FINANCE COMMITTEE

DECEMBER 8, 2015

The meeting was called to order at 5:02 p.m. by Chairman Jim Matuszak. Committee members present were Todd Grayson, John Kevern and Jim Matuszak. Also present were Bridgette Kabat, City Administrator, Dave Creps, Finance Director, Karlene Henderson, Law Director, Tim Fisher, Deputy Finance Director, and Steve Bronder, Income Tax Commissioner.

APARTMENT LEASE

Ms. Kabat requested approval of an ordinance authorizing a lease for the City owned apartment above the beauty salon. She said Mr. Eckel reviewed the lease and a background search was completed on the potential tenant and there were no issues. The committee was informed that the new lease agreement is the same as the prior lease agreement that was entered into with the previous tenants and includes all of the same terms and conditions, including the amount of rent. The new lease agreement was not available for the committee to review at the meeting and Mr. Matuszak said that he would like to review the lease before recommending approval. Ms. Kabat said that she would send the lease to the committee members and asked for approval contingent upon their review of the lease. The committee agreed 3-0 to recommend approval contingent upon their review of the agreement.

HEALTH INSURANCE RENEWAL

Matt Holzemer was present and distributed packets to the Committee members regarding renewal of the City's health insurance. Mr. Holzemer said that he shopped the market for comparable coverage and concluded that the city is in good shape based on the excellent renewal with a 7.4% increase on fixed costs and a 1.2% increase on the overall potential costs. He said that he would recommend staying with NFP and Frontpath. It should be noted that one other company was close to the quotes from NFP, but given the involved in transferring, it would not be worth the change. The committee had a brief discussion, initiated by Mr. Grayson, regarding primary care physician coverage. Ms. Kabat said that she attended a meeting hosted by FrontPath regarding the topic and explained to the committee that a meeting with several other cities be beneficial to see if collectively the group could amass sufficient volume to make that type of program work. The committee agreed 3-0 to recommend approval of a contract with NFP and Frontpath for the city's health insurance.

FINANCE DIRECTOR'S REPORT

The Committee reviewed the list of expenditures over $5,000 for the month of November, 2015. Mr. Matuszak noted the payment for sidewalks and asked if the 2015 sidewalk program was completed. Ms. Kabat said that the sidewalk program was completed and this expenditure is for specialty pieces such as curb ramps that were completed by another contractor.

Mr. Creps reported that the balance in the Health Insurance Fund as of November 30th was $448,184.55.

Mr. Creps distributed the 2015 budget amendments including amended appropriations, amended estimated revenues and amended budget cash transfers. He reminded the committee that these are annual year-end housekeeping items and three ordinances are needed to approve them. Mr. Creps explained that the amended appropriations will have no net effect on the overall budget and is required by the auditors. He further explained the estimated revenues must be amended to be sure that the amounts at least equal to or greater than the actual receipts for the year. The transfers relate primarily to taxes that have been collected. The committee agreed 3-0 to recommend approval of the ordinances relative to the 2015 proposed budget amendments.

TAX COMMISSIONER'S REPORT

Mr. Bronder reported that income tax collections for the month of November were a little over one million dollars which is an increase of 6% from November of 2014. Year-to- date collections through November are approximately $16.2 million which is up 3.9% from the same period last year. Mr. Matuszak asked what receipts for December of last year were. Mr. Bronder said they were just over a million dollars.

DISPOSITION OF WATER WORKS BUILDING

Dave Dicke said that the Boat Club has made a proposal to the mayor and the city administration because the cost estimate to stabilize the building that was provided to the city greatly exceeds what they believe it would actually cost.

Mike Bureau said that he studied the estimates provided to the city and he believes that the roughly $500,000 estimate for repairs is ludicrous. He said that the majority of that estimate consists of 500 linear feet of wall at a cost of $300,000, which in his opinion is not necessary to stabilize the building. Mr. Bureau reviewed the other costs associated with correcting the hazard as instructed by the Wood County Building Inspector. He said by using labor donated by their members, they are estimating it will cost approximately $30,000 for the boat club to stabilize the building. Mr. Matuszak asked if the Boat Club has discussed this with Mike Rudey, the Wood County Building Inspector. Mr. Bureau said that they are not allowed to because the city is the current owner of the building.

Mr. Matuszak asked if the proposed long term lease includes the transfer of title for the building, and Mr. Kevern asked if the liability would transfer from the city if the title of the building were transferred. Ms. Kabat said that according to our insurance company if the city transfers title of the building it would not transfer liability because the underlying land would still be owned by the city. Ms. Kabat said that an email was sent to city council and to the commodore of the boat club (Mr. Wise) with a list of sixteen items that the administration is recommending. One of those items is that all contractors be licensed, insured and bonded which Ms. Kabat said is a requirement for all contractors doing work on city-owned land. She added that the mayor has offered to sit down with the commodore to discuss matters. Mr. Matuszak said that it would seem that the next step is for the boat club to respond to the mayor's/administrations' recommendations.

Mr. Wise acknowledged he received the email but had not had a chance to review it. He said that he will take it back to the boat club's building committee and he expressed his appreciation for the city's willingness to continue the dialogue. Ms. Kabat noted that we still have a deadline looming over us. We need to submit a plan by January 8, 2016 if the city plans to fix the building. If not, we have 90 days from December 1, 2015 (February 29, 2016) to remove the structure. She added that it is her understanding that our insurance carrier has removed this building from our coverage and it is now covered by the general fund reserve, not by insurance.

Deborah Born said that she thinks the boat club should be allowed to buy the building.

Chip Pfleghaar, 401 W. Front Street, asked about items that had been inside 112 Water Street, which was demolished. Ms. Kabat said that the public service director had walked through both buildings and said that there was nothing worth salvaging for the city or Habitat for Humanity.

Richard Watkins said that a long time ago the boat club and the city got together to solve a problem and everything he's heard today can be solved with willing hearts from both the city and the boat club.

Mr. Matuszak concluded the discussion by stating that it would seem that we are still in the fact-finding mode with differing opinions and that as more facts become available we should be able to reach a resolution in line with Mr. Watkins insights.

2016 BUDGET

The committee discussed the motion made at the last City Council meeting which potentially added $700,000 for future fire services to the proposed budget. Mr. Grayson expressed his displeasure and disagreement with council's action because, among other things, it made the budget not balance. Mr. Matuszak explained that the motion was made subject to being able to find the money in the budget. He further explained that he anticipated that another motion might be made prior to passing the proposed budget that would satisfy the condition to which council's motion was subject. The committee was reminded that at the last finance committee meeting the committee agreed 2-1 (Grayson and Kevern) to remove the roundabout at Eckel Junction Road and Carronade Drive. If that motion were to be made and approved by council, then the appropriated funds from that project along with the projected ending balance of the proposed 2016 budget would have covered the additional $700,000 appropriation for future fire services, thereby resulting in a balanced budget. However, that motion had not yet been made. In response, Mr. Kevern said that he did not make the motion at the last council meeting because a subsequent presentation had been scheduled with ODOT regarding the roundabout and he wanted to learn more about the project before making his decision. Since that presentation, Mr. Kevern has changed his opinion about the roundabout and its benefit to the community. Mr. Grayson said that he still is not in favor of putting aside the $700,000 for the fire station because he doesn't think we should we pay for a building that will be around for 200 years in one payment. He added that we still do not know how we would pay to operate the building at a cost that he estimates will approximate $100 million over the next thirty years. Mr. Matuszak said that he agrees should never build a building we can't afford to operate, but we can satisfy the up-front fixed costs by not taking on any debt and the related debt service payments which will make funding for the annual operating costs easier. The committee further discussed the issue of setting aside funds for the future fire station.

Mr. Grayson stated that at HSPU Committee meetings they have discussed the sewer division budget and he would like to see the sewer utilities line item stay at $275,000 instead of the proposed $300,000 and the sewer other expense line item changed from $50,000 to $25,000. Mr. Creps stated that the utilities will be what they will be. Ms. Kabat said that in reviewing the other expenses line item they found nothing that rises to the level of creating a new line item. The Committee agreed 3-0 to the proposed changes.

The Committee then discussed the $2 million bond revenue project that is in the budget. Mr. Matuszak said that he has made his position pretty clear about borrowing money for park improvements. Ms. Kabat stated that if at the next Council meeting City Council votes to remove the $2 million dollar debt project for Hood Park, the Mayor would put forth another option of a $500,000 debt project for a conceptual plan for Hood Park including design and engineering. She said the Mayor sent a memo to City Council stating his intention so they had time to consider it prior to the Council meeting. Mr. Grayson said that he has no problem with keeping the $2 million dollars in the budget because we are committing to nothing since it is a debt project and City Council would have to vote on every dime of it. Ms. Kabat said that whatever is passed in the budget that is over $25,000 does have processes in place that would bring it to City Council. She added that since this project is a debt project, City Council would have to approve the issuance of notes or bonds. Mr. Matuszak wondered why $500,000 would be needed for the type of work that is proposed in the Mayor's memo. Ms. Kabat explained that in previous discussions regarding Riverside Park there was a question of what the cost of the project is and to engage an architectural and/or engineering firm to get to that stage is typically between 12-15% of the cost of the project plus contingency. This would also include conceptual drawings, and core sampling and boring, and perhaps a third party consultant to moderate with the staff and stakeholders in a series of meetings. She added that the estimate may be high, but dollars would not be expended if not needed. The Committee had a lengthy discussion regarding this issue and they agreed 2-1 to recommend that the $2 million dollar Hood Park improvement project to be funded with notes or bonds be removed from the budget. Mr. Matuszak said that he would prefer making his points about the $500,000 option at the City Council meeting, but Mr. Grayson said that since the Committee did discuss it he would like them to make a recommendation. Mr. Matuszak said that he would not recommend the $500,000 being added in as a debt project. He said that we are already in the middle of Riverside Park improvements and he believes we are moving too fast and should do one project at a time. Mr. Kevern and Mr. Grayson agreed to add the $500,000 into the proposed budget.

Mr. Matuszak asked what the $750,000 in notes were for in the General Fund. Mr. Creps stated that it is for the Findlay Street extension should we move forward with that project.

There being no further business, the meeting adjourned at 7:19 p.m.

Respectfully submitted,

Jim Matuszak, Chairman
Finance Committee