

FINANCE COMMITTEE MINUTES

OF OCTOBER 21, 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; Bill DiFucci, Building Inspector*

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: **Vermilion Community Pool**

B. Holmes brought forth a request from the Parks and Recreation Board to ask Council to discuss the Vermilion Community Pool finances for 2020. Betsy Wakefield of the Parks Board conveyed they had a successful Parks levy two years ago, which council supported highly. They were thrilled when the levy passed as they got one mill. However, the city had some financial difficulties and they all had to make sacrifices in order to keep the budgets in line. So, most of their general fund was removed at that point in time. The general fund varied around \$120,000 to \$150,000. On top of this they were told they would be running a pool as well, so this is an additional amount of money they don't have. The pool costs around \$52,000 - \$60,000 per year to operate, so take away their \$100,000+ and add a debit of \$60,000 to it - they are swimming upstream. She said she had a conversation with John Gabriel on trying to get other pools that would at least offer swim lessons through the Rotary Club. So far, they've been turned down by everybody. She said the tide has seemed to turn for the city a little bit and the finance director has been doing a fabulous job of negotiating medical expenses for the city and finding more money from different contracts, so the board members were hoping that because things were looking more promising for the city, that Council would consider stepping up by putting some of those funds back so they can operate the pool for next year. She noted the pool is very old and they don't have funds to go elsewhere either, nor can they do any planning. They can't go back to the public at this point in time because the levy was just two years ago, and this would be a bad face situation. She understands council can't decide tonight but hopes this is something they will think about when showing support to the parks system.

J. Gabriel said some of the pool opportunities were maybe's and B. Wakefield stressed they don't have any positives though.

Mayor Forthofer said his hard-working former colleagues on the Parks Board have done a great job keeping the parks in shape. One of the main questions they must face is this a city through their own general fund that can continue to maintain a pool. He feels they are one of the last communities in Erie County to have a pool and you don't start hitting pools until you get to Westlake and Bay Village. Out of the \$52,000 to operate the pool, there is about \$17,000 to \$18,000 in revenue that comes through the gate on an average year. This year was different due to the wet weather. So, it really leaves about \$36,000 to operate the pool on an ongoing basis.

He said the Parks Board was faced with this in early 2018 when there was less than zero money. The community responded in a way he would have never expected, and they raised enough to achieve the \$36,000 in operating costs for 2018, but enough that almost got them through 2019 – just from community support! He conveyed he presented at that time a proposal to the Parks Board in that they should try transitioning the whole funding of the pool to the parks. Once the two years' worth of community raised revenue was exhausted, that they start looking for ways to maintain the pool on their own. He even suggested that for the first several years that the city could put forth \$15,000 of that \$32,000, and the Parks Board would be responsible for raising the rest. Apparently, this hasn't happened yet but they're still in October and the pool doesn't open until spring. He said there are some questions they need answered – one being, how many people use the pool. The administration hasn't had the opportunity to go through the sign-in sheets to determine this yet, but also operational costs are just a portion of the costs in operating the pool. They need some new pumps and the concrete decking is becoming dangerous, and they lose about 1.5" of water daily, so something is wrong with the pool. So, operating costs are just a part of it and they're going to be looking at some capital expenses. Whether this can be docked from the parks levy or out of the capital expenses somewhere he doesn't know, but he's suggesting that this whole thing be tabled until the next committees so they can research some of this data to see where they are. B. Holmes understood the administration was working on getting the numbers from this past summer on how many people were using the pool.

J. Gabriel thought he had read the Parks Department had received an additional \$20,000 of income they were not expecting, so he asked if this money had already been spoken for, or can it be used towards the pool. B. Holmes thought it was part of the capital and it could be used. A. Hendricks said there was an additional \$20,000 in the operating but thought there was an additional amount of income due to the increased property values on the capital levy, and she thought it was less than \$10,000. As far as the Parks Levy Operating Fund, including Park Use Fees as well as the Parks Impact Fees that are paid on new home constructions – about \$281,000 has been received into Fund 218 so far this year. The expenditures combined with the outstanding encumbrances for purchase orders are year to date \$110,000, so at this point it appears the Parks Board Operating Levy would have \$171,000 at the end of December 2019, and then the budget cycle would renew again in January.

Mayor Forthofer said the Parks Board is one of the harder working boards and they take real ownership of what they do, so the city owes these volunteers something for what they do, so it brings him back to the question – is this a good application of their labor? If they even take \$36,000 minus what they take from the gate and take it from the general fund then this is like a truck a year for the service department, or it's \$36,000 that can be used for a lawnmower, so by the next meeting they need to determine if this is the best use of their collective labor, and what does the community think.

B. Holmes said they need to also look at what it will cost to fix the leakage, the pumps, the concrete, etc. He asked the administration to get a rough idea of these costs.

B. Brady said back in the day, Bay Village and Westlake funded their pool (construction and repairs) through debenture bonds, so they sold bonds for the pool and they were really an investment in the pool. At the time, she thought it was around \$100 for a bond and then you got reduced rates at the pool for 10 years. At the end of that 10 years, your debenture bond came due and the money was refunded, so it was an investment and it created a trust fund to maintain and improve the pool. She thought this might be something to investigate. In fact, Bay Village built their pool on debenture bonds when she was a kid and Westlake did their first improvement on their pool with debenture bonds. So, basically, it's the community putting out money to create a

trust fund so that it maintains a pool. It never paid for labor, but for improvements and maintenance, so this could possibly be another funding option.

M. Stark said the City of Amherst has a beautiful pool at Maude Neiding Park that they redid, and she was uncertain if it was city-owned, but maybe they should investigate what their funding source was at that point to redo the pool. She asked the Mayor to pull the last two years of attendance records when compiling data because this year was a wet season early on. She said having numbers for the improvements would be great as well. She thought it was obvious that the community would support keeping the pool open as they showed that two years ago in a huge way, so she thinks the city needs to do everything they can.

F. Loucka said besides the analysis of the repairs, he would like to know what the estimated life of the pool will be. Mayor Forthofer noted the pool was built 50 years ago.

S. Herron asked everyone to keep in mind that what they did two years ago was the right thing to do. However, when the community stepped up to pass the levy it was for the parks, and he feels the rule needs to be that the city should support the pool because what they did the last two years should not be the norm. This was done to fix a problem. The people did not support a levy to have this money go to the pool. He said they will have a different financial outlook in January and February when reviewing the numbers, but they will need to make some philosophical and practical decisions.

S. Holovacs asked the administration to come back with repair costs so they know what they're looking at along with the operating costs. He said concrete is over \$100 a yard and with the water loss are they looking at the pumps or not. He said they have been putting a band-aid on the pool for many years.

B. Holmes asked the administration to expand on what they are looking at when it comes to the repairs, so they have different options. Mayor Forthofer will let council know if they have all the data compiled by the November committee meeting.

TOPIC TWO: Vermilion Port Authority Update

Amy Hendricks reported on the following:

2019 Appropriation Amendments and Estimated Resources

The changes are:

Fund 214 Port Authority due to decreased revenue changes are necessary to bring budget in balance (\$21,500).

Fund 703 Claims Rotary includes all currently received payroll contributions for premiums.

Fund 850 Unclaimed Funds to reflect monies coming in from the Municipal Court that are unclaimed.

Bond Refinancing

Three quotes were received for rates on refinancing the 2009 Liberty Avenue Paving Bonds on October 15.

BB&T: 2.26%

Capital One: 2.38%

Key Bank: 2.39%

The total savings over the 10 years remaining on the debt is \$87,875. And, the best news is that we were able to structure the debt so that \$83,890 of that savings will be realized in the by the end of 2020. This frees up funds to put toward capital needs and projects right away.

S. Herron asked the administration to ask Jerry Pearl to come to an upcoming committee/council meeting to review the city's insurance.

TOPIC THREE: Sweepstakes Terminal Café Fees

Amy Hendricks said in continuing to look for ways to advance revenue and continue to expand funding for city business, the fee collection for amusement devices (video gaming terminals) has increased from \$17,900 to over \$36,000 in 2019. There have been proposals for future expansion as well. The city's current fee structure is the one originally put in place at \$2,500 every 6 months per location and \$30 per month per device. She would like to recommend increasing the fee per device to \$37 per month and the fee for replacement licenses be increased to \$20 effective January 1, 2020. For every 100 terminals, this would bring in \$8,400 per year which is competitive with neighboring communities.

She said Bill DiFucci researched fees of the surrounding communities in order to make the fees competitive. S. Holovac asked how the \$37 per month compares to other communities. A. Hendricks said she modeled Lorain's fees due to proximity and their terminal fee is \$30, but they have an escalating fee for the facility based on the amount of terminals that are in function, so she used the numbers of the devices that are at the businesses in Vermilion, and then came up with a per device range that was in combination with the annual flat fees, which makes them comparable to the City of Lorain. In addition, the City of Norwalk charges \$37, so this is comparable.

J. Gabriel asked how many of these businesses the city has, and the administration responded two. J. Gabriel asked the administration to swing by these businesses to check on their status. One thing he didn't like about government is focusing in on one particular type of business, so if they have two businesses, he would hope they would check in on them to make sure they're not going to put one of these businesses under. He said an increase of \$7.00 for one terminal doesn't sound like much, but they don't know without talking to these business owners, so he would like somebody to poll them before putting them in jeopardy, which is something he wouldn't want to do.

B. DiFucci stated that he visits these businesses once a month to make sure nothing has changed, so they will go in the first of November. B. Holmes said they can certainly check on the businesses, but in the meantime, they can get legislation started since they have three readings before making a final determination.

S. Herron MOVED; M. Stark seconded to have legislation prepared to amend the fees to reflect an increase of \$37.00 per month for each terminal and the fee for replacement licenses be increased to \$20 effective January 1, 2020. Roll Call Vote 7 YEAS. **MOTION CARRIED.**

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

Next Meeting: November 18, 2019 @ 7:00pm

Gwen Fisher Certified Municipal Clerk