

FINANCE COMMITTEE MINUTES

OF NOVEMBER 18, 2019

Municipal Council of the City of Vermilion
Municipal Complex, 685 Decatur Street, Vermilion, Ohio 44089

In Attendance: **Vermilion City Council:**
Steve Herron, President of Council; Monica Stark, Council at Large; John Gabriel, Ward One; Frank Loucka, Ward Two; Steve Holoacs, Ward Three; Barb Brady, Ward Four; Brian Holmes, Ward Five

Administration:
Jim Forthofer, Mayor; Chris Howard, City Engineer; Amy Hendricks, Finance Director; Chris Hartung, Police Chief; Tony Valerius, Service Director

Call to Order: Brian Holmes, Chairman, RESOLVED THAT this Finance Committee comprised of the committee of the whole does now come to order.

TOPIC ONE: **Insurance Renewal**

Jerry Pearl of Alley Thorley-Delloyd provided city council with a premium comparison schedule which shows a slight increase (less than 2%) from 2019-2020 to 2020-2021 due to the addition of the ambulance garage, seven new vehicles and a trailer. The schedule breaks down the coverages. He noted the general liability coverage decreased and law enforcement liability increased a little. He said the city has over \$6 million worth of coverage. The total premium for 2020-2021 will be \$286,332.00.

B. Brady asked if the city's deductibles vary depending on what the coverage is. J. Pearl said everything is variable and with the larger vehicles they elected to go to a higher deductible of \$1,000. A lot of the insurance companies are going to a minimum of \$500.

TOPIC TWO: **Vermilion Community Pool**

Mayor Forthofer said he reviewed what the capital expense obligations and usage is for the pool. He said between 2018 and 2019 the individual memberships decreased from 5 to 2 due to the weather. Family memberships in 2018 were 46 and in 2019 they had 32. However, the estimated walk ups increased to 2,500 in 2019 from 2,000 in 2018. They believe it's because they didn't sell that many individual memberships because of the rain at the beginning of the season. The total seasonal costs for 2018 was \$51,800 and in 2019 it was \$50,413. All income totaled \$20,082 in 2018 and \$16,942 in 2019 for a balance in 2018 of (\$31,708) and (\$33,471) in 2019.

T. Valerius explained the capital investments consist of the installation of a new heater in the amount of \$4,000. The city received a donation of a heater last year. He said it will cost around \$2,000 to replace the roof on the pool building and leak repairs are estimated at \$40,000, and the concrete deck replacement is estimated at \$67,700 – totaling \$113,700 for all capital investments. Mayor Forthofer said they are losing about 1” to 1 1/2” a day in water, which is 2,544 gallons of water a day, and they don't know where it's going, but near the shed it's pretty wet.

B. Brady didn't feel there were many people using the pool daily, especially if you look at the breakdown of the total walk ins over four months.

Mayor Forthofer said he has received phone calls from people asking where they can send their donations. Additionally, the owner of Kingston wants to set up a meeting with the administration with regards to raising money for the proposed pool project in order to keep it running as it's very important to the community. He said he never mentioned raising money, but this is the unsolicited support they're receiving.

B. Holmes said this information is eye-opening and he too has received calls with the expectation of keeping the pool open. He said they have heard the finance director talk about the fact there is more money in the general fund, and people are saying they need to fix the pool and keep it open. He said he would love to attend the meeting with the folks from Kingston. The volunteers and residents of the community have been amazing when it comes to giving and he couldn't thank everyone enough. He said if the city can do something to help cut the costs to get all the capital items fixed so they can continue to keep the pool open, this would be great. He asked city council to go home and think about this matter and come back at another meeting to give suggestions on what they can do.

M. Stark asked the finance director if the receipts from this year follow the numbers of what is exactly received. A. Hendricks said they break it down by membership passes, daily admissions, swim lessons, donations, and if there are rentals for parties. M. Stark asked how much the vending machines bring in for pool revenue. She wondered if there is something more they can do. A. Hendricks wasn't aware they had vending machines at the pool, and wonders if the vendors receive those actual proceeds.

M. Stark asked if anyone has investigated a solar cover to help with water evaporation and costs in heating the pool. She thought the heater installation price seemed high and wondered if the city should get additional quotes. J. Gabriel said the reason the installation is high is because they must retrofit a different heater from what the pool came with. He said once they dig up the pool deck, they should come up with a contingency number because most likely there will be additional problems once they get into this because it could be much worse than what they imagine.

M. Stark asked if they investigated what the City of Amherst did when they upgraded their pool. She said the nicer they can make their pool the more people it would attract.

T. Parker, Chairman of the Parks and Recreation Board didn't know if the statistics showed how many different people are using the pool – are they looking at 500 people using the pool or the same 200 people using it. Mayor Forthofer said they don't have this differentiation. T. Parker said as far as the parks levy, they have been working diligently to plan their expenses, so they live within their means. They have capital expenses planned out through 2023. The first time they would have a significant chunk not planned for would be in 2022. They have a major development they're about to launch down at Main Street Beach. The capital levy is the smaller of the two levies – it brings in half of what the operating levy brings in. The operating levy was passed to increase management and manpower so they could keep up with maintenance, and some of this is way beyond maintenance. Mayor Forthofer complimented the Parks Board on their capital planning. B. Holmes reported the Parks meeting will be held tomorrow at 7:00 pm if anyone was interested in attending.

TOPIC THREE: Sweepstakes Terminal Café Fees

J. Gabriel said this is an item in government he doesn't like especially when singling out a segment of business. He doesn't understand why the sweepstakes businesses pay these fees

because they invest in Vermilion, in their machines, computers, and everything they need to create their business. He said the city is cutting in on their business separate from the fees, licenses and permits they need to run a business anyways. They pay taxes, payroll taxes, etc., so he's okay with building permit increases, but in this instance, they are lasering down to a specific type of business. He doesn't see the burden and the city doesn't provide any additional security for them. He said this is a 23% increase and he doesn't get the justification. He said one out of five businesses fail in the first year and 50% fail within five years, so here are businesses that have made it and now the city is going to step in and take 23% more from these specific businesses. He said the city's goals were to get their finances in order, improve infrastructure, and be business friendly. His opinion is they're striking out on being business friendly. He asked if they were going to put a bar of soap thing on Defense Soap or go to the auto dealerships and ask for cars – where does it end. He said he was against this and wanted to go on record stating as such before the final vote.

Mayor Forthofer said as he recalls in 2015 when the original fees were instituted for gaming it was intended to be somewhat restrictive by restricting the number of gaming businesses in the city. He feels the fees levied in Vermilion are similar to those in surrounding communities. S. Holovacs said he was on council when this originally started and one of the things is that every community around Vermilion was doing this because they didn't think it was going to be very long before the state came in and took it over. Therefore, they thought they would grab the money before the state got it. J. Gabriel said he called the City of Huron and they don't have this fee, and there is nobody closer to Vermilion than Huron. They have a river like Vermilion and their businesses are somewhat similar and they're far enough away from the big city.

TOPIC FOUR: 2020 Expenditure Increase

J. Gabriel said city council received updates recently from the Finance Director on the carryover amount going into next year and wondered what main item changed these amounts. A. Hendricks said it's a conservative or worse-case scenario type of estimate, but at this point it's the best information they have. It includes a three percent increase on non-payroll/non-personnel related expense, and it includes the 12% health insurance increase. Additionally, they don't have the run-off claims they had anticipated during 2019 when they switched the insurance plans, so they were able to use some of those reserves they had in the self-insurance fund. They have been using those to help decrease their city expense towards this through the year, so right now she isn't sure how long those will last based on this information. Also, she kept revenue flat with some of the high-water situations. The city did have about \$190,000 in one-time revenue come back into the general fund this year, which was a repayment from the water fund from about \$170,000 that had been advanced five or six years ago, and the fund had not been healthy enough to repay. Also, with the pool scenario, they didn't have those donations that offset some of the 2019 expenses. Additionally, it was indicated from Meeder Associates that the city will probably lose about \$50,000 a year in investment income. She isn't panicked and hopes she didn't instill a sense of panic when she presented this information, but she felt they were in a situation where they are starting to make some ground and build some reserve to start to plan with those operating expenses. She said she is hearing people say – well the city saved money on this, so they should be able to start doing that. Therefore, her point is cautionary, so they don't start slipping. They have a long way to go and there are a lot of good things they can do. She just wants everyone to be mindful when looking at different opportunities of savings and looking at new types of revenues, especially in the big picture.

TOPIC FIVE: Lease Payment to the Port Authority (Police Boat)

F. Loucka said the lease payment to the Port Authority for the police boat was a concern brought up at the November 7 meeting. They're looking to close out their books and wanted to make sure they received the \$1,500 grant that covered the cost of the dockage. He asked the finance director if this money was transferred over. A. Hendricks said they are still getting some final repair information in on the boat and she said it looks as though there would be \$1,000 available towards the \$1,500, but she didn't have time to dig into this today. F. Loucka said as far as he's aware the grant is for the boat dockage in the amount of \$1,500. A. Hendricks said as the expenses are budgeted and listed, and as the grant funds become absorbed for the actual services, then it becomes the situation that they need to take money from the city's general fund to pay the boat dockage. F. Loucka reiterated that it's for the dockage, and if the Port Authority would rent out this dock, they could get around \$2,000. Years ago, it was \$2,000 to the Police Department and it was purposely reduced to match the grant amount to support the Police Department. The Police Department has been subsidized by the Port Authority by \$500 per year for several years. A. Hendricks felt there was a lot of support that goes from the City to the Port Authority that far exceeds the amount of that rent. Chief Hartung said the \$1,500 isn't a problem, but the issue that came up is that the individual who runs the scheduling wasn't paying attention to his books, which caused some of the issues, so he's waiting on his resolution. He doesn't see this as a problem, and he doesn't want to generate any ill-will with the Port Authority Board. He said Captain Graham is taking over the police boat in 2020, so they'll make sure to address future issues.

Randy Strauss, Chairman of the Vermilion Port Authority said they got the grant originally to redo the whole Water Works and there was a provision where they got a \$100,000 through the United States Fish and Wildlife which was part of the grant, and in the fine print it says, they can't have any boats docked there permanently – it's only for transient dockers. They went to bat to even allow the police boat docked there, so it's not like they can rent it out to a full-time person. He said their money all comes from transient dockages and land leases as they don't have a levy they can collect from. This year hasn't been a good year for the Port Authority because McGarvey's Landing was submerged for the entire season, and they're expecting this to happen next year as they don't expect the water levels to recede that quickly. He said the finance director has done a great job with current financials. However, they're looking to close their books. They are ending in the black and they have done a lot in cutting their expenses and Bill Yancar, Port Operations Manager has done a magnificent job in watching what they spend.

J. Gabriel was amazed at what a good year the Port Authority had especially with taking McGarvey's Landing out of the mix due to the high water. R. Strauss said they've had a great year with the Walleye fishing.

After no further discussion came before the committee, B. Holmes adjourned the meeting.

Next Meeting: December 9, 2019 @ 7:00pm

Gwen Fisher Certified Municipal Clerk