

City of Olmsted Falls
Minutes of a Finance Committee Meeting
Monday, October 24, 2016, at Olmsted Falls City Hall
26100 Bagley Road – Council Chambers, 7:00 p.m.

Chairman Bob Sculac called the meeting to order at 7:08 p.m. Roll call was conducted. Councilmen Jay Linn, Linda Garrity, Jim Haviland (**arrived at 7:20 p.m.**) Paul Stibich, and Terry Duncan. Mr. Miller was absent.

Also Present: Gregory Sponseller, Law Director, Ann Marie Donegan, Mayor, Steve Presley, Finance Director, Mike DeSan, Asst. Finance Director, and Terry Veloski, Assistant Finance Director. Audience: 0

New Business:

1. Amend Appropriations Ordinance

Mr. Presley indicated that he distributed an amended appropriation to Council this evening. He stated that the amendment includes an addition of \$100,000.00 to the law department operating fund. This amount is needed to cover the costs of the various lawsuits the city has been involved in. He stated that he will present one more supplemental appropriation in December to close out the year.

2. 3rd Quarter Reports

Mr. Sculac stated that he spoke with Mr. DeSan regarding the third quarter reports. He stated that rather than just presenting the 3rd quarter numbers Mr. DeSan suggested that we show on the report the first, second and third quarters. If you are seeing just the 3rd quarter you may not recall what happened during the first and second quarters and he is in agreement with Mr. DeSan.

Mr. DeSan indicated that income tax revenue has increased 10%; local taxes have also increased 13%. Mr. Presley indicated that the local tax would include municipal income tax but has also increased because 2016 is a reassessment year for property taxes and that combined with the 10% income tax makes up the 13.7% increase.

Mr. Sculac stated that the City seems to be on budget very nicely. Mr. Presley indicated that the city is on track to come in where we thought we would be with regard to the general fund. He stated that there will be some small fluctuations but those will even out in December.

Mr. Presley stated that he has begun working on the budget with Mr. DeSan. He is attempting to determine where to add the health insurance and is certainly not using the 38% increase at this point. He will be using a 20% increase from 2016 but does believe that figure will be lower. He received some proposals late Friday from the health care consultant but has not had the opportunity to completely vet those. Once completed he will meet with Ms. Garrity to review. The figures are in the 16% to 20% increase range but he needs to make sure the plans are comparable as well as the networks otherwise it will not work for the employees. Unfortunately, he cannot answer any

questions because he has not completely reviewed them in their entirety. For budget purposes in 2017 he will use the health care figures from 2016 and increase them by 20% which will give some latitude. Otherwise, he will be reviewing contractual obligations relative to the contracts; otherwise no increases to any other operating expenses. The operating expenses have come down due to fuel being a primary expense and those costs have been under \$2.00 the majority of the year which is a significant savings.

Mr. Stibich stated that in the comparison of the actual September 30th to the 2016 budget, is the actual number just the quarterly number. Mr. Presley stated that he will have Mr. DeSan revise the report for consistency sake as he would prefer that be a year to date number because that figure is much more relevant. Certainly, the first quarter could have been very good; second quarter bottomed out; with the third quarter being mediocre but all we are looking at is the third quarter. Mr. Stibich also suggested information as to what could happen in the 4th quarter to make up the difference. Mr. Presley stated that he does not see municipal income tax bottoming out because the majority of the cities that collect through RITA are seeing a 8.5% to 12% increase across the board and it is rather impressive to see that kind of growth.

Ms. Garrity stated that on the 2016 comparison why is the cemetery fund at 6.75%? Mr. Presley stated that was the percentage of the budget used which is why he believes we need to use the full nine months in order to get a good comparison. Ms. Garrity stated that the cemetery did receive a payment last week and believes that there is one more payment due for the year. Mr. Presley indicated that he believes there is a small check the cemetery should receive by the end of the year.

Mr. Presley indicated that the budget meetings have been scheduled for November 15th beginning at 6:00 p.m. Mr. Sculac stated that he would like to complete the budget discussions in one meeting as opposed to holding two meetings. Mayor Donegan stated that as we look to expand economic development she would like to expand the budget as well as a budget for community services. Mr. Sculac stated that he is not sure everyone needs to defend their budget and believes there was also a previous discussion regarding expenses which will need to be discussed again. Mayor Donegan stated that the theme is to hold the budget tight, with the caveat of expanding in economic development, wayfinding, signage and a little marketing to continue growth. Mr. Sculac asked if Council would receive a copy of the proposed budget in advance of the meeting. Mr. Presley indicated that he plans to distribute Friday, November 11th in order for Council to have time to review.

Ms. Garrity would like to remind Council that there was a discussion regarding adding a small Council budget for education and training. Mayor Donegan indicated that a number needs to be presented to Mr. Presley.

Mr. Presley stated in reviewing the insurance, the current carrier is looking favorable. He does not believe the City will have a significant increase, if there is any increase. He believes the only reason there would an increase is the addition of the new service garage so there is a \$2 million dollar addition as far as what the city has to cover. As far as the loss history we do not have any loss history other than one small motor vehicle incident so he believes the renewal will be flat. He did not receive a proposal from the city's previous carrier.

Mayor Donegan stated that the city is also in the process of re-negotiating the dispatch contract. She stated that Strongsville wanted an increase of \$183.00 per month generally speaking that would

be acceptable but it is not acceptable to her. The City has paid its fair share but Berea and North Royalton have not. She is not sure how successful that negotiation will be but Olmsted Falls runs about 9.6% but has been paying 10%; Berea has only paid \$5,000 more a month than Olmsted Falls and Strongsville is giving them a plan that will make up their costs over 10 years. She feels that they should paid those amounts now. The City is paying a lot less than we would have originally paid at the \$300 but she feels it's the principal. Mr. Stibich asked if the allocation of the costs is based on population, number of calls, etc. Mayor Donegan replied no. When we went into the contract there was really no methodology as people were scrambling to form the dispatch center. She does believe it did turn into being based on our usage and we run anywhere from 9.3% or 9.6% but we are paying 10%. She stated that she believes there was one month in the last 18 months of data that our usage increased to 10.2%. As everyone is aware, for a whole host of reasons, the police department did hire a police clerk so we will need to determine how much we saved. The dispatch contract expires on December 14th. Mr. Stibich stated that he believes this is a fair way to argue the city's case.

Miscellaneous:

Mr. Sculac asked if there was any type of Allied Waste Audit update. Mr. Presley indicated that he would schedule another meeting with the ladies involved. Unfortunately his October schedule was tremendously busy, but is slowing down and he will schedule a meeting with Ms. Garrity, the Mayor and himself.

Mr. Presley stated that Ms. Terry Veloski is present this evening in order for her to see how finance committee meetings run in case he or Mr. DeSan are not available one evening. This also lets Council put a face to a name as she is one of the team members in the finance department.

Adjournment

Mr. Stibich moved to **adjourn**; Ms. Garrity **seconded**. Voice Vote: 5 ayes; 0 nays. **Motion carried**.

The meeting adjourned at 7:21 p.m.

Bob Sculac, Chairman

Angela Mancini, Clerk of Council