

THE CITY OF STREETSBORO, OHIO

FINANCE COMMITTEE MINUTES

Monday, April 27, 2020

This Finance Committee Meeting was called to order on Monday, April 27, 2020 at 7:01 p.m. by Justin Ring, Chairman. Mrs. Field gave an invocation and then Mayor Broska led the Pledge of Allegiance.

PRESENT: Jon Hannan, Chuck Kocisko, Justin Ring, John Ruediger, Julie Field, Mike Lampa [all by Zoom video conferencing]

ABSENT: Jennifer Wagner

ALSO PRESENT: [by Zoom video conferencing:]
Glenn Broska, Mayor
Frank Beni, Law Director
Darin Powers, Police Chief
Jenny Esarey, Finance Director
Bill Miller, Service Director
John Cieszkowski, Planning Director
Patrick O'Malia, Economic Development Director
Greg Mytinger, Parks and Recreation Director
Shawna Lockhart-Reese, HR Manager
Caroline Kremer, Clerk of Council

MOTION: TO EXCUSE MS. WAGNER, WHO WAS UNABLE TO CONNECT AND JOIN THE ZOOM MEETING.

Moved by Mr. Ruediger, seconded by Mr. Lampa. Upon voice vote, **motion carried.**

Disposition of Minutes

MOTION: TO ACCEPT THE REGULAR FINANCE COMMITTEE MEETING MINUTES OF MARCH 23, 2020 AS PRESENTED.

Moved by Mr. Ruediger, seconded by Mr. Hannan. Upon voice vote, **motion carried.**

Monthly Financial Report

Ms. Esarey said the March financial reports had been distributed to Council on April 1, 2020. At the time, the salary and wages were all on track, which was good. The General Fund expenses were above target, the Total Expenses were below target but were for encumbrances beyond March 31, 2020, the General Fund revenue was above target, and the Total revenue was below target. Ms. Esarey felt there

would be a lag before the City would potentially see any losses from COVID-19. [There was a one-minute break at 7:06 p.m. until Mrs. Field could reconnect and rejoin the Zoom meeting.]

Mr. Ring expected it to take 1-2 months to see the losses in the tax revenue. He also noted that since the due date for paying state and federal income tax had been pushed back to July 15, the next few months would show a much larger decrease compared to last year since because people were not submitting their taxes as usual, and then after July the City would see an increase over the same period last year because the taxes would be received later in the year. Ms. Esarey noted there would be three things to consider when comparing 2020 to 2019: 1) there would be losses in income tax revenue for the year due to some people losing their jobs, 2) there would be a delay in income tax receipts because the income tax payments were pushed back to July, and 3) there would be changes in net profits for businesses and some businesses may not make estimated payments and might even request a refund for the estimated net profits they may already have paid to the City.

Mr. Kocisko asked how much total lost revenue the City might expect for 2020 considering COVID-19 and the Governor's stay at home order that reduced business all over the State. Ms. Esarey answered that a conservative estimate might be at least a 20% decrease in total revenue for the year (income tax decreased from residential, withholding, and net profit because people weren't working; gas tax decreased from people not driving and low gas prices; license taxes decreased because BMVs not open; permissive tax decreases; bed tax decreases because people weren't staying at hotels, etc.) She hoped that her estimate was wrong and Streetsboro could weather the storm better than other communities, but she had discussed the issue with other financial officers in the area and they all expected similar losses. Mr. Kocisko also felt the City might see a 20%-25% loss. He said the VCB had confirmed the hotel visitors had decreased drastically. He didn't think it would all come back in January 2021, so Streetsboro (and the VCB) would have to be very vigilant on how they spend their money through 2020 and as they planned their budgets for 2021.

Old Business

Review the Electric Aggregation Program

T-6836 Authorize Third Amendment to Contract w/Energy Harbor for Electric Aggregation Program

Mr. Lampa wanted to know if Council was interest in taking the grant or the low electric price for the citizens. It seemed a couple members of Council had indicated to him they didn't want to accept the grant and wanted to go with a three year contract for \$4.84/kwh. Mr. Ring clarified there were two prices, one price was 6 cents higher per kwh and if the City took the higher price, the City would get back about a \$19,000 grant for the City to use as it saw fit. Mr. Ring felt charging the citizens the higher price so the City gained income was a tax, which wasn't appropriate. He felt the citizens should get the lowest price possible. Ms. Esarey said the grant was recorded as Miscellaneous Receipts in the General Fund and went toward the carryover.

Mrs. Field and Mr. Ruediger agreed with Mr. Ring. In the beginning 10-12 years ago a similar grant was used for street lighting along Jefferson Drive and Mondial Parkway.

MOTION: TO MOVE THIS TO TONIGHT'S REGULAR COUNCIL MEETING AS EMERGENCY LEGISLATION.

Moved by Mr. Ruediger, seconded by Mr. Hannan. Upon voice vote, **motion carried**. Mrs. Field thanked Mr. Lampa for researching this issue and presenting it to Council.

New Business

T-6837 Health Insurance Renewals

Mrs. Lockhart-Reese asked Council to extend the requirement to go to bid every five years. In her negotiations with Medical Mutual they had negotiated a 17% increase down to 10%. Then the COVID-19 pandemic started and negotiations stalled, but Streetsboro asked Medical Mutual if they could do any better and Medical Mutual offered a 7% increase if Streetsboro would do a “no bid/no shop price” and just extend the current contract for a year. Next year the City would go out to market for bids. Mrs. Lockhart-Reese and it was the same with Ameritas for vision and dental insurance; because of the pandemic health concerns it was too difficult to do bids, so they offered a 0% increase to renew the current plan for one year.

Mr. Ring said Mrs. Lockhart-Reese had done fantastic work to get these rates. The City had originally budgeted insurance for a 20% increase, so it was amazing to only have a 6.7% increase. He supported doing the one year extension with no bids this year and then go to market again next year. He realized the City ordinances stated the City had to go to bid every 5 years and insurance was last bid in 2015 so it should be bid in 2020, but due to the current health crisis/pandemic we really couldn't. Mr. Beni explained that the City wasn't repealing or amending the ordinance requiring bidding every five years, just waiving that requirement of bidding every five years for a period of one year, then it would go back to the 5 year period for bids.

Mr. Lampa asked if the City could extend the contract for two years instead of just one year. Mrs. Lockhart-Reese said the City could ask for a two year extension, but it was highly doubtful Medical Mutual would commit to that rate for two years.

MOTION: TO MOVE THIS TO TONIGHT'S REGULAR COUNCIL MEETING.

Moved by Mr. Ruediger, seconded by Mr. Hannan. Upon voice vote, **motion carried**.

Discuss 2021 Tax Budget

Ms. Esarey said annually she had to present a tax budget that really did nothing except provide proof to Portage County that they should levy Streetsboro's real estate taxes. This will allow the County to authorize to set the tax rates at the 2.9 mills, which was our inside millage. The City was at its limit and could not increase the inside millage without going to the voters. There were a lot of schedules required in this form. This would allow the County to charge and collect our real estate taxes.

She commented that she didn't do a lot of changes with regard to COVID-19 because she really didn't know the extent of the impact yet. She did show 100% of the income tax revenue going toward the General Fund, and some of the Capital Expenditures would be decreased in 2020, which would be discussed more in depth at a later agenda item tonight. In 2021 there was a 0% increase for income tax. She emphasized that no matter how the 2021 Tax Budget was passed it would have no effect on

the 2020 or 2021 budgets/annual appropriations. A 2021 Tax Budget just needed to be adopted by Council and submitted to the County by July 15, 2020. A Public Hearing was required prior to adoption. Ms. Esarey said she had presented this early to give time for three readings and then the 30 days to take effect before the July 15, 2020 deadline.

Mr. Ring asked if it would make a difference if the tax revenue for 2021 was projected to be negative revenue/losses instead of the flat tax revenue Ms. Esarey had projected in this document based on the pandemic. Ms. Esarey said this document already reflected in the General Fund that the City would have a \$729,000 deficit (based on carrying the collective bargaining agreements forward, an increase in health insurance, and the flat tax revenue) so Portage County could see the City had expenses and the real estate taxes were justified. So even with a balanced budget or an even bigger deficit, the County would still levy the same taxes and nothing would change; the City was at the maximum 2.9 mills and couldn't get any more.

The Clerk said the required Public Hearing had been scheduled for Monday, May 11, 2020 with a public notice in the newspaper 10 days prior to the meeting date. Mr. Hannan asked how a Public Hearing would be conducted if the Council was only meeting by Zoom teleconferencing and not in person. Mrs. Kremer explained that the public notice asked anyone with comments to submit them in writing (USPS mail, email, or leave a message in the payment drop box at City Hall) prior to the meeting date. The public could request electronic copies of the document for review; and historically there had been no public comments (in writing or in person) for the Tax Budget issue, so this Public Hearing should not be an issue.

MOTION: TO MOVE THIS TO THE MAY 11, 2020 REGULAR COUNCIL MEETING FOR FIRST READING.

Moved by Mr. Ruediger, seconded by Mr. Hannan. Upon voice vote, **motion carried.**

T-6838 Authorize Contracts for Mold Removal at Service Department

Mr. Miller said he had requested quotes of four different companies. He had responses from two of them. Serv-Pro could only do the mold mediation. Air Guard could do all the removing, sealing, and outdoor sealing of the panels. The Service Department would do the concrete work at the doorway entrances. Automatic Door would replace the overhead garage doors. He had checked into just replacing garage door panels, but it wasn't much more expensive to switch out the whole door. If this could be approved tonight, they could start work next Monday.

Mr. Lampa asked how they would remediate mold while people were working in the building. Mr. Miller answered that they would block off the front offices to protect them. They would work around the Service Department's schedule and do things when the Service Department crew was out of the building working in the field. And they could work on Saturday or Sunday at no extra cost, if needed.

Mr. Hannan asked where the mold problem was. Mr. Miller explained that the roof had leaked a few years ago and it was spotty on the roof and the ceiling, but they were going to spray the whole inside to kill the mold and then seal it. They would replace ceiling pieces that had fallen down or any parts that

needed replaced. Air Guard had done an air quality test and it wasn't horrible; the building was a pole barn so there was air circulation. The Service Department had fixed some drainage earlier in the year to get the water to drain away from the building so it was dryer and not so moist anymore.

Mrs. Field said this project had not been in the budget, so what was not going to be done to afford this project? Mr. Miller said they would transfer \$5,000 from an Equipment line to the Building Improvements line. The Service Department had thought they might get a new hot box for asphalt this year, but this remediation/building improvement was more important. Ms. Esarey noted the City was holding off on all Capital expenditures during the COVID-19 health crisis. The transfer was part of tonight's appropriation adjustments legislation.

MOTION: TO MOVE THIS TO TONIGHT'S REGULAR COUNCIL MEETING.

Moved by Mr. Ruediger, seconded by Mr. Hannan. Upon voice vote, **motion carried.**

T-6839 Amend §133.12 Income Tax Allocation

Ms. Esarey explained this was mentioned earlier in the Monthly Financial Report discussions. With COVID-19 loss of revenue (income tax, property tax, bed tax, license tax, etc.) still an unknown, it was recommended to allocate 100% of the income tax revenue to the General Fund starting May 1, 2020 to preserve staff jobs and avoid layoffs and furloughs and not reduce wages, and to still keep operations running (instead of 79.5% of income tax revenue toward General Fund, 0.5% toward Bond Retirement Fund, and 20% toward Capital Fund). Therefore the 100% could be used for all the operating expenses of the City, 80% of which was salaries, wages, and benefits. Once the money was in the General Fund the ORC allowed the money to be moved to any other fund. But if the income tax allocation was not changed, any money accumulated in the Capital Fund, for example, could not be transferred to another fund that may need money more. Ms. Esarey expect a transfer from the General Fund to the Street Fund might be needed because of the reduced revenue to the Street Fund from gas taxes.

She said it this time the City was kind of holding off on Capital Fund expenditures until the revenue was more certain. Bids had been opened for the 2020 Road Paving Program in the hopes the City could still do it. The City still intended to do the OPWC resurfacing of Page Road and Ravenna Road project and the engineering and the right of ways for the SR 14 and SR 43 ODOT projects. She had provided information regarding the Capital projects that needed to proceed like the street striping, storm sewer repairs, paving maintenance materials. She explained that the Bond Retirement Fund would not need a transfer from the General Fund; it was able to cover all the expected expenditures this year.

Mr. Ring said he had talked with Ms. Esarey about this earlier and agreed it made sense to allocate all the income tax revenue to the General Fund; it would provide flexibility and coverage if it was needed. He said he had tried to make it clear to Ms. Esarey during their conversation that the City should not give up on the road paving program this year. He said Council had developed a 4-5 year plan to get most of the roads done and forgoing paving for one year would set the plan back by 2-3 years and he wanted to avoid that. He said they had also discussed the possibility of eating into the carryover which

was maybe \$1,364,000 million above the minimum 25%. He said that carryover was there for a catastrophic economic situation such as this that would significantly reduce the City's tax revenue. He would prefer not to use the entire carryover because the City would have to replace it, but he didn't think the whole City should be put on hold when there was some carryover to use, if necessary. It would depend on how big an impact the revenue took. He supported the reallocation of the income tax revenue to 100% toward the General Fund, but encouraged continuing with the road paving program, even if it ate into some of the carryover because roads/infrastructure was essential and it would be appropriate to use the carryover; it made sense. He felt the road paving bids received were good bids.

Ms. Esarey said she was conservative and there were a lot of unknowns but if all the revenue went into the General Fund, then the City would have it if it needed it, and if there was enough, some could be moved into the Capital Fund. Mr. Ring felt it might take a few months to know how things were going to work out financially with the revenue and if the city would need to use the carryover but he didn't want to wait too long to do the roads. Ms. Esarey reported she would keep everyone informed on the revenues.

Mr. Hannan agreed with Mr. Ring that the City should continue with the 2020 road paving program and continue to try to get caught up on the road improvements. He wondered, if the program was reduced somewhat or even by half would it have to be bid again. Mayor Broska said the City could not pick apart the main bid, but could chose to not do the alternates. The bidders had said they would hold their prices for us for 60 days, maybe longer if the City would request it until we knew more about the financial impact of the coronavirus. If it went beyond that, the worst case scenario was to rebid. The contract for the OPWC project could not even be signed until July.

Mr. Kocisko asked about the expected \$400,000 to be received from the new gas tax. Mayor Broska said that was to come from gas usage, but the traffic counts at the public square were down 40%, so that revenue would not be \$412,000 as projected. It is 10 cents/gallon, not a percentage of the total gas sold, so when things opened and people went back to work again instead of working from home the revenue should go back up again. Ms. Esarey clarified that the gas tax revenue was to be split between the 201- Street Fund and the 202- State Highway Fund and to be used for the paving program. Mr. Kocisko recalled that when Council was deciding how many streets to put in the 2020 paving program and how much money the program might cost, he had said that the gas tax should not be relied upon because the State could take it away, or in this case never come in, so it would impact how many streets could be done. Mayor Broska said no one could have known the coronavirus would happen and impact the revenues so severely, so the estimates were done based on past traffic usage. Ms. Esarey said if the gas tax revenue wasn't there the City could chose to not do the alternates for the 2020 road paving program.

The gas tax revenue was to be about \$80,000 each month. April's receipts were about \$10,000 less than March; next month would probably be even less.

Ms. Esarey clarified for Mr. Lampa that 100% of the income tax revenue would go into the General Fund starting May 1, 2020 and the General Fund could make transfers to the other funds, if that was

needed, by a Council approved budget amendment. This was a normal budgeting procedure that would not affect the City's bond rating or anything. Ms. Esarey thought every city's bond ratings would be excused during this pandemic. She thought being proactive regarding preserving the General Fund and the operations of the City was more important. Mr. Lampa thought the Streetsboro roads were important/essential to repair/preserve especially since businesses and the economy would be opening again soon and people would be using the roads again. Mayor Broska agreed and said a lot of effort and money had been spent on the roads the last few years because they were in such a deplorable state and he didn't want to delay anything this year and have them get bad again, which would cost even more in the long run. He said if we can, we will do the 2020 road program, maybe without the alternates. He said most of the roads in town were not terrible because of the work over the last few years, although there were a few that needed improved.

Mr. Ring wanted to do the road program; the main bid was about \$1.1 million and there was back up money in the General Fund to do the roads. He said 25% of the revenue went in to the backup in the General Fund so the City could operate for 3 months with \$0 tax revenue. He thought even if the City would lose 25% of revenue for the year the City could still operate at full capacity for the year with the carryover that was in place. He thought it might be a 20% or 25% decrease for a few months, not the whole year. The City had done well on the roads the last few year and had a good plan to do roads over the next few years, so as soon as the administration was comfortable, he thought they should proceed with the 2020 road program, but he did not want to do roads and jeopardize the jobs in the City.

Mr. Kocisko commented that right now oil was cheap so the bidders would not raise their bid prices to pave the roads. He predicted that by the end of the year it would be a 20% decrease. Mr. Ring and Ms. Esarey were both financially conservative but Mr. Ring didn't want to forego essential things because the City was scared of what my happen. Mr. Ruediger commented that usually the bids were better earlier in the year, so to re-bid later in the year might result in worse/higher prices, so he suggested just waiting the 60 days to see where things stand.

Mayor Broska commented that the OPWC project was estimated at \$960,000 but the low bid came in yesterday at \$722,000. He added if there was a savings on cheaper asphalt because of low oil prices the savings would go to the City. He suggested locking in the bid and not re-bidding.

MOTION: TO MOVE THIS TO TONIGHT'S REGULAR COUNCIL MEETING.

Moved by Mr. Ruediger, seconded by Mr. Hannan. Upon voice vote, **motion carried.**

Set Pay for Next Term of At-Large Council Members

Mr. Ruediger explained this was discussed a couple years ago because there had been no change to Council pay since 1994 (effective 1996 and 1998). The discussion a couple years ago was to bring Council pay up to the minimum to qualify for one full year of service credit with OPERS, which was \$7,920/year at the time. Right after that was approved in January 2019 for the Ward Council Member's next term, OPERS changed the minimum for a full year of service credit. It could change again by OPERS each year in the future. He suggested changing the Council pay to \$10,000 per year

so it would meet the OPERS minimum for at least the next few years. He realized it was not a good time to discuss raises of any sort right now, but there was a timeline to get the amounts set in place 90 days before the primary for the next term of office (early February of 2021 for the election in November 2021), with the new rate effective about January 2022 for the next term, so he wanted to start the salary discussions now and keep it separate from the election time to avoid the impression of Council voting on a raise for themselves because it would only be effective for the next term of office, not the current Council Members. This did not need immediate action tonight, but he wanted to bring it to Council attention for consideration.

Mr. Ring thought the Ward Council Members elected last year received the raises discussed a couple years ago for a full year of OPERS credit and the At-large Council Members would get the same raise at the beginning of their next term of office, but OPERS then raised the minimum amount for a full year of credit so the Ward Council Members do not earn enough to get full OPERS credit. Mr. Ring wondered why the pay was different for Ward and At-large Council Members just because the election/terms were offset. Mr. Ring suggested setting the pay rate for the minimum OPERS credit, not an actual dollar amount, and then the Council pay could go up each year with the OPERS increases. Mr. Ruediger said by law/Charter the compensation of each member of Council shall be fixed effective upon commencement of their next terms of office, and shall not thereafter be changed with respect to such terms. Mr. Ring felt Council could “fix” the Council compensation in relation to the OPERS minimum and not change that calculation of salary during the term of office and did not have to make it a “fixed” salary. Mr. Beni thought it did need to be a set figure, not a floating amount.

Mr. Hannan said when Ms. Laudato brought this up a couple of years ago, it was to associate the pay with something to take the politics out of it, so it was set to the OPERS minimum. But then OPERS changed their minimum after a few months of the new pay rate being set. Mr. Hannan said he and most of Council didn’t run for Council for the money, so he suggested setting the Council pay a little above the OPERS minimum and let OPERS catch up to that amount over the next few years so the pay wouldn’t have to be amended until maybe the next term.

Mr. Ring said if the pay could not be tied to the OPERS minimum and had to be set to a fixed amount, then all the Council Members should get the same amount, even if it wasn’t enough for a full year of OPERS credit. He thought legislation had already been approved for the incoming At-large Council Members (November 2021 election) to make the same as the current Ward Council Members (November 2019 election) and therefore nothing needed to change. The only reason the Ward Members were making more was because their term came up first. If the compensation could not be set to the OPERS minimum and adjust itself and all the Council Members would be making the same amount, the just let the legislation that was already created to adjust the pay for the At-large Council Member’s next term stand.

Mrs. Kremer clarified that the legislation passed in 2019 only mentioned the Mayor and the Members of City Council whose terms commence in December 2019. The current pay (\$3,600) for the At-large Council Members would not change unless the current Council took some action. Mr. Ring proposed that there be new legislation developed to set the Council salary to be the same for all the Council Members no matter what; just like it had always been in the past, until this 2019 legislation. He didn’t

want to have to set the salary every two years prior to each election. Mr. Ruediger had proposed setting the salary at about \$10,000/year for all Council Members and then it would meet the OPERS minimum for a while and not have to be changed soon. Mr. Ruediger said a text amendment to the Charter had also been considered to maybe set the Council pay, like the Mayor's salary, at 1% above the OPERS minimum or whatever figure Council decided to tie it to. But a Charter amendment may be a little more difficult. Mr. Ring suggested, since this Council needed to take action for the At-Large Council Members to get any increase, that their pay be set to be the same as the Ward Council members at the start of the new At-large term; that way all the Council Members would make the same amount, even if it was below the current minimum amount to earn a full year of OPERS credit.

Mrs. Field commented that years ago when this was discussed, she opposed it. She agreed all the Council Members should make the same amount, but she was against raising the salary at all beyond the amount it was currently set for the Ward Council Members. She thought getting credit for OPERS was a nice benefit, but Council salary was not a significant pay rate and that extra benefit did not really make a difference in the long run to anyone's retirement. She just wanted to set the At-large Council salary to match the Ward Council salary and move on from this topic. Mr. Ring and Mr. Hannan agreed.

Mr. Ring appreciated that Mr. Ruediger had brought this topic forward early to get it taken care of before the election year. Legislation would be needed to set the At-large Council salary the same as the Ward Council salary for the next term. As a new Councilman Mr. Lampa didn't really know what OPERS (Ohio Public Employees Retirement System) was, but understood he could invest his own money toward retirement. He agreed all the Council Members should get the same salary/benefits. Mr. Ring asked Mr. Beni to create legislation to set the At-large Council members salary the same as what the Ward Council Members got at their last election for review at the next meeting. Mr. Beni would research the issue about fixed salary vs. a floating salary.

T-6835 Amend 2020 Annual Appropriations [#5]

Ms. Esarey said there was some clean up in this amendment. The City had sold the Bond Anticipation Notes which created some premium which she included here. The City had originally expected to sell the notes in 2019 and make a payment in 2020, but the Notes were not sold until 2020, so she took care of cleaning up all those accounts. There were a few ins and outs. There were a few County Auditor fees that were higher than anticipated, so that was adjusted. She had increased the Capital Improvement Fund to cover installation of the traffic pre-emptive equipment as part of the City-wide signalization project that was not known when the budget was developed. The cost was \$8,452 which would have to go through Board of Control for approval.

MOTION: TO MOVE THIS TO TONIGHT'S REGULAR COUNCIL MEETING.

Moved by Mr. Ruediger, seconded by Mr. Hannan. Upon voice vote, **motion carried.**

Citizens' Comments

None received.

Announcements

A Regular Council Meeting will immediately follow this meeting.

There being no further business to come before this Finance Committee, and upon motion by Mr. Ruediger, seconded by Mr. Hannan, this meeting adjourned at 8:29 p.m.

ATTEST:

Caroline L. Kremer, Clerk of Council

Justin Ring, Chairman