tune of 4 million dollars. Whether that changes depends on what happens with the mall and other projects.

The other fund that concerns him is the employee health insurance fund, which is an internal service fund and accounts for all the revenues of the city and employees and what is contributed to the health insurance and it accounts for all the claims. The amount of money in that fund on April 30th, 2024 was 1,350,000 and remaining revenue to come in during the course of the year is 5,830,000 and estimated expenditures of 2024 is 7,087,000 and cash could be as low as 93,225.00 to begin 2025.

That same fund in the Tax Budget you'll see beginning cash 93,225.00 and estimated revenue of 8.85 million, estimated expenditures of 10,949,000 with a negative cash balance at the end of 2025 of a little over 2 million dollars. At some point in time the health insurance committee will have to address this issue. The committee has created some different types of flexible spending plans. The amount for the contribution for both the City and the employees will have to go up to keep the City from dipping into the negative cash position and the employees' health insurance fund.

Chair Tollett asked if he has heard anything about the PERS contribution from the City?

Dir Pileski said he knows that's been discussed, but he has not heard anything on that. The City's current contribution is 14% and they are looking to raise it to 18%. That would be about a 1.2 million dollar increase in pension costs for the City, just for PERS. There could also be an increase in Police and Fire, which could cost an additional \$800,000. Those increases were not included in this tax budget because it has not passed yet, but, if it does, it blows this out of the water.

Mrs. Siwierka said pension changes could be approximately 2 million, (1 million for PERS and close to 1 million for Police & Fire). She asked what the percent is for health insurance?

Dir Pileski said it's still 85% for the City and 15% for the employees.

Law Dir Deery said there are other separate plans; employee plus spouse, employee and children, there are 4 or 5 tiers.

Dir Pileski said we have gone a few years without a rate increase. We do have stop loss insurance which protects against high claims. Claims are coming in over \$200,000 a week.

Mrs. Siwierka asked if there is any Capital in these?

Dir Pileski said yes, there's Capital, mostly in Wastewater and Water. He threw Capital into the 2016 ½ percent income tax fund, not knowing exactly what it's going to be spent on, but he did include the sewer and water projects that are on schedule for the EPA projects. The 11 million includes all total expenditures. The Sanitation Fund has been a problem for awhile but there have been some changes in that fund and we're holding our own. He moved some employees out of that fund and are being paid elsewhere. They're doing a few things with the recycling program. Currently, there is a healthy cash balance in the General Fund. At the end of this year, when he has actual cash numbers, he'll amend the Certificate of Estimated Resources with the Budget Commission to replace the estimated cash with actual cash numbers. He added that this includes custodial funds which are formerly known as agency funds, two debt service funds, Chestnut Commons TIF Fund, which is the original TIF and there is a separate fund to account for those. With that fund, he paid off the bonds for the road last year. The Bonds are paid off and the TIF is for 30 years and there'll be less money needed for debt service and we'll have to work with Midview Schools on how the remaining excess TIFs are going to be distributed. Squire Patton is looking at that to determine that with the Midview Schools.

Motion made by Mr. Cerra and second by Mr. Schneider authorizing the Finance Director to establish the Tax Budget for the Year 2025.

COMMITTEE REPORT WRITTEN

7. The matter of Amendments to the 2024 Permanent Appropriations.

Referred By: Finance Directors Pileski and Farrell *[Standing Referral]*

Dir Farrell said there are three amendments this evening which are for the new Capital Project funds that were just created. They're all in addition to Capital Outlay. The Furnace Street increase of \$140,625, Abbe Road increase of \$336,150, Midway Blvd increase of \$167,166 and these are estimates.

**Motion made by Mr. Schneider and second by Mr. Cerra authorizing approval of the 'said' amendments to the 2024 Permanent Appropriations.
COMMITTEE REPORT WRITTEN**

Chair Tollett asked for a motion to adjourn.

**Motion made by Mrs. Davis and second by Mr. Cerra to adjourn this evening's Finance Committee Meeting at 6:55 P.M.
MOTION CARRIES**

Respectfully Submitted by,
Colleen Rosado, Secretary/Administrative Assistant