

THE CITY OF STREETSBORO, OHIO
FINANCE COMMITTEE MINUTES

Monday, August 28, 2023

[Prior to the meeting Chief Wain introduced the new K-9, Mika, and her handler Detective Luke Nelson. Mika was a little over three months old and had just begun training; she would actually join the police force after several more weeks of training. Mika was the offspring of the Twinsburg K-9 Bagio whose handler was Officer Josh Miktarian who was killed in the line of duty in 2008.] This Finance Committee Meeting was called to order on Monday, August 28, 2023 at 7:00 p.m. by Steve Michniak, Vice Chairman. Mrs. Field gave an invocation and Mayor Broska led the Pledge of Allegiance.

PRESENT: Jon Hannan, Anthony Lombardo, Jennifer Wagner, Steve Michniak, Julie Field, Marianne Glenn

ABSENT: Justin Ring

ALSO PRESENT: Glenn Broska, Mayor
Frank Beni, Law Director
Patricia Wain, Police Chief
Rob Reinholz, Fire Chief
Matt Miller, Finance Director
Bill Miller, Service Director
Justin Czekaj, Municipal Engineer
John Cieszkowski, Planning Director
Patrick O'Malia, Economic Development Director
Greg Mytinger, Parks and Recreation Director
Shawna Lockhart-Reese, HR Manager
Matt Coffman, IT Network Administrator
Caroline Kremer, Clerk of Council

MOTION: TO EXCUSE MR. RING DUE TO ILLNESS.

Moved by Mrs. Field, seconded by Mr. Lombardo. Upon voice vote, **motion carried.**

Disposition of Minutes

None.

Monthly Financial Report

Matt Miller said this was the monthly financial report for July 2023 which was distributed on August 10, 2023. The target was at 58%. The General Fund expenses were on target at about 59%, the Overall expenses were at about 40%, and the General Fund revenue was over budget at 66% mostly because the income tax RITA collections were up. The Overall revenue was at about 60%. In July the cash balanced had increased by about \$335,000 City-wide. In the high interest

rate environment, the City had booked interest income of about \$68,000 in July. The General Fund carryover balance was around \$3 million and the budget was looking healthy at the moment. He expected about \$500,000 in savings from different salary lines and would update that for the August financial report submitted in September 2023; it was not part of today's appropriation adjustments. The Street Fund had about \$60,000 in salary savings and the Water Fund had about \$39,000 in salary savings from people moving in and out of positions; this was not Overtime, which was different. Matt Miller add that the salary savings was a little higher than normal, but there was typically some salary savings each year.

Old Business

None.

New Business

T-7463 Accept Amounts and Rates

Matt Miller said this was done annually for the County for the different levies that the City has; inside and outside millage. This was recertified with the County each year after it went through City Council.

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

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

Discuss Health of the Water Fund

- Water Loss Reports

Matt Miller said this came up from discussions of the water meter replacement project at the last Council Meeting. Over the last couple of weeks, the Finance and Water Departments had provided Council with a plethora of documents (water loss calculations, ROI on meters, ROI on waterlines, percentage of revenue to costs, etc.) from the Water Fund. The proposal of purchasing new smart water meters was the administration's answer to help with the Water Fund. Matt Miller had looked closely at the expenses and revenues for both the 501- Water Operating Fund and 503- Water Reserve (Capital) Fund; collectively the water funds.

As Finance Director, when he was presented with many ideas or options, he would look to see what was the best mix to get as much as was wanted, because the City could not do them all at once because there was not enough cash flow year after year coming back into the fund. The City was sitting on reserves of a little over \$6 million for the different Water Fund balances but needed to save some for contingency saving, which was good financial practices. It cost a lot in this day and age to do capital project items and the City didn't have enough coming back in to the reserves. He wanted to make sure there was enough in-flows to meet all the out-flows. The administration had discussed "needs" vs. "wants" and provided a lot of different scenarios for Council to review. Thankfully there was American Rescue Plan Act (ARPA) money available and he ran different scenarios to come up with the best mix. In the different scenarios the new meters had a great Return on Investment (ROI) which would help the water fund for the next 20 years. The meters weren't the only solution, but he wanted everyone to get on the same page as to what capital

projects the City would do because it could get expensive and he didn't want to dip too far into the funds because more earnings were needed before spending money on capital projects based on his projections. The failures of the current water meters had caused the administration to look into the water system and the health of the water fund over many internal meetings. The administration had also provided Council with the order of importance of various waterline replacements as well as new waterlines. The administration had even sent out surveys to some residents to see how they felt about getting waterlines. They had looked at the water system/water fund from many angles to make sure the water fund could continue to cover normal operations and to have enough revenue to cover the large capital expenditures that were planned for the future over the next few decades.

Mrs. Field thanked the staff for the information and the time to compile it. She mentioned that the water tower was not in the reports, but Bill Miller said they did general maintenance every year and included those expenditures (\$5,000-\$6,000) in the annual budgets. Mrs. Field was concerned there would be a large expense at some point that was not budgeted. Bill Miller said part of the annual maintenance was to let the City know if there were any major issues to plan for; the Water Department was very proactive in planning and keeping the water tower in good condition.

Mr. Hannan noticed that Matt Miller had said the meters were not the only solution, so was raising water rates something City Council needed to look at? Matt Miller responded that he thought it would be a great idea to revisit the AECOM water rate study that was done in 2020 by paid experts.

Mrs. Field confirmed the Water Department was replacing water meters as needed and distributing new water meters at an annual cost of \$20,000 to \$50,000, plus the cost of one worker doing repairs every day, which Bill Miller would like to eliminate with the new water meters. Even in Meadow View, a newer neighborhood, most of the meters were half their life expectancy already. Mrs. Field said considering everything on the list of projects to be done and the current cost to replace meters, she would rather take care of some of the needs with the money the City had available (including ARPA) and continue to replace the water meters as has been done, and then in a few years, after saving some more to determine to do the complete overhaul of the water meters. She felt the City was spending a lot of money across the board, not just in the Water Fund, and wanted to be careful.

Mrs. Glenn wanted to take the opposite approach. She saw that the water rate increases of 3.5% were already in place for the next few years and it would increase the revenue by about \$5,000 per year and the Water Fund was only making about \$135,000-\$150,000 annually to put into the Water Reserve Fund, but the water loss had about doubled from last year. She was concerned the water loss would only increase if the new water meters were not installed soon. Matt Miller said the City could take the approach of not doing anything and just keep paying for normal operations, but eventually the system would just get older and would start breaking down at a pace that the City could not reactively fix.

Bill Miller said the reports showed that the City would make over \$140,000 with the new water meters; they would pay for themselves, and they would assist in cutting down the water loss. The goal was to get the water loss down from 20% to 8% or lower. He felt the City had to do the new meters now. Mrs. Glenn agreed; the water meters were the "only significant way to put any

significant dollars back into the Water Fund.” Mrs. Field was struggling with the report that showed the water loss had jumped significantly now that water meters were wanted. Bill Miller noted that Portage County had replaced two of their water meters in the last two years, so now their meters were more accurate and reflected more water loss for us. He wanted the new meters to do the same for Streetsboro. He said the City was looking at another leak detection system, in addition to the acoustic meters, to assist the City in leak detection. By buying these other features and getting rid of the daily work orders, the Water Department could focus on the water loss and get the loss rate down to the desired 8% or less.

For example, there was a leak in Ward 1 that ran all night from 11 p.m. to 5:30 a.m. when someone going to work saw it. Every foot of the water tower was 38,000 gallons and 4-5 feet was lost. With the leak detections the Water Department could have been alerted to a smaller leak maybe months before it blew that night. There was also a leak in the cemetery that probably ran for months before the Water Department could detect where it was.

Mayor Broska thought Council should go back and review the AECOM Water Study because it offered six options on how to build the Water Fund; at the time City Council took the least expensive option and raised the water rates the least amount, which really helped maintain the status quo. There were other options that Council may want to reconsider to create the funding capability to do these water projects. He didn't feel the City would get ahead and build the fund if it only kept charging 1%-2% above what Portage County charged the City, not when it cost so much to put waterlines in. At some point, the City would need to raise water rates to be able to do extensions and replace old waterlines. He felt the new water meters had a good return on investment but they were not the ultimate answer. The water meters would allow quicker response to waterline breaks to reduce the cost of water loss. Mayor Broska said Council needed to review the AECOM study again and create the policy of a rate increase, if that was the direction Council wanted to go. One of the options in the study was a 12 % increase because in the past there was a period of time when 27% increases over a period of a few years were not implemented, and that was found when the City went to pay for the water tower and the money wasn't there as expected and the water tower had to be financed with a \$250,000 debt payment every year. He felt there would need to be an increase in the water rates at some point because the City couldn't just keep going as is.

Mr. Lombardo asked Matt Miller if the new water meters made the most sense. Matt Miller said the ROI was substantial; it wasn't just about the revenue; it was about saving costs too. It was a large capital outlay, but it could save on costs and also increase revenue even at the minimum of 4% because other municipalities had seen better than 4%.

Mr. Hannan asked Bill Miller to continue to provide water loss reports to Council every few months. Bill Miller said he could do that quarterly. With the new meter system, the Water Department would be able to get more information and see exactly what the Department was selling each day and get better reporting. Mr. Hannan asked to maybe see the list of alerts from the new acoustic meters once they started providing the alerts of leaks. Bill Miller said he was willing to provide that report once all the meters were in, which would take a while, to show how the system was working.

Mr. Hannan wondered if a discussion of water rates should be on a future agenda. Mrs. Field thought the health of the Water Fund should maybe be discussed each quarter (kind of like the monthly financial update) that included a list of revenue, repairs, water loss, etc.

Mr. Czekaj said there were different priorities with the water system. Water meters was first and Arrowhead subdivision was second (to be started in 2024). He felt the City should revisit the AECOM water study, update it some, and get a greater focus on what to do with a little bit better numbers regarding water loss, etc. He thought he should have a little more information regarding the DOD funds which were to be awarded in January 2024 to help determine the City's budget and how the City wanted to do the rest of the projects. Mr. Czekaj could bring the topic back to a Council agenda when he had some time to update the water study.

Bill Miller said a lot of money was spent on the AECOM water study and he felt the Council Members needed to review it again and go over each scenario and determine which ones the City might want to pursue as feasible and what timeline the City wanted to pursue. The faster the projects were to be done, the more it would cost. Matt Miller noted that the scenario of a 12.75% water rate increase was said to cost the residents an additional \$44 per year. The Council Members needed to determine what rate increase, if any, and what projects they wanted to do in what time period. Mr. Hannan added that at the time the rates were raised to 3.5% not because it was the cheapest, but because it was the smartest way to get what the City needed at that time based on the information they had at that time. It was pre COVID-19 so things were a little cheaper than they are now. He wanted Council to decide now what was best to do in the present situation to make those projects happen.

Mrs. Field agreed. She said Council had spent a lot of time discussing the issue and had determined a 3.5% increase was the smartest choice, not just the cheapest. She added that the Finance Director would recommend the biggest increase to get the most money as quick as possible, but the Council Members were representing the residents. Council needed to consider that if the water meters would be replaced, the residents would be paying more (because of the more accurate meters, especially if they had a low-level leak), and then if a rate increase would be applied too, it could be very substantial to the residents. Even \$40 per year could be a lot to some of our residents who have a tight budget.

Mrs. Glenn mentioned that she paid water bills in two other towns and Streetsboro had been way cheaper than the other cities for years. She said Council needed to determine if the City could maintain its infrastructure with the water rates/revenue it had, and if not, then Council would need to raise the water rates whether the Council Members wanted to or not. Mrs. Field agreed that was an important discussion. Mr. Hannan added that if Council were to raise the water rates and show the residents what projects would be done with the money, people may be more receptive.

Matt Miller added that the cost to put in a 10" waterline with pavement replacement was about \$350/foot. With the current earnings, the City could not afford a 500' water project. The price of water line replacement projects had gone up since the AECOM water rate study was done, so this would be a good time to see where the market was now.

Mrs. Field said the City had lost a lot of revenue in the past when the City rates were not increased to match the County increases for the water the City purchased to distribute to its customers, and then had to raise the water rates to keep up with the pass through to the City.

Mayor Broska said this Council unfortunately had to pay the price for failures of previous Councils of the past who didn't put money into roads, and who didn't apply for grant money. Streetsboro had more recently received over \$30 million in grant money, and dedicated \$1 million per year toward the road program over the last dozen years. Now the City was at a point where there were old waterlines that needed rehabilitation, which he felt needed done long before the City would extend more new waterlines. Stopping/reducing water loss was a key issue too.

Mr. Czekaj reported that he had sent an email to Council to recommend turning down grant money for a new (not replacement) waterline, based on the things now known and the priorities that the City had regarding replacing waterlines, with the hopes that the Arrowhead subdivision replacement lines would score well enough that the project would be funded at 50%. He wanted to know how Council felt about turning down the grant money with hopes for funding for the future project. Mr. Hannan responded that waterline extensions were not the priority right now, so it made sense to turn down the grant money and apply for other funding for replacement waterlines. Mr. Czekaj noted that the City had received about 50% of responses to the survey that had been sent out to the Stone/Hale/Harper area and only about 25% of those responding were in favor of getting new waterlines which would cost them each about \$20,000. Mr. Czekaj added that once the City determined how it would handle replacement waterlines first, the City would still consider extending new waterlines. The new extensions were not "never," just "not right now." Future discussions on the issue would be more methodical on why they should happen because the Stone/Hale/Harper project should go all the way to Seasons Road as a loop. There was no request to accept grant money so no legislation was needed to turn down the grant money.

T-7464 Legislation re Use of ARPA Money

Matt Miller said this was an ordinance to clarify the use of the American Rescue Plan Act (ARPA) money to go toward the Water Fund as everyone seemed to agree at the last meeting that the ARPA money should go to the Water Fund. The legislation was written to match with how the City reported to the U.S. Treasury on the use of the ARPA funds. He said the legislation stated it was for water/capital infrastructure items.

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

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

The Vice Chairman moved Citizens' Comments up on the agenda so anyone with comments would not have to wait through the Executive Session.

Citizens' Comments

Mitchell Edgecomb, 57 Chelmsford Drive, Aurora, Ohio, spoke about too many pet animals in shelters being euthanized which was a crisis across the country and in Streetsboro. He said there

were 6 million animals that were turned in to animal shelters every year. Of those 6 million animals, 4 million end up being euthanized, 3 million (well over 50%) of them were reported in perfectly healthy condition. Not just dogs and cats, but smaller mammals (Guinea pigs, rabbits, gerbils, etc.) were at much higher risk. Guinea pig abandonment rates were up 25% from last year, which made them the most likely animal to be abandoned.

Mr. Edgecomb said the culprit for this crisis was the retail pet sales industry. There was only one retail pet store within Streetsboro, Pet Supplies Plus. Every week on average they sell 2 Guinea pigs and 3 hamsters, but the problem with this was from where they sourced the animals. Their supplier was a large warehousing facility in Illinois, Apet Inc., who imported all their animals (small mammals, reptiles, fish) from abroad from usually unsanitary breeding facilities in Latin America and East Asia. He said because all these exotic animals were imported en masse, the existing local facilities (rescue organizations and animal shelters) simply could not take care of all these animals and re-house them. He suggested to the City Council to consider a prohibition on the retail sale of domestic rodents that were sourced from manufacturing facilities or warehouses that source these animals from breeding mills and manufacturing centers. He thought Pet Supplies Plus should only be permitted to sell domestic rodents that were received in cooperation from an animal shelter or a rescue organization, which he detailed in his proposal. He asked each of the Council Members to review the proposal and work toward a resolution to see where City Council wanted to take this idea because it was a serious problem in this city and this country and if City Council didn't act now, it would only get worse. The only way to tackle euthanizing and over population was by cutting the supply of domestic rodent pet animals. Other jurisdictions and other states (like Maryland, California) have done so, but just focused on puppy mills and cat mills. There was not enough awareness being spread about rodents and other small animals. Mr. Edgecomb's proposal did not address small animals as feeder stock animals for snakes, etc. He thanked Council for letting him speak and for considering his proposal.

Mr. Michniak said it was a good presentation. Council could put the issue on a Committee agenda where Mr. Edgecomb would have a lot more time to present the idea with more/deeper logic and reason behind the proposal and time to answer questions. The Clerk would contact Mr. Edgecomb about what Committee and what meeting date would work.

Executive Session

MOTION: TO RECESS INTO EXECUTIVE SESSION TO CONSIDER 1) COMPENSATION AND 2) AN ECONOMIC DEVELOPMENT PACKAGE.

Moved by Mrs. Field, seconded by Mr. Hannan. Upon roll call vote, **motion carried 6-0 and the meeting recessed at 8:00 p.m.**

MOTION: TO RECONVENE THE FINANCE COMMITTEE MEETING.

Moved by Mrs. Field, seconded by Mr. Lombardo. Upon voice vote, **motion carried and the meeting reconvened at 8:30 p.m.**

T-7465 Amend 2023 Pay Ordinance

Mrs. Lockhart-Reese asked that this be moved to Regular Council tonight to amend the 2023 Pay Ordinance.

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

Moved by Mrs. Field, seconded by Mrs. Glenn. Upon voice vote, **motion carried.**

T-7466 Authorize HVAC Contract with Trane for Fire Department

Chief Reinholz said the Fire Department had been having issues with the HVAC. The 1-year warranty had just ended. He had various companies come out to work on it, but the Fire Department learned the new HVAC systems had so many electronic components that a company was recommended just to do analytics and determine the problem, then another contract to take care of the actual repairs. Trane was the original manufacturer and had proprietary rights on the software so other companies weren't able to decipher the codes or reset the system even if they could do some repairs. June 26, 2023 the City had entered into a contract with Gardner for HVAC work, but Gardner could not repair/clear the error codes, so the Fire Department tried to reach out to Trane but it took 2-3 weeks to arrange a meeting and now there was this contract for HVAC maintenance; there was an analytical contract and an actual hands-on maintenance contract which totaled \$12,390. Both contracts were with Trane so there would not be a problem dealing with two companies. There were funds in the FD Contractual Services line, but Chief Reinholz would have to move money from other lines to make sure the Contractual Services line was funded for the rest of the year because he had not anticipated paying \$21,000 in 2023 for Contractual Services. In the past the HVAC contract for maintenance and replacement parts had cost about \$5,000-\$6,000. He recommended considering this issue when the HVAC system was built into the Community Center to be able to cover the analytical and actual repair issues when problems arose with the HVAC system.

Mrs. Field wondered if \$12,390 could be moved into the Fire Department budget so the Chief did not have to take the money from Training or another of his accounts that were already tight because this expense was unexpected and necessary. Matt Miller said he could amend budget adjustment #9 later in tonight's meeting to accommodate this requested change.

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

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

T-7467 Purchase Replacement Computers

Matt Coffman asked for authorization to purchase some additional computers. These would be replacement computers with upgrades to accommodate the needs of the Water Department clerks and the new BS&A water billing system. These computers were budgeted for 2023. The old computers would be repurposed as loaner computers.

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

Moved by Mrs. Field, seconded by Mr. Lombardo. Upon voice vote, **motion carried.**

T-7462 Amend 2023 Annual Appropriations [#9]

MOTION: TO REMOVE THE TRANSFER OF \$10,000 FROM #101-12-5241 FD SCHOOLING AND INCREASE APPROPRIATIONS TO #101-12-5338 CONTRACTUAL SERVICES BY \$10,000 TO ACCOMMODATE THE TRANE HVAC CONTRACT DISCUSSED EARLIER.

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

Matt Miller said these were normal budget adjustments. Money needed to be moved into HRA and HSA lines. Most of this netted to \$0.

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

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

Citizens' Comments

Mrs. Field asked if the Police and Fire Departments had generators for their buildings. The answer was yes. She wondered if the City should consider getting a generator for the Senior Center/Parks and Recreation building to use if there was an emergency where citizens were without power for several days, especially to keep warm in winter weather. Maybe that could be a topic for a future agenda.

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 Mrs. Field, seconded by Mr. Hannan, this meeting adjourned at 8:45 p.m.

ATTEST:

Caroline L. Kremer, Clerk of Council

Steve Michniak, Vice Chairman