

Audit/Finance Committee Meeting Minutes

September 23, 2016

9:00 AM City Commission Chambers

Committee Attendees: Stahl, Nickles, Hoffman, Moncher, Wobser, and Murray.

Chairman Nickles opened the meeting at 7:52 AM. He began by advising the committee that he had received numerous calls from people regarding the Finance Committee approving the city to use Issue 8 funds for the new city hall complex. He advised the committee that he tried to explain to them that this was not the case, but they weren't convinced. He was contemplating writing a letter to the editor, as the chairman of the finance committee, to try and set the record straight but wondered if the committee would like for him to write on behalf of the whole finance committee. All agreed that they were ok with him writing on their behalf. Murray agreed this would be helpful. He felt that if you could meet one on one with 25,000 you could convince 24,500 that this is a good idea. Nickles assured the committee that he would write the letter at a high level understanding. Moncher made a motion to authorize Nickles to write the letter on behalf of the committee, with a second from Stahl. There was no further discussion. **All ayes – motion carried.**

Nickles then asked for a motion to approve the August 24, 2016 minutes. Moncher made a motion to approve the minutes and it was seconded by Stahl. There was no further discussion. **All ayes – motion carried.**

Monthly Report:

Poggiali began by explaining that total August revenues were up by 16% from last year and that this was primarily due to the increase in the city's income tax and admissions tax revenue. Income tax revenue was up approximately 22% from last year and the admissions tax was up 20% from last year. She then advised the committee that if you look at the hotel/motel tax numbers through August and compared them to last year's numbers, they were going to look a bit off. She explained that this was due to a timing issue of the July payment for one of the local hotels. We would normally receive the payment in August for July, which was the case in 2016. In 2015 that payment was not posted in our system until 9/3/15, which makes it look like we are up this year compared to last year. If you were to add the 9/3 payment to the 2015 August admissions revenue number it would bump the number from \$405,000 to \$754,000, which is much more comparable to this year's \$752,000. September's report should make more sense of this timing issue. She then advised the committee that our actual expenses are up about 7.3% compared to last year, but if you compare where we budgeted to be at this time to the August actual we are only up 1.04% from the budgeted projections. We anticipated additional expense in 2016. Finally, she added that the ending cash balance thru 8/31/16 is \$6.3 million dollars.

New Business:

Nickles then asked how the city's note sale went. Poggiali advised the committee that the sale concluded on Tuesday and that the city received four bids, with the winning bid coming from TD Securities with a net interest cost of 1.165%. Nickles noted that was a very good rate. Murray agreed and acknowledged that it wouldn't have been possible without the passage of Issue 8. He believes that if you don't have your house in order, no one will give you money. Nickles agreed, he remembered prior years when no one wanted to give us money. Nickles asked if the rates were all pretty close and she advised the range was from 1.1655 to 1.4320%. Nickles reminded the committee that back in 2008 the city was wondering how they were going to survive. He

explained that we now have a cash flow to do what needs to be done in the city. Stahl remarked that if the city is doing well, it's easy to get money. If we are in a good economic condition and the rates go up, ours should remain low due to our stability. Nickles reminded the committee that if our reserves go down, our rating may also go down. Wobser explained to the committee that the city's rating can only go so high, due to the economic factors in this area of the state. Moncher agreed, that the hospital is in the same situation.

Poggiali then explained that Solowiej had provided the committee with the Issue 8 report through 7/31/2016 and that it would be updated again at the end of October. She reminded the committee that this report only includes actual money spent and that Matt Lasko tracks the committed funds for economic development/housing. The committee requested that a column be added to his report that might show encumbered Issue 8 funds. Wobser explained that this might be difficult, since the funds are not always immediately encumbered. He referenced a situation where Aaron might be applying for a grant, where matching funds may be needed. We may hold Issue 8 funds to cover that match, until we find out if the grant is awarded. So, we may have a large balance in the Issue 8 account that could be quickly reduced with grant approvals. Murray asked if a column could be added with the encumbered funds we are aware of and the funds being held for potential grant match. Moncher agreed and stated that it did not need to be real detailed, less is more. Wobser advised he would work on that with staff.

Moncher then asked Wobser for a progress report on the American Crayon building. Wobser explained that they had just met with the contractor. They have a small crew out there working and their process is to demolish sections one week and then spend the next week salvaging that section. So, you will have a slow progression. They gave a potential completion date of Jan 17, 2017. Wobser assured the committee that they will monitor their progress closely. Nickles then asked for an update on the Water Street project. Wobser advised that the contractor had pulled permits last week and had contracted with many local companies to begin work. He explained that they had already moved in some brewing equipment. Apparently, the contractor had been focused on a \$5 million dollar project they had going on in Cleveland, which had recently wrapped up and is now focused on this location. They are hoping to have things open by Thanksgiving, since that is such a busy season for them, but if they don't make that deadline it would definitely be done by the spring. He also explained that their loan gives them until June to be complete. He also explained that he found when he worked in Ohio City that some projects moved fast and some moved slowly. Sandusky is not used to things moving slowly. Nickles also mentioned how nice Daly's looked with their new windows in place. He also mentioned how nice Commissioner Lloyd's new hotel looked and the positive buzz he had heard about it. Wobser agreed and noted that he had friends in Cleveland that were talking about it.

Nickles then asked Wobser where he was with staffing levels. Wobser explained that on the administrative side he would be at full staff for next year. He advised that Engineer Aaron was looking at two engineers for next year, as well as two new positions in the service department. The staff was also evaluating the possibility of a few new seasonal positions also for next year. Wobser explained that the service department is the busiest in the summer months and that is when they need additional staffing. They find that seasonal staff is not always as reliable, so they were thinking to hire 9 seasonal to end up with 5 good ones. They were looking for one more full time employee in forestry and one more part time employee for the recreation department. They were also considering an additional employee at the cemetery, because they have two employees currently that are getting close to retirement and he would like to get someone in to learn from them. Wobser feels he is getting to a point where he feels levels are stable. Economic development, code enforcement, and building are all stable. They are working on filling the chief building officer position within the next week or two. They are hoping to get

the nuisance control officer back either in the police department or code enforcement. He explained that he will have to review these additional positions as they go through the 2017 budget process to see what is feasible. He anticipates an employee count of 235 to 240 in the horizon. He sighted the greenhouse as an example. He would like to increase them from 2 ½ to 4, with the fourth position to fill in when employees retire. At that point, we can re-evaluate the feasibility of replacing that position or leaving it vacant. Wobser explained that we have an aging workforce and as they reach later in their career medical issues arise. This may take the employee out on sick leave or make it hard for them to do the jobs they are currently doing. We have employees with 25 to 30 years in, doing really hard working jobs. An example would be at the cemetery, where you normally have two men digging graves. If one of those individuals are out, it makes it real hard on the other to dig the whole grave himself. Stahl asked if the idea of using part time firefighters would be considered in the upcoming budget process. He referenced the fact that many of our firefighters are working for other municipalities. Murray explained that the union challenged our ability to use part time firefighters in negotiations and the fact finder found that we were allowed. He said we may have to look into it, because it's tough to run the department when you have 5 firefighters out on military or medical leave. It leaves the department short staffed. It's a new possibility and will need to be evaluated in the future. Wobser agreed that the contract doesn't speak to part time firefighters and that the fact finder did not add language that would prohibit us from using part time employees.

Nickles then opened the meeting up to the public. No were no comments from the public.

Motion to adjourn made by Stahl and seconded by Moncher. **All ayes – motion carried.**
Adjourned at 8:30 A.M.