

FINANCE COMMITTEE MEETING  
MINUTES  
JANUARY 29, 2019

Committee Member Mr. Evers opened the meeting at approximately 6:00 p.m. Members of the Committee in attendance were Mr. Evers, Mr. Hoefle and Mr. Zuren. Present from Council were Mr. Kasunick, Mr. Spotton, Mr. Overstreet, Mr. Zuren, and Council President Mr. Meyers.

In attendance from the Administration were Mayor Morley, Police Chief Reik, CBO Menn, Service Director Rubertino, Finance Director Schindel, and Law Director Klammer. Fire Chief Whittington was absent and excused.

PROPOSED:

1. To discuss the revenue side of the budget for 2019.

Mr. Evers: At this point in the meeting I would like to turn it over to the Mayor and Ms. Schindel.

Mayor Morley: All I'll say is that we've been working on this for a while. Ms. Schindel has been working on the revenue's...some outstanding things on income tax that we are still waiting on to see how JakPrints will affect us...how the school board. They are not all moved in yet, so those are still some questions out there. I guess on the main one you can look from 2015...on our property taxes and how they've gone up and in 2017 was the highest and it's back down on that. Again the income tax is what you can see from 2015 compared to now; we're over a million dollars difference from 2015. And it had to do with a lot of the businesses that have expanded and a lot of businesses that have moved to the city. We are actually proud of that going from \$5,564,000.00 in 2015 to \$6,754,000.00. We all have to be happy about that...all of the businesses coming in and the businesses that are here that are thriving. We actually just met with another one of the businesses that wants to expand. I am going downtown on Friday to meet with one of our bigger companies...meet with their CEO, because their headquarters are down there. They have like twenty-five different places through the United States. I'm going to talk to them to say "Hello" and give an update for the city and they are going to give me an update for their company.

Ms. Schindel: I'm going to start backwards on this because I want to get the easy ones out of the way. That is if you look at page four, when you look at deposits the seven hundred series...the seven hundred series is strictly what people give us as a deposit. But we have to return it to them. Maybe there was a fire at their home...the insurance company gives us a check and then we return it to the people when the work is done to satisfaction. Or maybe their building and they give Building...they are doing some kind of construction. They give a building deposit to Building...we return it. So this number if it changes goes up or goes down I'm going to come to you and I'm going to adjust the corresponding expenses, because it's not...money. The six hundred numbers...the six hundred numbers are designated for a special purpose. We have really two of them that I want to bring to your attention. One of them is 6060004857, that's the money that comes in from the county from the levy. We were flat at both 2018 and 2019 in terms of what came in from the county, and that's \$89,500.00. We've already been told what

we're getting...I've got...that's what they're giving us so that's what we put in. The other number that we have...that I want to bring to your attention is 617 and that's the medical insurance payments. That's from the ambulance runs. I'm aware of the fact that we had some good years, but it kind of stabilized. I think that 2016 made up for some 2015...so 2018 was \$407,000.00 and we're budgeting \$410,000.00. Just because we're thinking that the ambulance runs will be similar to what they were in the past in 2018. Then if we look at the four hundred series...I'm sorry the five hundred...the five hundred is the stationary...we have this big loan out there...a \$4Million loan, because of our project that we are going to do. So our loan is making up the biggest difference in your sewer collections. The rest of it...\$235,000.00 in delinquency's...\$235,000.00 this year. The money that we collected for sewers are pretty consistent with an average of the last three years for the rest of them and the Eastlake sewer fees is \$1.9 Million. But just to highlight the fact that Waverly Project had a loan out there for \$4,400,000.00. Then the four hundred series now that gets into...we have some levies there and we have the Crif money there. The Crif for the stadium...the stadium money I don't see any changes is that. The rental on the stadium is pretty locked in. The local hotel bed tax I'm hoping for an increase in the local motel bed tax now that the hotel is up and running, it was shut down obviously and our figures took a hit. I'm trying to think state money...we have a property tax that's the permanent improvement Fire Levy that 410-000-4010. These numbers come in from the county and I've done my best to use their number at a 95% figure, because that seems to be pretty much the trend in terms of where they hit when they give us the numbers. So they give us the number and say this is what to expect, but they are hitting at about 95% in terms of collection, so I used the 95%. Road improvement 402 we have a grant and a loan...OPWC payment so I recorded that \$500,000.00 under 402. Again the rest of that is county money and again I used my 95%. So far are there any questions?

Mr. Rubertino: Which one is the Crif fund if you don't mind...the ticket fees?

Ms. Schindel: Yeah and the other one.

Mr. Rubertino: The twenty-five...no that's the bed tax.

Ms. Schindel: Yeah the forty...the forty from the ticket fees.

Mr. Rubertino: Forty...that's all there is in the Crif fund? That's what we are budgeting for?

Ms. Schindel: That's all the revenue that we're getting into that unless Council approves a transfer to be able to support the expenses.

Mr. Rubertino: Okay.

Mr. Evers: If we can Ms. Schindel backup to 501-000-4391 Timberlake Sewer Fees?

Ms. Schindel: Yeah.

Mr. Evers: 2017 we were at \$89,000.00 and in 2018 we were at \$97,000.00...now we are dropping it to \$93,000.00.

Ms. Schindel: I took an average of the last three years.

Mr. Evers: Okay. That explains that.

Ms. Schindel: I really cannot tell you why there's that increase. I don't know if they've got a little mini business back there....maybe a daycare...I really don't know. But I just used an average.

Mr. Evers: Okay.

Ms. Schindel: It doesn't impact what we spend out of this fund currently, so if we get extra it's to the good.

Mr. Evers: It's to the good.

Ms. Schindel: Right. At some point in time we have to evaluate...but I'm not at that point that we are doing that...our service.

Mr. Evers: Okay.

Ms. Schindel: I'm sorry I'm going too fast. The Bond retirement that's our 301 that comes in from the county...General Property Tax...same percentage, same thought process as everything else. Did I mention that one? In two hundred we have the permanent improvement Fire Levy and that comes in from the county. Insurance proceeds are going to be 213 and that is the remainder...the last check that we should be getting 213-000-4796? That's the last check that I should be getting hopefully within the next six weeks from the insurance company on our phone, 9-1-1, and dispatch. Then the money is spent and all of our equipments in right now. I think that everything's been approved. Stormwater that's reimbursement from the county for what we spend for your catch basins and things like that. Two zero nine and two-ten are just a function of our real estate tax bill, but we've committed to paying for the pensions and it's just the property tax bill. Two zero seven and two zero eight are our grants...ones federal and ones state. The federal grants have come down. We only get one...basically one grant now coming through there and that's for the Police Department. In the past we've had the Fire Department as well, but that's gone. We've used it all there's no more to become.

Mayor Morley: We are going to get ready and send over the legislation on the NOPEC grant...\$67,174.00. At this point one of the things that we are doing right now...and when we talk about expenses we are going to do infrastructure in the city, so today we...\$32,000.00 to replace all of the windows in City Hall. We are going to be doing some more things on the roof and if fire and police need anything at this point Mr. Rubertino's building actually did pretty well and it's still hanging in there. That most of the NOPEC grant that we have to use for energy things, so we'll finish up that, but you will be getting legislation on that. We just got the letter on what our money was going to be.

Ms. Schindel: As a point of clarification the 207 NOPEC Grant right now is the money that I expect to receive on last year's grant that we have expended...almost 100%. I think that the last check is going to be out this week and then I will get that money back. This year's NOPEC Grant is for \$63,000.00, so I will be changing that for the extra \$63,000.00 in addition that once you approve it we can access. Then we have the DARE Grant...203 comes in from the county and some taxes. Two zero two Gasoline tax again we are getting that money basically through the state and the county. Two zero one and two zero two is all for the roads. One zero one that's the big one...now here is my thought process on 101 if you flip back to page six...page six is the way you're used to seeing it in a financial statement, so I gave you that view point and it also tells you if it's up or down. Our two biggest items in the city are the property taxes and the income taxes. The property taxes that the county gives us...again 95%. The income taxes I went with last year's number. I can change it and I will be changing it. That's 101-000-4100, but today there's too many unknowns...I'm sorry...4110...there are too many unknowns as to what new money will come in. And I know last year had some construction costs, which I don't know when's the school supposed to be done?

Mayor Morley: Is supposed to be done in the summer...by the summer.

Ms. Schindel: So a lot of that construction costs is going to disappear, but I'm going to have new money. So at this point in time I said "Well let's use last year's number." If we can increase it as the year goes by...you can spend it as the year goes by, but I don't have it yet. I don't know what the number is yet...so that's what I did.

Mr. Evers: Makes sense.

Ms. Schindel: There's another number and that is the 4100, which is the Non RITA Collections. Our collection agency did a great job of collecting the money, but it is going down. I know what's in that number doesn't look like it, but I can tell by the fees that they charge us. It's what our fees are starting to come down. I'm happy to change that number to should they collect some big numbers, but the bulk of that was between January and April. I don't know what's out there that they are going to be able to collect.

Mr. Evers: So you won't know anything on that account until after April...after the tax deadline.

Ms. Schindel: I'd say probably a good answer. I know every once in a while I still get phone calls saying that my case was just turned into Willoughby Court and I want to argue it because I filed. We're kind of getting down to some people that maybe didn't pay much attention before but now that they've been assigned a court case they're calling to try and clean it up. So that's pretty much what those numbers are under taxes. The inner governmental the local government again that's a guess...it was at \$1,016,000.00 and it went up to \$1,061,000.00. I pinned it at three years average...I'm happy to spend it when it comes in. Homestead, State rollback and all of that comes in from the county. The rest of the numbers are pretty consistent other than the Fire Protection Contract I raised that for \$15,000.00. Police contract again that's just a function of the cost of living index...the extra \$3,000.00. Everything else is pretty much flat. Licenses, permits,

and fees I've got an extra \$5,000.00 under Medical Marijuana, because we do anticipate that coming in. Sewer tap-ins if somebody can tell me how many more sewer tap-ins we'll get I'm happy to change the number. But a lot of these permits and vacant home inspections Mr. Menn agrees with these numbers. He thinks that there will be a little bit more of a down turn on some of those numbers. The next category Charges for Services there is one large number that declined 101-000-4448 Sale/Assets well if we can sell another piece of property to a company like Buckeye we would have that extra \$300,000.00. But right now I don't anticipate it so that's pretty much why that number has gone down so significantly. Interest earned I brought down too...the reason I brought it down was because last year we received...what was it about a million dollars from the county on our 212. If you look at Lake County Reimbursement on page three...212-000-4386 it \$1,889,802.77 and we normally get \$200,000.00 to \$300,000.00. That's because the county gave us the cash up front...said "Handle your project pay it off." Well that extra million dollars I figured had to have some impact on our savings accounts this year, so I arbitrarily taken some figures out of the interest...because of that money there. I know we have maybe a better reserve but I also am relying on the State of Ohio's interest rates. Fines and forfeitures it's up a bit. All other revenue boy of boy if somebody would be able to tell me what Workers Compensation would do this year I'd be able to give you a better number on that one. It's down \$185,000.00 under other revenue, but \$180,000.00 of it is Workers Compensation. I don't know what kind of rebates we're going to get. Right now my only rebate is...it's under \$2,000.00 that's all that I have so far to date from Workers Compensation. So again...I'm sorry that is page seven...again I'm happy to adjust these as the money comes in and I'm happy to adjust the spending as it comes in. I just don't have the numbers for some of these figures at this point in time. Now that I lost everybody I'm done.

Mayor Morley: When we've looked at the numbers we're not going to...don't want to inflate them and then at the end of the year or middle of the year end up saying "Oops we're guessing at what the Jak...oops we're guessing on what the school board...oops we guessed on this." So try to stay cautious on the increase of those numbers. Again we can adjust as we go through the year you know we've sat down...actually it's been nice this year we've sat down with the Director's and some of the new things that they want and we've looked at and they are probably going to give it if you guys agree when we go to expenses and new things. This actually has been the best budget that I've got to sat down and say "Hey here we can do this and we can do that this year" instead of saying "Oh no we're still not doing this." Again they all know what I've said in staff meetings and everything I want to continue to do...just keep control of the money. Look at it again after this year but again we're going to be adding some things that we wouldn't have added in any other year. The director's can talk for themselves when we get to expenses but everyone we've sat down with we've been okay with or they've been okay.

Mr. Evers: The revenue side looks pretty good I do have a few questions but I will say the director's have done an excellent, excellent job of staying well within their budget. Even with all of the adverse or abnormalities going on. So they have stayed well within their budget. A couple of questions that I have and one is JakPrints...do we know anything more when they will be up to full swing here?

Mayor Morley: They're hoping for sometime in April. They moved their screen training over here. Again they need a lot of other things that have to come over here yet that aren't here, so their goal is by the end of April.

Mr. Evers: Okay. The school boards what are their plans?

Mayor Morley: They started...

Mr. Evers: Started moving in.

Mayor Morley: They started moving in. The superintendent's their...Katharine I believe is there...the head of NIC is there. They are going to start bringing their treasures in shortly and then obviously by the summer it will be full tilt in there I think.

Mr. Evers: Are the schools both on track right now to finish up next year.

Mayor Morley: My last meeting with Superintendent Thompson...Mayor Fiala and I met with him about a month ago and they are on track is what they are saying with everything. It should be done by July.

Mr. Evers: Okay so that money by the end of the year will not be there from the income tax.

Ms. Schindel: Oh no we get it the next month. So if all of these people were to move in on April 1<sup>st</sup> and I'm just...they'll file and pay May and I'll have it to spend in June.

Mr. Evers: Okay.

Mayor Morley: Yeah the only new money will be...the teachers are still here from Longfellow and North. The new money will be all of the...

Mr. Evers: School board.

Mayor Morley: I think that he said 55 people and those are going to go into that building.

Mr. Evers: Okay but as far as the construction workers and stuff like that...

Mayor Morley: The workers will obviously leaving when it's done.

Mr. Evers: They'll be leaving. You've done an excellent job bringing in businesses in Mayor Morley.

Mayor Morley: Thanks.

Mr. Evers: This is the first time since 2005 that I can see the city has its chin well above water. And I can say that going back to the State Oversight Committee. Any new information on the BP on the corner?

Mayor Morley: I just sent the broker a text today and I haven't heard back from him.

Mr. Evers: Okay.

Mayor Morley: Then we have like three other things that I'm waiting on answers for. Again as I always say when they're with the lawyer's it takes a little longer.

Mr. Evers: What about the old H & H Honda plant? I thought that was sold and they had to remove the tank.

Mayor Morley: Actually it's someone that we know from...family owns it, but there hasn't been any movement on that either. I've sent some...I don't know if you guys are aware that the Post Office pulled out everything. I've contacted Amazon and possibly making that an Amazon drop off. We've met again like I said at the last meeting we met with the people from RCG, they are from Atlanta, we have a plan on the Vine Yards and I hope that's going to work out on some things. They've met a couple people that were looking at where the old Blockbuster is, because their lease is up in August and they are not going to renew. So that's some good news that possible a fast food chain will go in there. They've met with two or three fast food. Again I just can't talk about which fast foods they are. The building on Lakeshore, the old Burger King sold. Again they are not coming out with it...you know the rumor's of what it's supposed to be so we really haven't been pushing them to give us on what they know. We know who bought it. And again the big thing for us is just the growth of...like I said when I'm going downtown on Friday is there bringing in another 125 jobs in. They're set besides the school and they may surpass the school after they bring the new employee's. Willoughby-Eastlake School is our number one for city income tax and CPP is the company that's on Lakeland Boulevard that is the second highest company for income tax. And the company that we just met with last week that wants to expand is the seventh leading in income tax, so again they want to grow and build some more. I've been trying now since we hired someone in my office that I can get out and talk to the businesses a little more...tell then thanks for being here.

Mr. Evers: Mold Masters are they up to speed?

Mayor Morley: Oh yes.

Mr. Evers: Are they...every body here?

Mayor Morley: Pretty much they're in...yeah. They are about...

Ms. Schindel: They're going to get it in their detailed transaction next month.

Mayor Morley: They're above what they said that they were going to be.

Mr. Evers: Good.

Ms. Schindel: And a point of clarification when we talk about income tax we really mean withholding tax. We don't have income tax on some of these entities or...because and income tax would be the one thing that I wouldn't get until a year later if it was a business that was paying income tax. Then they would file...they would pay at the end of their cycle and I'd be sitting around waiting for that check to come in.

Mayor Morley: When we talk about the income tax it's 2%.

Ms. Schindel: It's really your payroll tax.

Mr. Evers: Questions please...anybody?

Mr. Klammer: Are you going to talk about the Willoughby Court expenses on the expense side?

Ms. Schindel: Yeah.

Mayor Morley: We meet with Willoughby Court next Thursday on the 8<sup>th</sup>, so we'll have more information on that. If there are no questions on the revenue...just some of the things that we are looking on the expenses that we talked to with the director's and one is at this point our health care is going to go up 17.9%. We are looking at possibly seeing two new fire trucks which are \$1.2 Million for the two trucks. The Chief has asked for three cars and we have the new employee that will be coming. We swore one of the new employee's in yesterday...two of them yesterday. Possibly what I've said and I know that Councilman Spotton has brought up another policeman at this point...again and that's part of things too if there are things that you guys want or think that we need please had them into Ms. Schindel or myself if there is anything that you think that should be in the budget when it comes to expenses. Mr. Rubertino is working on bringing another guy in and Mr. Menn has...I told him to look at a couple other pieces of equipment that he's looking at. Again the infrastructure of the buildings and Mr. Menn needs a new vehicle, because the one car has \$6,000.00 in repairs and the cars not even worth that and we have it in there for Mr. Menn to get a vehicle for his inspections.

Ms. Schindel: Painting City Hall...the inside of City Hall.

Mayor Morley: In City Hall we are looking at painting and getting some of that taken care of.

Ms. Schindel: Take the wallpaper down.

Mayor Morley: And then the infrastructure...and at the Mayor's and Managers what we've been talking about we don't believe with the new governor that he will change the local government fund to much, so between Ekland and Rogers if we can get infrastructure money to come our way...split between all the cities for all of the sewers and roads and everything. That might be our better bet...we're thinking about drafting a letter to send to Columbus and say "Hey send us

\$20Million and that...but again a lot of the things that we've not been able to fix is our plans on fixing. The floor in the Fire Department's probably about \$50,000.00 at the last estimate to repair it. If you go over there you can see that it's bubbling up and we're going to fix the pad in front of the Fire Department...Mr. Rubertino's budget.

Mr. Evers: He doesn't know it yet.

Mr. Rubertino: It's an expense, because that's eight inch concrete.

Ms. Schindel: We Willowick Drive that in here.

Mayor Morley: Yeah Willowick Drive will be \$500,000.00 on the road levy and we got five hundred from OPWC so there's...

Mr. Rubertino: The stadium parking lot and the west lot needs redone and stripped.

Mayor Morley: The stadium parking lot...and then we have the day to day continued with the stadium. Like I said we had eight or nine grand out of know where last week with the...blowing up and we're going to be sending you guys...we had something for lights that they are doing.

Ms. Schindel: There are some places where we are going to have to transfers to support those funds.

Mr. Evers: Sure.

Ms. Schindel: We haven't had to do that before but we will have to do that.

Mr. Evers: What are we looking at as far as carry over?

Ms. Schindel: Well right now your carry over is...

Mayor Morley: About \$2.1...

Ms. Schindel: It's the last page. And I will ask that some of that be put aside for emergencies. I mean we do have outstanding payroll liabilities that we're not paying today but all we need are six firemen or a combination of firemen and policemen to retire and we're going to see some big impact on the financials.

Mr. Kasunick: What was the decrease in revenue from the Willoughby Court where is that?

Ms. Schindel: I can't say that's it's a decrease in the court revenue...well yeah it was...it wasn't stable.

Mayor Morley: We're about 34% of courts work. We're second to Willoughby.

Ms. Schindel: It's 4615 and it's page two...so I projected eight-eight even though eighty-one was the actual for 2018. I'm hoping to get it back up to eighty-eight. It's just a wish do you see it?

Mr. Klammer: Put it under expense side.

Mayor Morley: We can possibly go negative...

Ms. Schindel: Yeah it's very possible.

Mayor Morley: And that's why I said maybe we need to look harder at this...

Mr. Kasunick: The Mayor's Court.

Ms. Schindel: Yeah...it was only a \$5,000.00 difference this year about.

Mr. Spotton: Willoughby Hills now has their Mayor's Court re-opened so they are going to pull basically a million two out of the Willoughby Courts budget is going back to Willoughby Hills. And all of the other cities are going to have to suck that up.

Chief Reik: What's the expense to Willoughby Court? Is it like a back bone type fee that each city pays?

Ms. Schindel: She takes her financial statement and allocates it based on a percentage of...

Mayor Morley: Of the cases.

Ms. Schindel: Of the cases...so when Willoughby drops my percentage goes from let's say 13% to 18%...I'm just making numbers up. But it's everything in her financial statement.

Mayor Morley: Between us and Willoughby we're one and two so we're at 34 and forgot what Willoughby's at...46...so between us we're 70 and the rest of the other entities are...

Chief Reik: So they decide what they're expenses are then they divide it among pie by that.

Ms. Schindel: And yes their salary and wages went up and that doesn't include the buy outs and anything else that they did.

Chief Reik: So the \$5,000.00 is our fines minus the expenses.

Ms. Schindel: Yeah.

Chief Reik: Okay.

Mr. Evers: Are there any other questions? Seeing none...Mayor Morley?

Mayor Morley: How do you guys want to...are you guys going to do Three Readings for the budget?

Mr. Evers: Right.

Mayor Morley: So we know what we're going to be...we need to have the budget probably need another meeting for expenses here...

Mr. Evers: We will schedule another meeting on Tuesday, February 5<sup>th</sup> at 6:00 p.m.

Ms. Schindel: I can't be here at six o'clock.

Mr. Evers: You can't be here...what time?

Ms. Schindel: Can we do it Wednesday?

Mr. Evers: Wednesday at six o'clock?

Ms. Schindel: I'm okay with Wednesday.

Mr. Zuren: We have a WPCC Meeting.

Mayor Morley: They have a WPCC Meeting.

Mr. Hoefle: That's in March. WPCC is in March.

Mr. Zuren: Is in March?

Mr. Hoefle: That's in March.

Mr. Meyers: That's in March.

Ms. Schindel: Oh good Wednesday's okay.

Mr. Evers: We're looking at Wednesday, February 6<sup>th</sup>.

Ms. Schindel: I'm going to tell you that I'm okay but I'm waiting for quotes from people.

Mr. Spotton: So we're going on the 6<sup>th</sup>?

Mr. Evers: Yeah any objections to the 6<sup>th</sup>? If not we will schedule the meeting for Wednesday, February 6...that way there we have a Council Meeting on February 12<sup>th</sup>. You need the budget...has to be completed into the county by when?

Ms. Schindel: March 31<sup>st</sup>.

Mayor Morley: Yeah so you have the first is the 12<sup>th</sup> and the 26<sup>th</sup>.

Mr. Evers: Three...we should be okay.

Mr. Rubertino: Six o'clock February 6<sup>th</sup> I'm sorry?

Mr. Evers: Yes. Mrs. Simons if you will get a Press Release out for Wednesday, February 6<sup>th</sup>...Finance Committee Meeting at City Hall at 6:00 p.m. thank you.

There were no further questions or comments.

PENDING:

There was nothing under Pending.

There were no questions or comments.

MISCELLANEOUS:

There was nothing under Miscellaneous.

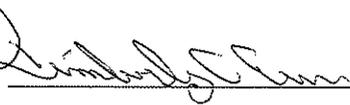
There were no questions or comments.

REGOGNITION OF PUBLIC:

There was no one who wished to speak.

The meeting was adjourned at 6:35 p.m.

tms

APPROVED:  \_\_\_\_\_

DATE: Feb 26, 2019