

City of Olmsted Falls
Minutes of a Finance Committee Meeting
Tuesday, April 25, 2017, at Olmsted Falls City Hall
26100 Bagley Road – Council Chambers, 6:45 p.m.

Chairman Bob Sculac called the meeting to order at 6:46 p.m. Roll call was conducted. Councilmen Linda Garrity, Jim Haviland, Ed Gorski, Paul Stibich, Terry Duncan, and Kyle Miller were present.

Also Present: Gregory Sponseller, Law Director, Ann Marie Donegan, Mayor, Steve Presley, Finance Director, Mike DeSan, Asst. Finance Director and Rosann Jones, Manager Business & Community Services.

NEW BUSINESS

Review First Quarter – Mr. Presley indicated that the city is on track with a couple of exceptions. The largest one being collection from municipal income tax. He is on the board of the Regional Income Tax Agency and in many local municipalities their collections are down 8% to 12% because of the changes made in House Bill 5 passed by the state. This bill changed the due dates for business withholding deposits. Therefore, in 2016 almost 13 months of payments from businesses were collected and sent to cities because what was paid in January of 2017 was sent in December 2016. When comparing 2017 to prior years, unless there is material growth in the city relative to new businesses, every city that is status quo will see a reduction of what is collected in 2017. He stated that he will readjust the forecasts he built in for growth based on 2016 collections and re-evaluate where the city is headed.

Mr. Presley stated that as he previously indicated the city was delayed in its collection of property taxes from the county the funds were received in March and not February. He stated that when he received the property tax payment from the county he did not transfer the police and fire funds from the general fund to the police and fire operating levies, he will transfer those funds in April.

Mr. Sculac asked if the city was anticipating any large expenses with regard to the legal department. Mayor Donegan replied no but the collective bargaining agreements will expire this year and will need to be re-negotiated.

Mr. Presley indicated that during negotiations he may propose a health savings account which can save the city substantial money and depending on one's personal health care situation can also help employees with savings and after they retire they could have a large balance in their health savings account that would travel with them. It may not be perfect for everyone, but if we can get 10 to 15 employees to participate it would save the city some money and build up a savings for the employees to pay future health care bills, either now or when they leave the city's employment. Mayor Donegan indicated that during the Health Advisory Meetings Council representation is needed. During the last meeting representatives from United Healthcare and the Fedeli Group were in attendance. The city clearly has the Affordable Care Act and there are some challenges. For example, when you go from showing up at a health care facility for three years, and paying minimal amounts, with no problems and nothing that is managed care related and then you move to a managed plan there are bumps that

we are working out. She also wants to talk about starting wellness for example, if you pay \$20.00 to join a gym and begin tracking weight, BMI, cholesterol those will help. The employees are huge fans of Metro and Fedeli is aware of that. She would also like to get pricing on an EAP program to start in June of this year which is beyond the current nurse line that is available. With the changes in our revenue stream to the positive we will see where we are in June as we start figuring out what kind of benefit plan to offer. United Healthcare has informed the city that they cannot quote premiums until there is 45 days left of the current contract, which would leave the city in the same position as last year and we would like to be more pro-active. We will be holding monthly meetings with the health insurance advisory committee, Fedeli and United Healthcare. Some employees are still dissatisfied and she has appreciated that no grievances have been filed, which the employees could file, but they are willing to work together.

Mr. Presley indicated that a RITA subpoena program was run for individuals who did not file and based on that list and the federal income tax list, those individuals who owe \$500.00 or more will be brought into Mayor's Court. This will be much more of a formal process and residents will have to respond. The subpoena program through RITA is to produce records and if not produced there is little RITA can do. When you subpoena individuals through Mayor's Court for failure to file there is more that can be done to enforce that subpoena. Mr. Presley indicated that the city has not run this type of program for at least six or seven years. Mr. Haviland asked if this would be for individuals who are simply not paying their income taxes. Mr. Presley indicated that this program is for those individuals who have not filed their RITA taxes and after reviewing their federal tax return which shows income.

Mr. Stibich asked if Mr. Presley could tell from the income tax revenues if it decreases withholdings from employees within the city. Mr. Presley indicated he would review and determine if it includes net profits, employee withholding or individual payments.

Ms. Duncan indicated that the administration has increased 50% from the last comparative quarter. Mr. Presley indicated that he will review the comparisons as this could include a payment advance to worker's compensation. Mayor Donegan asked what expenditures were included in administration. Mr. Presley indicated that this includes worker's compensation, general liability property insurance, municipal income tax, what the city pays RITA, and senior transportation. Mr. Sculac stated that some are due to payments required at the first of the year.

Mr. Presley indicated that he is also awaiting revenue from the various grants. Once those are received the general fund will be reimbursed.

Properties Owned by the City and possible disposition – Mr. Sculac indicated that most of the properties were received from the Cuyahoga County Land Bank program. Many of these parcels are small or landlocked. These properties require service department manpower to maintain.

Ms. Jones stated that the property located on Chandler's Lane was recently given to the homeowner's association. These properties Council may want to consider getting rid of are odd little properties. For example, there is a property on Lindberg next to the turnpike on the west side of the street, that is over five acres, yet we cannot access the property without building something to traverse the culvert. The City Engineer estimated a cost of \$65,000 five years ago. She attempted to work with the turnpike to gain access to this property and they will not allow anyone to utilize their property, even city personnel. The abutting property owner does not want the property because they do not want to

increase their property taxes. The city is now left with an unreachable piece of property. She stated another example is a piece of property behind residents that is actually in the river and those property owners do not want the parcel. She has no idea what the city will ever do with a parcel underwater in the river and does not understand how it was a separate parcel. She suggested reviewing the list with Mr. Borczuch to determine which properties should be disposed first.

Mr. Presley indicated that if the parcel is an unbuildable lot that is bordered by two residential properties, he has contacted each of the owners and asked if they would like to split the property, no cost the city pays for the legal work, but they would have to consolidate the two lots. If one neighbor declined the offer they would make the offer of the entire parcel to the other property owner. Mr. Sculac stated that there is a property on Tyndall Falls that he suggested offering to the neighboring property owners.

Mayor Donegan indicated that the list should be reviewed and determine which properties should be disposed of first based on what properties are most important to dispose or based on service department maintenance hours, in other words develop a prioritized list of properties. Mr. Sculac asked Ms. Jones to determine the top five properties that would be most likely to be sold or disposed of through abutting property owners. Ms. Jones indicated that she would speak with Mr. Borczuch and develop a priority list.

Park & Recreation Levy – Mr. Sculac indicated that this levy will not be on the ballot until next year. This levy was passed in 1989 as a Park and Recreation Levy and the funding is to be used for maintenance of the parks and not recreation programming. He stated in the past the service department had a specific individual who was paid from this levy and was the park maintenance person. Over the years this levy has been renewed every five years. He would like Council and the Mayor to make a determination of what to do with this levy. For example, provide funding for recreation programs or keep it for park maintenance. He stated that if we change the scope of the current levy it will no longer be a renewal it will become a replacement levy, once it becomes a replacement levy the residents lose the rollback. Mr. Presley indicated that the owner occupied residential property, the 10% and 2 1/2 % will be eliminated as far as a state reimbursement and the residents are therefore responsible for 100% of the cost of the levy. Mr. Sculac indicated that he has always felt that there needs to be recreational programs but those programs do not provide funds and the city would have costs associated with recreational programs, which he does not oppose. For example, remove the park portion of the levy and leave that within the service department and then create an Olmsted Recreation Commission which would give them the ability to plan and operate programs in the community.

Mr. Presley stated that if this levy expires on 12/31/18 the city can place it on this November's ballot which will give the city two chances to pass without the expense of a special election. If in fact, you choose to place it on the November ballot for renewal and next year you attempt a different levy you would say that if this operating levy is passed the other levy would be eliminated. This way you are not giving up the park levy while attempting to obtain a recreation levy.

Mayor Donegan stated that the city has been in discussions with the YMCA. Residents believe that the park and recreation levy can be used for recreation but this levy is legislatively restricted to park maintenance only. If the city moves forward with the Y perhaps we would not need to get a replacement levy and she agrees with Mr. Sculac that Council should begin thinking about this issue. She believes that offering recreation for all types and ages is an important component of a healthy

community. We don't want to build a rec center as we want to live within our means. The Y are completing an analysis to see if they could build a facility somewhere that our residents can utilize.

Mr. Sculac stated that during the telephone conference with the director of the YMCA they commissioned an outside individual to survey communities from Lake County to Lorain County and determine the types of recreation programs that are and are not happening in these areas. That survey should be finalized the middle of May and another meeting will be held to determine what we may be able to collaboratively work on. He stated that years ago YMCA's were built all over the county and that is no longer happening. After the Y began closing facilities they found that they could not sustain that type of operation. The facilities they are now constructing are called regional wise, one was built in Lakewood, Avon and Geauga County. We did indicate to the Y that if they felt that we were viable we would be willing to entertain them coming into the community.

MISCELLANEOUS – Mr. Sculac indicated that he believes the annual joint cemetery board meeting will take place prior to the next Council meeting on May 9th. During this meeting he will be making a motion that the cemetery trustees hire an appraiser and sell the home on the property and that they list the property for sale within 60 days, the funds from the sale of the property will be placed into the cemetery reserve account. The cemetery office then be moved into space at City Hall and pay \$1.00 per year as rent. This home will become a real liability very shortly in terms of maintenance and the cemetery board will have to handle the expenses. Unless the law director says the motion is not appropriate he will make this during the annual meeting and does ask for Council's support. Mayor Donegan stated that the house use to be a rental property and then there was a decision made within the confines of the cemetery to have the home become an office. This was done without any insight or forethought on what kinds of buildings do we need, services, in five or ten years. They made about \$80,000, conservatively speaking, on improvements. It is an unkempt and unnecessary, the phone needs to be answered and not be a trustee of the cemetery but rather a person and you don't need another house to maintain. She stated that when the ramp was being constructed the board rented a trailer that housed the office for approximately \$25,000 per month for four months. He has spoken with Ms. Garrity in the past and he believes major repairs will be needed to the building and does not feel that the cemetery should expend those types of dollars for an office building.

Ms. Garrity stated that Mr. Sculac should have also mentioned to Council that there is no superintendent any longer at the cemetery and so the upkeep of the house along with everything else has fallen upon the secretary who was hired to write checks and that is a lot of responsibility. At the last two cemetery board meetings she has tried to highly encourage the other two trustees to consider hiring a superintendent, even if it's on a part time basis, but to be quite honest she is meeting most of her resistance from Mr. Borczuch.

ADJOURNMENT

Mr. Stibich moved to **adjourn**; Ms. Duncan **seconded**. Poll: 7 ayes; 0 nays. **Motion carried**.

The meeting adjourned at 7:32 p.m.