

FINANCE COMMITTEE MINUTES

OF APRIL 13, 2020

Municipal Council of the City of Vermilion
Zoom Video Meeting

In Attendance:

Vermilion City Council:

Steve Herron, President of Council; Monica Stark, Council at Large; Emily Skahen, Ward One; Frank Loucka, Ward Two; Steve Holovacs, Ward Three; Barb Brady, Ward Four; Brian Holmes, Ward Five; Gwen Fisher, Certified Municipal Clerk.

Administration:

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

Call to Order:

Barb Brady, Chairperson, RESOLVED THAT this Finance Committee comprised of the committee of the whole does now come to order.

TOPIC ONE:

Debt Service Review; Appropriation Update; Meter Project; Current Financial Update

B. Brady asked the finance director to explain the non-exempt and exempt bonds. A. Hendricks said the exempt portion are funds that are self-supporting revenue, so water lines, fixtures in the water plant, and special assessments are exempt. Everything else falls as debt that is not a self-supporting function. They also look at debt limits when they look at exempt and what is available. B. Brady asked if refunded bonds are bonds they refinance, and A. Hendricks replied yes. B. Brady asked her how she feels about the city's ability to repay these bonds. A. Hendricks felt good about this due to how they structured the debt. B. Brady asked if there was room for additional bonds if they have big projects. A. Hendricks said they have \$5.8 million available based on the limitation in revised code. They would need to look at it on a case by case basis to see what is feasible.

The following are items that were addressed in writing and in verbal communication to the Clerk and Council:

Amy Hendricks presented the current summary of debt and referred to Debt Tables A, B and C that she distributed to Council to illustrate the discussion.

Total debt including the meter bonds = \$16,746,000

The meter project bonds are expected to be for a 10-year term, with existing date for other issues ranging from 5 to 30 remaining years.

She said the impact of the current pandemic on the finances of the city are difficult to predict at this point. They will apply for FEMA assistance if needed.

So far added expenses will not exceed current appropriation levels considering offsets of reduced fuel prices. Carry-over at December 31, 2019 = \$2,245,000.

Originally adopted 2020 appropriations and revenues indicated the following:

General Fund 101	Current Year Operating surplus	\$ 476,786
	Delete Parking Lot and water tower	<u>\$ 137,000</u>
	Revised Surplus	\$ 613,786
Income Tax	20%	- 489,400
Misc. Other	various	<u>- 132,000</u>
	Est. Revenue Loss	\$ 621,400

Delay of income tax due date will not give us a complete look at 2019 until September, which will be mixed with 2020 estimates and withholdings.

Streets	All 200 Funds projected balance	\$ 800,000
Income Tax	20%	- 279,000
State Funding	20%	<u>- 201,750</u>
	Est. Revenue Loss	\$ 480,750

She said RITA is estimating a little over \$300,000 as the loss. She said being conservative on expenses could help continuing throughout the year. B. Brady asked if money being sent out by the federal government or unemployment checks are taxable. A. Hendricks said the stimulus checks are not taxable, and unemployment is probably not taxable either.

Urban paving program projects are currently set to start next year and that will require carry over to support local funding from the street department.

Other funds are likely to have impacts from decreased services, increased delinquencies, and other areas of funding that can't be estimated at this time. Unfortunately, by the time we can fully measure revenue losses, it will be too late in the year to change course at that time.

Appropriations Update

Additions have been made for projects approved by Emergency at the March 16 meeting as follows:

Fund 200	\$	76,488
Fund 601	\$	501,528

Utilities Department Updates

In our ongoing efforts to streamline, we learned that our online payment processor (Invoice Cloud) offered a service that provides direct posting of online bank (OBD) payments. Currently, we receive individual checks from the banks for each customer using their online banking (think HUNDREDS of checks in a single envelope). We will eliminate this paper process for an automated deposited to our bank account and update of the customer's utility account balance. The team in the Utility Dept. are excited about the time saved. I encourage residents to look at this service from their bank as it is usually FREE, no stamp, envelope or trip to the office to pay!

I, along with Cara Farley, have been working with NECO and Software Solutions to prepare for the meter installation. This involves coordination of data to track the locations of the new meters and the inventory information. We are also working on the billing formats so that readings will transfer smoothly. North Coast Wireless, our partner in securing the public access points at McGarvey's Landing and Showse Park is part of rolling out the network that pulls the readings automatically from the meters once up and running.

The upheaval in the market has delayed the bond sale by a couple of weeks. But, after some recent stability, we have planned the sale for April 16. Our advisors at Sudsina & Associates has assured me that we can withdraw the sale at any point if the market fluctuates. In preparation, a review of the City's finances was performed by Moody's maintaining our A2 rating upgraded in late 2018. Our "scorecard" rating was Aaa3 (one notch up) prior to the pandemic, so we can hope that may lead to an actual upgrade down the road.

S. Hologacs said with the timing being pushed with buying bonds in relation to the meter project, how are they looking at getting the project gong. T. Valerius said projections are on track for completion in November.

Grant News

The City received \$6,500 from the NOPEC Energizing Community Grant to reimburse for energy saving new exterior doors at the Water and Wastewater Treatment Plants in 2019. This left additional funds available to carry-over for the lighting at the new parking lot being planned for a total of \$15,934. Those funds can be carried over an additional year for the lighting or possibly revising the use of the grant with NOPEC.

I assisted the Parks Board and Main Street Vermilion in obtaining a \$1,500 grant to sponsor a family event at pool. This grant will cover the admission costs for the pool for attendees and other related expenses.

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

Next Meeting: May 11, 2020 @ 7:00pm tentative @ location to be determined.

Gwen Fisher Certified Municipal Clerk