

FINANCE COMMITTEE

NOVEMBER 10, 2015

The meeting was called to order at 5:00 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.

APPOINTMENT TO WAY LIBRARY BOARD

Megan Uday was present to be considered for appointment to the Way Library Board. Ms. Uday stated that she moved back to Perrysburg five years ago and has been on the Way Library Foundation Board for the last three years. The committee members had the opportunity to review Ms. Uday's application for appointment and thanked her for her willingness to serve and agreed 3-0 to recommend her appointment to the Way Library Board.

QUARTERLY BANKING REPORT

Mr. Fisher presented the Committee with the investment summary as of October 31st. He said there were no material changes and the report reflects a one million dollar investment in a new CD. He said that customer service has been okay and there is nothing material to report.

FINANCE DIRECTOR'S REPORT

The Committee reviewed the list of expenditures over \$5,000 for the month of October 2015. Mr. Kevern noted that the assistant prosecutor's bill seems to be the same amount each month. Ms. Kabat explained that it should be somewhat consistent from month-to-month because the assistant prosecutor works a set number of hours each month.

There were questions regarding a payment to Tetra Tech, and Ms. Kabat said she would check into the balance of the purchase order and would apprise the committee of her findings.

Mr. Matuszak asked about a payment to U.S. Utility Contractor and it was explained that the payment was for a camera system at an intersection to replace the underground sensors that were damaged during construction.

Mr. Creps reported that the balance in the Health Insurance Fund as of October 31st was \$402,916.94 which was up significantly.

Mr. Creps stated that he had anticipated having legislation for the committee regarding the TIF Bonds for Levis Commons but none was presented due to some outstanding questions and concerns the city's outside counsel had at the time regarding the arrangement.

TAX COMMISSIONER'S REPORT

Mr. Bronder reported that total income tax collections for October 2015 were over \$1.6 million which was an increase of 14% over the same period a year ago. Year-to-date collections were over \$15 million which is up 3.7% from the same period last year. Mr. Grayson asked Mr. Bronder for an estimate of what he thinks collections for the year will be. Mr. Bronder said that last year collections were \$16.1 million and since we are running about 3% higher this year, he estimates the city's 2015 income tax receipts will exceed \$17 million.

DISPOSITION OF WATER WORKS BUILDING

Ms. Kabat said that the Administration has no updates for the committee. She said that the Chief Building Official for Wood County (the "CBO") will be submitting another letter to further clarify his position and any related expectations.

Ms. Kabat informed the committee that she had not yet heard back from the city's insurance agent as to any opportunities to purchase insurance coverage for the building from an alternative source. She explained that the city's insurance agent, along with the underwriter, had been out of town at a conference. She added that the agent had indicated his willingness to come before the committee if the committee was interested in scheduling a special meeting for a later date.

Mr. Matuszak asked, making reference to the CBO's most recent letter, if the administration had been aware that someone had been living in the building. Ms. Kabat said that as the administrator she personally was not aware of it until the walk-through. Mr. Matuszak asked if the person living in the building had been subleasing the space and, if so, if that was permitted under the current lease. Ms. Kabat said the individual was in fact subleasing the space and it was not permitted under the current lease agreement with the boat club. She further explained in general terms the multitude of rules, regulations and restrictions the tenants of the building should have been subject to that were apparently not enforced.

Mr. Grayson redirected the discussion by reminding the committee that the issue at-hand should have been whether or not council was willing to spend the money necessary to make the repairs needed in order to bring the building into compliance with the existing code requirements. Mr. Matuszak responded to Mr. Grayson by explaining that the information recently furnished to council members regarding the water works building, the lease and the tenant seems to suggest that the boat club has been less than an ideal tenant, and that that knowledge might be pertinent if the administration proposes building a new structure suitable to house, at least in part, the boat club.

Mr. Kevern asked about selling the building to the Boat Club. Mr. Matuszak directed the question to Ms. Kabat and/or Ms. Henderson. It was explained that the Ohio Revised Code spells out the process for selling city-owned property, which would make it very difficult to sell or exchange the building to the boat club. Mr. Matuszak reminded those present of the potential unintended consequences of selling the property to a private concern, particularly given its proximity to the city parks. Ms. Kabat added that the administration warned the boat club about bringing in Mike Rudey, the

CBO, because he adheres to a different set of guidelines, generally much more demanding and restrictive than the city's requirements.

Mr. Matuszak summarized his understanding of the CBO's role and authority regarding the matter by pointing out that the only thing that really seems to matter is the CBO's conclusion(s) regarding the condition of the building, his instructions for remediation and any related expectations. Ms. Kabat noted that the fire chief and insurance company are looking at the situation from different perspectives, adding that the CBO has the authority to trump the Fire Chief. Mr. Kevern asked if the Boat Club received a copy of the recent letter from the CBO. Ms. Kabat said that they did and they indicated that they would be out of the building by November 15th.

Chip Pflgebraar, 401 W. Front Street, asked if another building could be built in the same location in the event the existing building is razed. Ms. Kabat said one could not be built in the same location because the existing building is located in the floodplain. Mr. Pflgebraar asked if the building is grandfathered and if it could be repaired. Ms. Kabat said she believes so.

Kitty Gibson, Duxbury Lane, said that the demolition has already been scheduled. Ms. Kabat confirmed as much. Mr. Grayson said that makes sense because you can always cancel it, but you have to get it scheduled. Ms. Kabat said the city's insurance company has given the city a deadline of December 1st to act and Chief Klein's letter gave a thirty day deadline.

Ray Corrigan, 852 Heathermoor Lane, encouraged the committee to recommend that council consider putting money into the building since nobody will be able to rebuild in that specific location. He also asked if there was an appeals process with the Wood County Building Inspector.

Ron Visser, boat club member, suggested the city do a land swap with the boat club for the land that the boat club owns next to 112 Water Street. Mr. Matuszak asked the administration if land swaps are permitted between the city and private concerns. Ms. Kabat stated that land swaps are reserved for exchanges between governmental entities only.

Mr. Matuszak stated that the legislation brought before city council at the last meeting was an ordinance authorizing the administration to spend a minimum of \$500,000 to repair the boat club building. The ordinance was sent to the committee for review. Mr. Matuszak asked the committee if any of them wanted to move forward with the ordinance. Mr. Kevern said that there seems to be two sides to the argument and the boat club is saying that the building is not that bad. Ms. Kabat stated that even if the CBO says the building is okay, he cannot compel the insurance company to provide coverage. She added that all of the reports conclude that there has been lateral movement and that structural defects have been sustained. Ms. Kabat said that the Administration has asked to speak to the leadership of the boat club, but that they have yet to show any real interest.

Mr. Grayson stated that the building is a liability and it's a lot of money to put into it. Mr. Matuszak agreed with Mr. Grayson, opining that he is not comfortable with the

city spending taxpayers' money for what would appear to be for the sole benefit of a non-governmental concern. Mr. Matuszak also questioned whether it would be a good use of taxpayers' money to borrow and spend \$2 million on a proposed new building and related land improvements. Ms. Kabat explained that of that \$2 million, \$1.5 million is for a new building and the remainder is for parking and retaining wall upgrades. Mr. Matuszak made it clear that while he is not against making improvements to the city's parks, he is reluctant to borrow any money for such projects.

As to the proposed ordinance authorizing a minimum of \$500,000 to be spent on repairs to the water works building, the committee agreed 3-0 to lay the motion on the table.

2016 BUDGET

Mr. Grayson stated that he would like the line item for the proposed roundabout at Carronade and Eckel Junction to be removed from the budget. He said now that Carronade is being extended, the prudent thing to do would be to allow ourselves a year to see how it goes. He said this project does not meet his personal threshold for a three quarters of a million dollar fix.

Ms. Kabat stated that the right of way has been acquired, the CMAQ grant has been awarded, and the roundabout is a part of the overall plan as they feel there will continue to be growth in that part of the community. She added that once the roundabout is installed Eckel Junction Road will be terminated at SR 199 and they believe there will be more traffic along Carronade.

Mr. Matuszak asked for clarification as to the amount of the proposed expenditure that would be covered by the CMAQ grant. Ms. Kabat said that it is either \$150,000 or \$200,000. Mr. Kevern asked what repercussions if any there would be if we turn down the grant. Ms. Kabat said that we would generally be penalized on future grant applications, possibly making it harder to receive grant money in the near future. Mr. Kevern asked about Mr. Matuszak's suggestion some time ago that Eckel Junction be left open at SR 199 for right turns only onto northbound SR 199. Ms. Kabat said that SR199 is out of our jurisdiction and she believes that there is a problem with the line of sight for vehicles turning right onto northbound SR 199. Ms. Kabat emphasized that if we delay this project the grant would be eliminated as those dollars would go to another jurisdiction. She added that if council opts not to fund a roundabout, then the intersection will probably become a two-way stop with the stop signs positioned on Eckel Junction.

Mr. Grayson made a motion to recommend to city council that the line item for the proposed roundabout be removed from the 2016 budget. Mr. Kevern seconded the motion. The committee voted 2-1 to recommend to council to vote to remove it from the budget (Mr. Matuszak voted to keep the line item in the budget).

Mr. Grayson asked if the potential impact of pending litigation regarding the Fort Meigs Road widening has affected our timeline for construction. Ms. Kabat said she does not believe it will affect the timeline.

Mr. Matuszak stated for the record, albeit without making a motion, that he will be proposing the removal of the \$2 million bond revenue from the proposed budget as it relates to the \$2 million proposed expenditure for improvements to Hood Park. Mr. Matuszak reiterated that he is not in favor of borrowing any money for the project. Mr. Grayson noted that when the construction of the new police station was being contemplated the budget included funding even though no immediate action was taken. He contended that capital improvement projects are usually funded by debt and this is simply a placeholder; the \$2 million might be spent in 2016 and it might not be. He said the allocation of the funds allows the conversation to continue. Mr. Matuszak responded by stating that the "conversation" can continue without the borrowing provided for in the proposed budget. Mr. Matuszak asked Ms. Kabat what the likelihood would be of completing the Hood Park improvement project in 2016 if city council were to approve the budget with the opportunity to borrow the needed funds in the budget. Ms. Kabat said that if it is approved in the budget, the project would still have to go before city council for permission, similar to any other construction project. As a point of comparison, Mr. Matuszak asked how much is in the 2015 budget for the improvements to Riverside Park and how much has been spent to-date. Ms. Kabat said there is \$1 million in the 2015 budget and that the project is still in the design and engineering phase with the Edge Group. Mr. Matuszak asked Ms. Kabat to remind everyone of the amount of the contract with the Edge Group. Ms. Kabat said the contract is for \$110,000. Mr. Matuszak said that based on the progression of the Riverside Park project, we should be able to continue the conversation regarding the Hood Park improvements and fund the design phase of the project, if needed, for somewhere in the neighborhood of \$100,000 to \$200,000 during 2016. Mr. Grayson countered by stating that even if the budget included \$20 million for the project, the administration would still have to get further approval from city council before it could spend the money. Mr. Matuszak concluded by explaining how his position with respect to not borrowing money for the Hood Park improvement project is consistent with the position he has taken with respect to saving funds for the eventual construction of a new fire station. As stewards of the taxpayers' money, Mr. Matuszak would rather save the funds in anticipation of the future capital expenditure, which given the city's growth rate is imminent, than borrow the funds when the need for them arises.

There being no further business, the meeting adjourned at 6:46 p.m.

It should be noted that this report does not necessarily cover every aspect of the committee meeting. For a complete record of the proceedings a video/audio recording of the meeting is available from the administration.

Respectfully submitted,

Jim Matuszak, Finance Committee Chairman