#### MINUTES OF A FINANCE COMMITTEE MEETING January 23, 2012

The January 23, 2012 Ravenna City Finance Committee meeting was called to order at 7:10 P.M. by Council President, Fran Ricciardi. The following members were present: **Fred Berry, Bruce Ribelin, Scott Rainone, Sharon Spencer, Amy Michael, Jack Ferguson and Frank Seman.** Also attending the meeting were: Mayor Joseph Bica; Law Director, Frank Cimino; Service Director, Kelly Engelhart; Finance Director, Kim Cecora and City Engineer, Bob Finney. Also attending were Brent Van Hoose and Paul Riddle representing Honeywell.

President Ricciardi said Item No. 1 is approval of the minutes from the October 24, 2011 Finance Committee Meeting Minutes.

A motion was made by Mr. Seman, seconded by Mr. Berry to approve the meeting minutes of September 19, 2011. **Voice Vote: All Ayes.** 

President Ricciardi noted that Mr. Van Hoose and Mr. Riddle from Honeywell would like to give a presentation about the consumption study that Honeywell performed.

Ms. Engelhart said this project started some time ago and they went into an agreement to do an energy audit for the city. This is the end of that energy audit in regards to their proposed projects that they can implement in the city. What they learned through this project is that it's not just energy savings. They are able to piggyback some capital improvement projects into this under the auspice of the energy savings. The energy savings comes through the Ohio Air Quality Board in which they can qualify for energy conservation bonds. In order to qualify for those, they have to show a 20% energy savings in the project. A document was distributed showing projects. There are six proposed that are bundled together in the proposal by Honeywell. The document talks about what the total cost of the projects would be. The total cost would be \$5.8 million. If you look at it, a substantial amount of that comes from the \$3.3 million that would be to upgrade all of the traffic signals in the city. That is the portion that will not be funded by the AMATS grant. There are 25 signals that need upgraded, ten of which will be covered by the AMATS grant and the other 15 are proposed to be upgraded in this project. The energy savings, if you look at the two that are substantial are the water treatment plant and the wastewater treatment plant. Looking at the energy savings, that is an annual energy savings so that is \$121,000.00 annually. Take that across the 15 years of funding with the loan, it comes to about a \$1.8 million savings, just in energy savings, by doing these upgrades. The capital costs avoidance column are the items they've talked about piggybacking on to this, ability to get funding at a very low interest rate. They are items that would have to eventually be done. The upgrade of the traffic signals; the replacement of the HVAC unit on the top of city hall are items that would eventually have to be funded through the capital improvement funds.

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Mr. Finney said that this project is an ability for the city to upgrade signals, again. They do not include the AMATS grant portion because that is already programmed in and approved. This portion will include the downtown. With the AMATS grant, they have to meet the Ohio ODOT standard. With this program, they won't have to. They will be able to say they want an 8" signal head through the downtown, etc. With the AMATS portion, they will have to meet the code. If it says a 12" signal head, that's what they're going to get. If it says no signal is needed at this intersection, they are not going to get funding for it. This is definitely an avenue. Scranton Street last year, the electro-mechanical box failed. It cost \$6,700.00. That had to be done immediately. They are facing the same vintage controllers. They have spent anywhere from \$13,000-20,000.00 a year maintaining the city signals. That is replacing light bulbs, fixing pedestrian crossings, having a timing gear go out in the box, that sort of thing. He anticipates that cost just increasing. One or two controllers go, that's another \$6,000.00-8,000.00 and they're still left with issues. The mayor has a signal clamp that holds a signal on a wire in his office and that was taken off of New Milford intersection. It was near breakage. It's a miracle it stayed up in the air. Fortunately, Signal Service was able to see it and replace the whole intersection at a cost of \$1,100 or \$1,200.00. A purpose and needs study conducted by TMS Engineers stated these issues are in several places around town. When he asked TMS where he should start the signal replacement, he was told they can't say where. It all needs to go and it needs to go as soon as possible. When he puts the AMATS grant in, he thought this was an equitable spot. They'll start at the west side and worry about the east side later. Now they have an opportunity to upgrade the system. They will be working directly with them for the electronic components so make sure they get more localized equipment rather than something that is out of this area if they need parts. What will be installed is similar to the signal at the school, the cameras, pedestrian crossings, etc. The price tag is high but it is what it is; that's what it costs. The current system was new in the early 1970's. They don't make parts for them any more. They are able to piece things together to keep them working but there will be a time in the very near future that they are going to shut down. Then they'll be stuck with a price tag, paying 100% out of the Capital Improvement Fund. That's where the "capital avoidance" comes into play. This project is a way to put it altogether, as a bundle, rather than just going to the General Fund and pulling it out of the General Fund.

Mr. Ribelin asked if Mr. Finney is happy with the system on Chestnut Street.

Mr. Finney responded in the affirmative, stating absolutely; they did not space any expenses on that system. It is very nice and a very good system. We may actually do a little bit more to give the street department an opportunity to view the streets during inclement weather in certain locations so they can see the streets via camera at their facility. Maybe the service director, too. Those cameras do have that capability.

President Ricciardi asked how much is the AMATS grant.

Mr. Finney responded that it is approximately \$1.7 or \$1.8 million.

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Ms. Engelhart noted that the city would still need to provide 20% of that funding.

Mr. Finney said that the design is 100% city cost as well.

Ms. Engelhart said the other component about this that is beneficial to the city is that it is a turnkey project. That means they will assist with the financing. They manage the project so they have a project manager so Mr. Finney's time; her time won't be out there implementing, putting in. They are part of the process but they don't have to be the ones making sure all of the work is getting done so that is a significant savings to the city, just from their time. They also have that assurance in regards to that guarantee that savings. The column that says annual energy savings is guaranteed. If they don't meet that in the wastewater plant or the water treatment plant by the changes and the upgrades that they're talking about, they will guarantee that. They met with Robinson Memorial Hospital because Honeywell did the project at the hospital and they thought who better to talk to than somebody local. They talked about implementation of the project and they had very good things to say about their project management. They were always part of the team and the decision making process. They also had some problems with implementing their project right off the bat and Honeywell paid the hospital because they didn't meet the savings.

Mr. Finney explained that there will mast arms with the signals hanging so there won't be poles with the wires. They will be suspended off the mast arms. The control panels are all electronic. They can either plug them in and change with a computer or changed on a system. They'll have generator plug ins if they want to plug in a generator and control that signal. The safety departments are able to stand with a remote and control the signals. When a car is exiting the high school, it will actually change the light. If you watch the timing, the Chestnut side might stay red for about nine seconds, just enough for it to clear the zone and then it goes back to green. The current system holds for 70 seconds, no matter what happens. The loop detectors they used to have don't function any more. From the actual air quality portion, vehicles aren't setting idle and wonder why they are sitting there when there aren't any other cars at the intersection. If you are on the primary street, you're going to have the green thru.

President Ricciardi asked if the \$3.382 million is for the ten traffic signals.

Mr. Finney responded in the negative stating that is for 15 traffic signals. The two grants are completely separate. This has nothing to do with AMATS. This is 15 signals starting from Sycamore east.

Mayor Bica said they couldn't get enough money from AMATS to do the entire project so this allows them, with this funding mechanism, to complete the project, hopefully within a 12 to 15 month period.

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Mr. Finney said that two other major portions of this project are the water and wastewater plants. The water plant was built around 1983. As they know, everything has a finite life, especially motors and pumps. The water plant operators are very excited to have these improvements come through. VFDs will be installed which will save a tremendous amount, similar to a light dimmer switch that can be controlled. At the wastewater plant issues, aeration is a big item that they've picked out. Unfortunately, this was upgraded recently. However, there is better technology that will save energy over the 15 year period.

Mr. Cecora said to reiterate what both Ms. Engelhart and Mr. Finney said, it is truly a unique opportunity to bundle and borrow some money. Question number one is, what's it going to cost; number two is how are they going to pay for this thing and number three; what is the cost of money. Number three is pretty self-explanatory. The cost of money in this scenario is very favorable. The financing is done with a blend of conventional general obligation bonds along with qualified energy conservation bonds which probably market at about 2-2.75%. Typically projects in other municipalities that have done projects like this come up with a composite rate of about 2.5%. One of the things he had to look at and tried to measure was that while each one of these projects is specific to a permanent improvement fund, what's the long term debt implication on those permanent improvement funds. No matter how you slice it, that traffic signal was a chunk out of what they would like to call permanent improvement 65-74. With hopefully a little creativity and a few options in front of him, he was able to use the annual energy savings to redefine how much debt would be paid from each fund. Capital Improvement 65-74; Parks CI; Water and Sewer. If you look at the spreadsheet, it shows water and sewer basically are capturing the lion's share of the energy savings. The goal was to say can they logistically and rationally move more of the debt towards the proprietary funds to allow them to pick up more debt. He built a model. He ran it by the State Auditor who was here. They reviewed it. He has absolutely no problem with it in concept. In effect, what they are able to do is redistribute the debt service as it will be made toward water and sewer and less in 65-74. The first model he built had about \$350,000.00 plus in 65-74. That was just too much to bear. Finally just through redistributing the debt service, they are able to move some over and make it a little bit more equitable. They're getting the lion's share of the savings yet it's the traffic light project that is driving it so how can they be fair about it?

Mr. Ribelin asked if they're talking about paying this back over 15 years.

Mr. Cecora responded in the affirmative. He specked it out at 2.25-2.5%. In the general permanent improvement fund 65-74, it will be about \$226,000.00 per year. Parks CI's component would be \$9,900.00. Water would be \$88,900.00 and Sewer would be about \$38,000.00 a year. While water and sewer are higher than they were originally, part of that rationale is so they will pay less out of 65-74. Mr. Cecora said that the next process is, can these funds withstand those payments and what is sitting out there in terms of long term debt that this can potentially compete with. In 65-74, they'd be spending \$226,000.00. They know this year, for a fact, if the sewer fund subsidy ended, they are rolling up into 65-74 \$200,000.00 a year; it's coming back into this fund effective 2012. That is a major part of that offset.

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President Ricciardi asked when they would start seeing that this year.

Mr. Cecora said that it is happening this month. The income tax distribution reflected that adjustment. That is a big component. What are they looking to do in terms of permanent improvements for paving, in other infrastructure projects. He sat with Mr. Finney today and they talked a little bit about it. Cleveland Road is one that came up. They illustrated a huge amount out there and the city's share is not \$600,000.00. It's \$250,000.00 so they balanced that against it. They looked at other large projects that are on the table that may be forthcoming in the future. Nothing is imminent right now; quite the opposite. In 2013 and 2014, Streetscape debt falls off. That is the end of streetscape debt. They still have the debt on the dispatch center but they are covering that with revenues that are directly attributable to that so that's a wash. They are sitting on a mountain out there for the ODOT lease. They now have a tenant and not staring down the barrel of \$87,000.00 a year from the year 2012 on. It's a very manageable amount. The \$225,000.00 fits into a 15 year plan. Again, they're going to have to acknowledge that this is a component of their debt and whatever the plan on doing in the future, this is going to be out there for the next 15 years. Streetscape will be gone and all other subsidies will be gone from that fund.

President Ricciardi asked what they are expecting to recoup from streetscape and the other debts that are to be retired.

Mr. Cecora said that it will be \$175,000.00. Also, there are two pieces in the fire department falling off this year. Most likely because of the recurring nature of that, some of those monies will be recycled back into a new lease purchase for something. Moving down the Parks CI, the only thing he footnoted is they have the Chestnut Hills lot out there as the big ticket future item but without question, Parks CI and for what they're getting for the savings they are realizing back, can withstand the \$9,900.00 a year. That's not an issue on top of armory bonds. Annual take in there is anywhere from \$150,000.00 to \$170,000.00 depending on what income tax receipts look like. Water and sewer are different animals. They are the direct benefactors of these savings. This is the part that they really had to look at and look at hard, none of these energy savings are in the capital improvement funds. They all effect O & M. They know that sewer and water pay everything out of one fund, capital and operating. The idea was with that flexibility, move an appropriate amount of debt into water and sewer and allow it to be paid for in the same fund that is catching the savings. The net debt in water is \$88,00.00 a year. The net debt in sewer is \$32,000.00 a year. Water can handle this, no question. Sewer, without a doubt can handle this. One of the saving graces to the whole package is that he would like to run everything as a general obligation full faith in credit issuance; no component of revenue bonds out there. None of the borrowing will be tied to charges for services or user fees. They know that the capital improvement 65-74 is fueled 100% by income tax. It's just a function of tax. Parks CI, by levy; income tax, the same thing. It fuels it. The interesting part is when you get

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into the proprietary funds, water and sewer, typically these are revenue bonds and they have to go through a lot. The water fund receives a significant amount of income tax. Hence, they can pledge tax revenues, make it full faith in credit. The sewer fund has a component, each year they continually call it sewer debt. This is a portion of the tax attributable to sanitary sewer that they pay debt with; that more than compensates for the \$38,000.00 they'd be paying in debt. There is a tax component for each one of those and he thinks general obligations would have no problem flying on both the Quality Energy Conservation bonds and their own in-house debt. He looked at it and looked at it gain. He talked it over with Mr. Finney. It will fit. There is nothing outrageous out there. They're talking \$5 million worth of projects; by the time you get bond counsel, etc., let's call it \$6 million. With that interest rate, it is very doable. The traffic signal project is once every 40 years.

Mr. Cecora said that borrowing the money at 5% conventional debt would be \$375,000.00 a year in debt just to do the traffic signals, purely out of 65-74. Total annual net debt after all of the savings are rolled back in, they are talking about borrowing \$6 million for \$362,000.00 a year. That's the same price paid for the water plant 30 years ago. He doesn't think any fund is getting stressed out and the saving grace is that in 65-74, the major capital improvement fund, they are rolling back that \$200,000.00 this year. So the offset is \$225,000.00 for the next 15. They know that this year, effectively they recouped the \$200,000.00.

Mr. Ribelin said that if the traffic signals last 40 years they are talking about a significant savings.

Mr. Cecora said that just the ability to borrow money at this rate. He walked through it slowly to make sure he didn't encroach or step over any line in terms of using proprietary funds to pay for a capital improvement project. The energy savings that are generated by water, sewer and parks and recreation will stay there. They will not go anywhere. What was incumbent upon him to do is to create a new debt service schedule and try to logically and rationally put more debt in proprietary and less debt in 65-74. There's not a lot of smoke and mirrors. It is basically try to come up with a good rationale for it. If it was \$375,000.00, he would not recommend this project. To spend \$400,000.00 a year, they'd be nuts.

President Ricciardi asked if Mr. Cecora is comfortable where it is now.

Mr. Cecora responded in the affirmative. He just wants to make sure someone down the road asks where they come up with the methodology, the capital improvement fund now owes water and sewer \$400,000.00. He didn't want that and wanted to make sure it would fly.

Ms. Engelhart said that if this is approved tonight and it moves forward to Council approval, the next steps are that there is a deadline in regards to the Ohio Air Quality Development Board that meets in February. That's where they have to go and present their proposal; Honeywell will go and a city representative will accompany them, to secure the energy bonds. Then they'll finalize the legal contracts and they are targeting implementation of the project early spring. Honeywell has anticipated it will take 12-15 months to do all six projects.

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Mr. Cecora said that when he called Bond Counsel today. To put his mind at ease, all the players who are going to be putting together this financing are people like Roetzel & Andress; Huntington Bank is the trustee and the individual he has worked with on other bond issuances. A lot of the same people in the Greater Cleveland area across the board who do municipal financing. He felt a lot better having them walk him through the process. So they know the names, formerly National City, Huntington, Roetzel, etc.

President Ricciardi asked if Mr. Cecora has consulted with any of these bond folks.

Mr. Cecora said they just started conversations this week as to what he needs to do. He's got it pretty buttoned up. There obviously will need to be legislation put forth to authorizing the sale of bonds. This is not done on a bond anticipation note. It's a straight debt issuance. There are all kinds of legal counsel on both ends. It's similar to what they did with the library financing.

Ms. Michael asked if this would stimulate any local jobs in Ravenna with the construction. Will any of the contractors be local.

Mr. Van Hoose said that it will. They work with Task Masters. That is a local company. It's always a goal to try to drive local companies and local employment. They try to get folks within the area. As they go through this process, they are going to, as best they can, utilize qualified local contractors. That is something they aspire to do with all of their projects.

Mr. Van Hoose said that he thinks Ms. Engelhart, Mr. Cecora and Mr. Finney stated it all very nicely. The only thing he can add is that this is a tremendous opportunity to upgrade the city's infrastructure. Do it now vs. piece meal over a long period of time. He is sure the drive is the cost of money. There is going to be a guarantee of energy reduction and operational temperatures.

Mr. Cecora said that any good sales proposal will escalate potential savings. There are a couple of things in there when he was factoring what the debt was going to be, he didn't put in what he calls soft costs such as O & M avoidance and capital cost avoidance. He uses just the hard dollars on the bottom line. Honeywell's proposal, the spreadsheet shows \$116,000.00 a year. That is a low estimate. They tend to escalate that at about 4% a year. He didn't do that. If that does grow by 4% a year, that's only going to chip away at paying for that debt. He just wanted to keep it as conservative as possible.

Mr. Riddle said another factor to keep in mind that they have alluded to is they are very conservative. They expect the city to exceed those savings.

Mr. Seman asked if there is a margin of error in these figures.

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Mr. Van Hoose said whatever they go to contract with, that is the price. There are no change orders in this type of a performance contract. If they miss something, that is their responsibility. However, if there is something the city would like to add to the contract, that certainly can be done. They will guarantee it because it is a turnkey approach.

President Ricciardi asked when they will be receiving the proposal in more detail.

Mr. Van Hoose said with their blessing tonight, they will begin to those next steps and do the final contract document, securing the financing. It's all predicated on their blessing tonight.

President Ricciardi said they don't know what they are going to do specifically. They are asking council to approve a \$6 million debt that they've seen for the first time tonight. He hasn't seen this before. He's not sure what they're getting for \$6 million. He knows they're getting \$3 plus million in traffic signals. But there are no specifics as to what they are buying in terms of the lighting, heating, generator.

Mr. Riddle said that there is a little bit of difference in the way this contract works. In a traditional method where you would have a design, bid, build. This is more of a design, build process where what they have in front of them is the performance specifications that they will meet and working with the city to develop those. At the end of the day, there isn't necessarily going to be a stack of drawings or specifications. That is why they typically work with contractors that have engineers on staff to be able to do the in-house engineering. The same folks who are doing the installation are doing the design. At this point, they don't have the stacks and stacks of specifications a thousand pages long in detail. What they have in front of them is the performance specification that they would work off of.

President Ricciardi asked why they have to approve this tonight. He knows there is some kind of meeting in February but could it not be brought before council in October or November.

Ms. Engelhart said that Honeywell just finished getting the numbers in regards to the energy savings. They can speak in regards to the process they go through to get to those annual energy savings guarantees. They just literally had a meeting on the 17<sup>th</sup> so last Tuesday when they brought to them this package in regards to this proposal; they'll change out the lighting in all of these buildings; replace the rooftop unit in city hall, etc.

Mr. Finney said there were some items taken out of the proposal that they didn't think fit. There are some items, speaking for himself, that he needs to define slightly better from the signal portion but he doesn't think it's going to be an issue.

Mr. Van Hoose said they will be working very closely with the city moving forward. It's going to be a collaborative effort what they see in front of them is the performance specifications they will meet.

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Mr. Riddle said that would be part of the contract as well. What they're talking about as far as tweaking and putting in more specifics they feel more comfortable with, that will happen before they ultimately sign a contract.

Mr. Berry asked if Mr. Finney and Ms. Engelhart have already seen the program Honeywell is submitting. He thinks President Ricciardi is asking exactly what it is they are tweaking.

President Ricciardi said it's \$6 million worth of something.

Mr. Finney asked if they have the project overview in front of them.

Mr. Berry responded in the affirmative.

Mr. Finney said from a signal standpoint, that is a six month process of design. The issue of time is to get these bonds secured. Where they are at now is to secure those bonds; lock them in and then they start working on the nitty-gritty, the fine toothed stuff.

President Ricciardi asked if everybody was comfortable doing this tonight.

Mr. Seman said he doesn't think they're asking to act on this tonight but to move it on to the regular council meeting, just as they would do any other item on this agenda.

Ms. Engelhart concurred. It's taking it to the next step.

President Ricciardi said that if he understands correctly, they have to have something in place by this February meeting saying the city is on board with this and they're going to do it and issue the bonds, etc.

Ms. Engelhart said they need legislation.

Mr. Riddle said they would need an ordinance authorizing the city to sell the bonds.

The clerk asked if they don't need a contract entering into the contract with Honeywell.

Ms. Engelhart said that would be at a later date.

Mayor Bica said once the funding is secured, they will start on the engineering specifications, the contract, etc., and that will all have to come back to council for approval. He would guess the biggest issue now is securing the funding in that process and allowing them to go out and say they are going to hock ourselves for \$5.8 million of bonds.

Mr. Cecora said that would be in order to leverage that air quality money.

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President Ricciardi asked if the AMATS project isn't funded until 2016, will the city need to borrow an additional \$1.8 million.

Mr. Finney responded in the negative stating it would be less than \$300,000.00 to \$400,000.00 to the city. The grant would cover 80% of that. The city has already been approved of that grant money.

Mayor Bica said they are hoping that because other projects will get dropped during the AMATS process, the city project will be pushed forward from 2016 to potentially 2014.

Mr. Finney noted that the bike trail was scheduled to be built in 2011. It was built in 2009 because they had funding. AMATS works that way. There are so many municipalities that have to bump back. Very few are able to move forward quicker.

Mayor Bica said this has been going on for almost a year. This research didn't just appear overnight.

President Ricciardi said they understand that but nothing had been brought to council.

Mayor Bica said this has been ongoing with department heads and they've had dozens of engineers on site looking at this material. This has been ongoing for months and months and months and many meetings.

President Ricciardi asked if any one on council had been updated periodically about this. They knew they authorized the study. They knew that. But has anybody been updated on this before tonight? In any fashion?

Ms. Engelhart said they didn't have any more information, really, to bring to council until they were given the proposal. They developed a subcommittee within the city internally to start looking at the proposals to see how they were going to impact the departments involved.

President Ricciardi asked that no one from council was included in that or asked to sit on that to keep them apprised? He asked if they want to move this forward.

Mr. Finney said there is \$100 million worth of energy bonds currently out on the market. They fall off on a regular basis as other municipalities across America use them. They are asking for 6% of that \$100 million. Come March, 2012, they might not be there. They lose the opportunity. He felt the same way and said he wasn't comfortable with the process but as he gathered more information, he started to realize these aren't the spec's they are going to bill to. He agrees with President Ricciardi. There is a lot of information missing. That the guarantee they present is some reassurance. When do you refinance your house? When is it going to be low enough? When will it go back up? They've seen it in their lifetime. These bonds may never come back. This could be once in their lifetime. Will the interest rate drop? It might but the bonds could go away or get used up. That is some of what's driving this to go to ordinance, at least, for the authorization of selling the bonds.

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Mr. Cecora said from his perspective, he wouldn't promote a project that he thought stretched the boundaries of what was affordable. As they are sitting there, there is a level of affordability with this. If he thought they were stretching it, he wouldn't. There is \$450,000.00 worth of debt they are sitting on in that capital improvement fund. By the year 2015, they are down to \$40,000.00 worth of debt on a million dollar fund. He thinks they can withstand it in that fund. That's the one he is most concerned with. Engineering and other issues aside, to him, that was the biggest thing. Where is the bang for the buck and can they afford it over 15 years.

There being no further comments, questions, objections or discussion, President Ricciardi declared that an ordinance would be prepared.

A discussion ensued regarding the ownership of cemetery property and how the revenue from the gas well on that property should be allocated. Mr. Cimino noted that he would need to review the laws further in order to make a determination.

President Ricciardi said the first item on the agenda is the Finance Committee meeting minutes of October 24, 2011.

A motion was made by Berry to approve the minutes of the Finance Committee meeting of October 24, 2011. The motion was seconded by Mr. Ribelin. **Voice Vote:** All Ayes.

President Ricciardi said the next item for discussion is to appropriate \$700.00 to replace a computer in the Fire Department.

Mr. Berry said that Mr. Wain addressed this issue at a previous meeting and mentioned that the Fire Department needed another computer in the Fire Department. These funds can be taken from funds not being utilized by the Police Department.

There being no further comments, questions, objections or discussion, President Ricciardi declared that an ordinance would be prepared.

President Ricciardi said Item No. 3 is a request to authorize the mayor to enter into a contract with Communications Factory, Inc. to provide marketing services for the Ravenna Farm Market.

Mr. Seman said this is enacting part of the grant; getting things in place. This was specifically placed in the grant as one of the items to get it off the ground. This is the company that will be doing the promotion. The contract is attached.

There being no further comments, questions, objections or discussion, President Ricciardi declared that an ordinance would be prepared.

President Ricciardi said Item No. 4 is a request to amend the Codified Ordinances to expand and define the Ravenna Health Board membership.

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Mr. Ribelin said Ms. Engelhart, the interim health director and Mrs. Ribelin who sits on the Health Board, came before the Public Health & Safety Committee asking that membership on the Board of Health be expanded by three members in order to expand, get some new expertise on that Board.

Ms. Engelhart said according to the Ohio Revised Code, they have to have an ordinance to define the membership of the Board of Health. If they don't have that defined in either the charter or through legislation, then it falls back to what's in the Ohio Revised Code. She has had conversations with Mr. Cimino regarding this and has several letters from him.

There being no further comments, questions, objections or discussion, President Ricciardi declared that an ordinance would be prepared.

President Ricciardi said Item No. 5 is a request to authorize the mayor to enter into a contract with Coleman Adult Day Services to provide Ravenna City residents assistance with the 2012 adult day program.

Mr. Ribelin said that a presentation was made by Michele Kairis of Coleman Adult Day Services. In the past several years, the city has set funds aside in order to provide adult day services for senior citizens in the City of Ravenna. He knows it wasn't all spent last year. It is on a per person basis. They would simply be doing what they have done in the past.

Ms. Michael said she knows this has been going on since the 1990's. She thinks it is something they should entertain looking at possibly different way of doing things with non-profits and she also wonders if they could take half of that money; and she knows it's already allocated; but she knows right now United Way, the 211 program is in danger of being cut. She believes that affects about 80% of Ravenna citizens. She asked if it would be feasible to cut that amount in half that they allocate to Coleman and possibly get other ideas for the money that is allocated for the community.

President Ricciardi said he thinks they could put this into a committee for consideration to have them look at these other groups.

Mr. Seman said that one of the things they have talked about is if they get this new health board established with these experts on it, maybe they would be a good group to make referrals and answer questions about these things.

Ms. Michael said the United Way first call for help is where 80% of Ravenna Citizens use that. They direct the citizen to help when they have no place else to go. She believes they do send people to Coleman as well. It's like a broader way of helping our citizens.

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Ms. Engelhart said that it is a referral center. It happens to be under the administration of 211 and they do get some funding from United Way as well but it is basically a referral center. People call there for things from housing, shelter, to food. They do a lot of the screening for most of the food pantries in the county. They just gave a presentation to the staff. They are in the middle of campaign fund raising. She was surprised at the number of residents it serves, just Ravenna City residents. They get about 20,000 calls a year. More than 6,000 of those are Ravenna City residents.

President Ricciardi said that he thinks the concerns that both Ms. Engelhart and Ms. Michael have expressed are valid and he thinks they need to look into that and if they can reach more people with a portion of funding, then maybe they ought to take a look at how they do this.

Mr. Cecora said that this is the only expenditure the city makes of this nature. This has been the signature expenditure each year. That \$10,000.00 is pretty much what has been done in terms of that type of outreach and support.

President Ricciardi said he doesn't think they are in a serious position to increase that. It maybe next year in the allocations, if someone wants to come in and talk to Council, they give them credence and let them speak and then make a determination on how to divide those funds.

President Ricciardi said the issue is being referred to Planning Committee.

There being no further comments, questions, objections or discussion, President Ricciardi declared that an ordinance would be prepared.

President Ricciardi said Item No. 6 is a request to authorize the mayor to enter into an amended contract with Ravenna Township for dispatching services.

Mr. Cecora said they have dispatch contracts with a number of public entities. Somewhere along the way when they went to do the billing, there was an inconsistency found with Ravenna Township. Everybody was on the same page in terms of rate and duration. The intent of these contracts was that everybody was on the same page. In 2010 and 2011, it would be one rate; going up in 2012; in 2013 it was to go up. All of the agreements covered from the back end of 2010 when they were signed through December 31, 2013. This is a request to amend the Ravenna Township agreement to get them on the same page. The township trustees have already returned the contract agreeing to this change.

There being no further comments, questions, objections or discussion, President Ricciardi declared that an ordinance would be prepared.

President Ricciardi said that next item on the agenda is a request to appropriate \$4,720.00 for as needed secretarial help in the Engineering Department.

Ms. Michael said that she thought the amount requested was \$4,000.00. Now it's \$4,720.00.

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Mr. Cecora said that the tracking sheet spells it out where they have to include OPERS, comp. and Medicare which are typical rollups on a flat salary. That is split four ways at 25% each.

Ms. Michael said that this is to help Building and Engineering Departments get caught up with some of their filing, etc. They have been extra busy with the permits. They have a part-time secretary at \$10.00 an hour and they would like to get her to work for them for 400 hours to assist with getting caught up.

There being no further comments, questions, objections or discussion, President Ricciardi declared that an ordinance would be prepared.

President Ricciardi said Item No. 8 is a request to appropriate \$350.00 to renew the City's Industrial Storm Water of Intent as part of the NPDES Storm Water General Permit.

Mr. Finney said that he has found out that the city is exempt from this so it is not needed and the request can be withdrawn.

President Ricciardi said Item No. 9 is a request to appropriate \$3,525.00 to purchase a line locator and appurtenances.

Ms. Spencer said that this will be helpful in locating pipes and will help with storm mapping and locating water lines. It is a great piece of machinery.

There being no further comments, questions, objections or discussion, President Ricciardi declared that an ordinance would be prepared.

President Ricciardi said Item No. 10 is a request to appropriate funding to pay the surveying costs for the Neighborhood Revitalization Project.

Ms. Spencer said the surveying must be done to complete the design plans. This cost may be reimbursed if the grant money is available after construction. If there is any money left, they should get the money back.

Mr. Finney said he did get a price from the surveyor of \$16,965.00. It will be broken down between three different funds. The grant monies are not available yet and he needs to get that started. As soon as the monies become available, they can get it to bid. The project is supposed to be done this year.

There being no further comments, questions, objections or discussion, President Ricciardi declared that an ordinance would be prepared.

President Ricciardi said Item No. 11 is a request to authorize the mayor to enter into a contract with the Portage Park District for the purpose of fuel.

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Ms. Engelhart said this is the same thing in regards to ODOT and the school system. They will be sold fuel for 20 cents an additional per gallon. The Park District approached the city about wanting to get involved in it. They also mentioned to the township trustees that this offer stands if they want to purchase fuel from the city as well.

Mr. Finney asked how much money is being saved by buying bulk.

Mayor Bica said it's not a lot but they are saving money per gallon because they buy a full tanker road, not a small truck. He doesn't know exactly what it is but it's a few cents per gallon. Everyone who pumps out of the city's tanks are charged a surcharge of 20 cents per gallon. The cost is whatever the cost is for the last fill up of the tank plus 20 cents.

President Ricciardi asked if that is sufficient to maintain the facility.

Mayor Bica responded in the affirmative. Noting the other entities are still saving money.

There being no further comments, questions, objections or discussion, President Ricciardi declared that an ordinance would be prepared.

President Ricciardi said Item No. 12 is a request to appropriate \$832.07 to pay the unbudgeted amount of the Codified Ordinance update.

Mr. Cecora said the Codified Ordinances are updated every year. Sometimes they come in under or over. There was a little bit of an overage so they need to appropriate the balance to get the invoice paid.

There being no further comments, questions, objections or discussion, President Ricciardi declared that an ordinance would be prepared.

President Ricciardi said Item No. 13 is a request to approve the editing of the Codified Ordinances for the year 2011.

The clerk noted these are the changes that were made to the Codified Ordinances in 2011.

There being no further comments, questions, objections or discussion, President Ricciardi declared that an ordinance would be prepared.

President Ricciardi said Item No. 14 is a request to authorize the mayor to enter into an agreement with the Auditor of State's office to perform the financial audit for the period ending December 31, 2011.

Mr. Cecora said he mentioned previously the city is with the State this year. The contract costs did not go up; not to exceed \$35,000.00. They'll be doing the financials and the arm of the State of Auditor's office, better known as Local Government Services will be doing the third party financial statement conversion.

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There being no further comments, questions, objections or discussion, President Ricciardi declared that an ordinance would be prepared.

President Ricciardi said Item No. 15 is a request for the retroactive approval of advances, appropriation transfers and fund transfers completed in December, 2011.

Mr. Cecora said advances are grant related. Fund transfers effect debt service. Interdepartmental transfers are for line item movement.

There being no further comments, questions, objections or discussion, President Ricciardi declared that an ordinance would be prepared.

President Ricciardi said Item No. 16 is a request to authorize the mayor to apply for the Local Government Innovation Fund Program.

Mr. Seman said he thinks this is two part. One is a grant. The other is a loan. The loan amount \$500,000.00 for projects. They are looking for partnerships; things going together examples that were discussed were the fire district. He's not saying they can do that. They can't do anything retroactively. He's not sure where they are going to take this.

Ms. Engelhart said she can speak to two items in which the city is going to be involved in, in applying. They will be bringing it forward once they have more information in the form of a proposal about what they will be. To start the process, they needed legislation that Council agrees to allow them to enter into these collaborations. The first one is they are meeting with a group of all of the other dispatch centers or the primary access points in the county. There are six of them. There is Aurora, Streetsboro, Kent, Kent State and Ravenna all coming together to talk about how they can apply for the loan portion of this funding source, under collaboration. That would be up to \$500,000.00. There does need to be a feasibility study. They believe there is enough information in the PAFERS report regarding communications to see if they can come together collectively to show that there is enough cost savings. The other one is they are also looking at partnering with the city of Kent and probably the city of Streetsboro in co-purchasing through the loan aspect, an asphalt machine. This is a min-asphalt plant. What it does is take grindings and mix it with a tar type base and it actually makes asphalt they can use as hot mix to help with the pot holes in the winter. They have not been able to get hot mix for the past several years. They have just been cold mix in the pot holes. It doesn't stay and as soon as you plow over in a few days, it chips out. Kent approached them. It was discussed at the collaboration they had with the mayors last week and he thinks Streetsboro is also interested. They are going to see if they can apply for the loan. The equipment is \$128,000.00. The cost would be split between the three entities.

Mr. Seman asked if they are going after the loan on both of these.

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Ms. Engelhart said the dispatch center is the loan. The second one is the grant of \$100,000.00. They're hoping it will pay for most of that equipment. They are looking at developing agreements with other municipalities and jurisdictions where they could purchase the hot mix off of whoever houses the equipment. The asphalt plants close down during the winter months. The machinery is mobile and is on a trailer.

There being no further comments, questions, objections or discussion, President Ricciardi declared that two ordinances would be prepared; one for the loan and the other for the grant application.

Mr. Rainone said he is taking part in a University of Akron entrepreneurial program. He was given \$20,000.00 and some mentoring to try to start a web based company. The problem is, the mentoring takes place on Mondays. During February and March he will be about a half an hour late for the meetings.

Mr. Ferguson said he would like to thank every one who attended the Elected Officials Breakfast last week.

Mayor Bica said the IT Tech. wasn't discussed. It was discussed in Personnel Committee.

The clerk noted that she hadn't gotten the paperwork.

Mayor Bica said he did have a second meeting with the school superintendent and it was decided they would lower the pay range that they initially discussed. This is at the annual rate of \$50,000.00. They would post it at a range of 18, \$46,592.00 at the low end; at the high end \$48,859.00. They calculated it on \$50,000.00. The total with benefits is \$70,380.00.

President Ricciardi said of that, the city would be responsible for what portion?

Mayor Bica said they would calculate 50% of that time.

President Ricciardi asked if there is an agreement with the schools yet.

Mayor Bica responded in the negative. These are just discussion points at this time. They would need to enter into some sort of an agreement with them for the sharing of the resource.

Mr. Berry asked if the city would be looking at somewhere in the neighborhood of \$25,000.00.

Mr. Cecora said it would be \$29,000.00 without any healthcare liability or exposure, with raw wage and rollups, they are talking about \$29,000.00.

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President Ricciardi asked how much from the general fund are they looking at.

Mr. Cecora responded that 76% would be from the general.

President Ricciardi asked if they've looked into a contract employee, similar to what they're doing with Mr. Bowen in Engineering. If he remembers what Mr. Wain said, he has no idea how many hours a week he's going to need this person on a regular basis. They might need that person one, three or thirty. It seems to him they can avoid some of these rollups and they can save some money if they look at some kind of contractual basis.

Mayor Bica said they feel they're not going to get a long term, viable candidate on a contractual basis; someone who is going to stay; understand the system. It is very difficult. They've gone through this from a contractual issue. In fact, they had somebody here on a contractual basis and they left because they got a fulltime job.

President Ricciardi said he understands that is a possibility.

Mayor Bica said what they did was invested a lot of time and effort into a person and then they leave.

President Ricciardi asked how many times has that happened.

Mayor Bica said it happened once.

President Ricciardi asked if that person was released from his contract and asked if he has an obligation once a contract is signed.

Mayor Bica said it was just an hourly contract, like a temporary service.

President Ricciardi asked what the balance is in the general fund.

Mr. Cecora responded that it is \$1.4 million to start the year.

President Ricciardi asked what they ended last year with.

Mr. Cecora responded that last year ended with \$1.675 million.

President Ricciardi asked if there is a positive balance in that fund.

Mr. Cecora responded in the negative.

President Ricciardi noted then they are operating on a negative balance and they're going to tap into it for 76% of this person's salary.

Mr. Cecora said there is a net operating loss against whatever cash is on hand.

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President Ricciardi said that he thinks Mayor Bica said it was a quarter of a million; not as much as they thought it would be.

Mr. Cecora responded in the affirmative, stating it's just under \$300,000.00 they lost last year.

Mayor Bica said it was \$274,000.00.

President Ricciardi asked then how they are going to rationalize this expenditure.

Mayor Bica said this is an expenditure they are having a hard time dealing without. This person touches every single department in the city. They are so, so behind.

President Ricciardi said he understands but he also has a problem with Mr. Wain saying he might need this person three hours a week, maybe eight or 30.

Mayor Bica said he is Mr. Wain's supervisor and he can tell them that this person could be put to work 40 hours a week.

Mr. Berry said that he thinks that is what Mr. Wain said, initially that person would see 40 hours a week.

President Ricciardi asked then why they are putting them in with the school.

Mayor Bica said they are trying to be as prudent with the funding as possible.

President Ricciardi asked if they're sure that's going to happen with the school. Are there any reassurances with them at this stage of the game?

Mayor Bica said that if the superintendent sits there and tells him they want to split a resource, how else does he know.

President Ricciardi asked if they need to go to the school board.

Mayor Bica said that the school board is the one that gave him the okay to move forward with it.

President Ricciardi stated he didn't know that and that he is just asking.

Mr. Berry asked if there wasn't a third party interested in sharing the resource.

Mayor Bica said Kent has approached them also but they turned it down because they have this thing with the schools.

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Ms. Michael asked if the split can't be any different. Does it have to be 76% out of the general fund?

Mr. Cecora said that is how the formula was set up. It's based on number of computer terminals. That is consistently how everything has been applied, operating costs, payroll, etc.

President Ricciardi said he thinks everybody ought to give this some thought because he doesn't know how they keep going back to a negative balance in the general fund and keep taking on more people. He doesn't know how they can do that.

Mr. Cecora said that there is a line in there called IT support. It has \$18,720.00 in it. It shows up in the 2012 budget. It was also in the 2011 budget but unspent. That was to give Mr. Wain some ancillary help.

President Ricciardi asked how much of it was used getting him some help.

Mayor Bica said some of it was used.

President Ricciardi said that the funds are there, why not use them?

Mayor Bica said again, how do you utilize those funds? They've tried to go to Hardparts and contract out certain tasks but it is very difficult to do without having a committed resource to do that. It's hard to utilize that money from an outsourcing perspective.

Mr. Cecora said that with all that being said if they plug in what the rate would be and add the healthcare and come up with like \$66,000.00 and split it in half and take 76%, etc., etc. and they come up with about \$25,000.00 general fund share of this particular position; \$18,000.00 is already budgeted. His question became what do they have to mark that up per hour to cover the gap. What do they have to charge the school and at least what is reasonable to the schools and not some outrageous per hour fee. That's what they're dealing with right now. The core issue is the \$18,720.00 that is already budgeted.

Mr. Berry said they don't know how many hours the school is going to utilize them so they can't really come up with a number.

Mr. Cecora said that he model is based on 50 hours.

Mayor Bica said they are saying, at this point, they are splitting the employee 50/50.

Ms. Michael asked if this is only for three years.

Mayor Bica said that is something else they discussed with the superintendent. They want some sort of long term commitment, three to five years.

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Ms. Michael asked what the reasoning was for the school not to hire this employee.

Mayor Bica said his impression was that it was a union related issue internally for the school system. They were having trouble what they were calling this employee because apparently there is union representation under the maintenance group.

Ms. Engelhart said everyone in the school district is in a union except the administrators.

Mayor Bica said the IT person is not but yet maintenance is and there is a fine line between maintenance doing electrical work vs. computer work. He thinks the best scenario was for the city to hire the individual rather than the school system.

Mr. Cecora said all things being equal, they can mark it up to whatever they'd like. If they charged \$35.00 an hour on the city's cost, it would cost the school \$36.40. If the city's costs are \$31.91, they certainly are not going to charge equal to or less than. Starting in increments of five, he can tell them what it would cost the school to bring on a 50% IT person based on the fact that they are marking this up to cover their costs. They would have to go to \$40.00 an hour which means the school's costs to cover 1040 hours would be \$41,000.00 a year. It would cost them \$41,600.00 a year to place an IT person without any costs on their end. He doesn't know what is palatable to the school. Every \$5.00 increment per hour or \$2.00 you go up, it's going to cost the school more.

President Ricciardi asked if the school superintendent has been given a proposal in terms of dollars and cents.

Mayor Bica said they only did that verbally.

Ms. Michael asked what it is Mayor Bica is asking since she hasn't heard about it since they talked about it in committee.

Mayor Bica said they put together a job description and rate schedule for the meeting tonight. That is what he has.

It was decided that the issue would be tabled.

There being no further business before the Committee, the meeting adjourned at 8:20 P.M.

ATTEST:	
Clerk of Council	Francis M. Ricciardi, Chairman Finance Committee