

FINANCE COMMITTEE MINUTES
of February 14, 2022

In Attendance: **Vermilion City Council:** *Monica Stark, President of Council; Steve Herron, Council at Large; Pat Stein, Ward One; Greg Drew, Ward Two; Teresa Mayle, Ward Three; Barb Brady, Ward Four; Brian Holmes, Ward Five*

Administration: *Jim Forthofer, Mayor; Susan Anderson, Law Director; Tony Valerius, Service Director; Chris Hartung, Police Chief; Chris Howard, Service Director; Amy Hendricks, Finance 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: **Review of Ordinance 2022-12 (2022 Budget Review)**
Debt Summary Status
Funding for Future Projects

Amy Hendricks noted she emailed Council a revised Certificate of Estimated Resources and the appropriations. She made sure all the staffing levels were in place and looked to see if there were any trends. She increased the overtime amount for the street department because they had used almost the same amount last year in overtime in the pays in January due to snow removal. All allocations in each fund are all within the Certificate of Estimated Resources. In the special funds, they have projects they may want to do in water, wastewater, storm, and streets. Anything that has been approved thus far she ensured they are budgeted for. There will be appropriation amendments monthly if anything unanticipated comes up.

She provided council with a form that shows the activity (funds that the city has operating – 200 Road Levy, 201 Street M&R, 203 Permissive Use, which is also road levy as well as 601 Water, 602 Wastewater, and 605 EPA Fund). For each of these funds, she provided Council with the carryover cash balance at the end of December of 2021, along with the estimated revenue for each of the funds. The total available for the year and the estimated expenses that are budgeted within the appropriations – the asterisks on the expenses note that the 2021 carryover encumbrances for purchase orders are included in the expense columns. She said revenue replacement in the general fund from the ARPA funding is \$247,000 and it shows the remaining cash balance that is anticipated in each of the funds as of December 31, 2022. She included in the expenses and budgeted any of the projects that they talked about and approved up through the last meeting.

Additionally, she noted she sent out a Debt Summary Capacity Analysis to Council last week. This report was prepared by Sudsina & Associates who are the city's municipal advisors. She noted they have done a great job for the City. She explained in 2018, the city was in a situation where they had a lot of notes that were used to fund projects that had been rolled over repeatedly year over year without

reduction in the principal. Upon review, they strongly felt they needed to begin to curtail this and pay them down. So, the city refinanced and took advantage of historically low interest rates to be able to refinance a good portion of this debt. In fact, the city has only about three issues. The 2005, 2011, and 2012 debt are the only ones that have not been refinanced and they are up this year. The 2005 bond only has four more payments on it, so they probably will not have much savings, but 2011 and 2012 could have potential to refinance. They could look at revenue streams and could borrow additional funds to projects.

She explained that under new debt scenario on page 9 of the report it shows information about potential new debt. For every \$65,000 in debt service, the city could borrow another million dollars. One they may want to look at that would not require doing anything additional as far as revenue conservancy is the fuel taxes that come from the state government to the tune of about \$265,000 that the city is getting in additional revenue. She said interest rates are going up starting in March, so looking at these things sooner in the spring may allow the city to get more money, so they will want to start thinking and talking about this. Right now, with the estimated fed rate hikes the city could generate about \$5.3 million in borrowing on the \$265,000 for streets, so this may be something the city will want to plan and discuss over the next few months. They could roll some of the smaller issues into the refinancing and there are a lot of other things they can look at. One of the things that will be pending is the Wastewater Treatment Plant work once the consultants get done with this. She thinks with some of the city's growth in revenues, income tax, and fuel tax, they may be able to look at additional borrowing to expedite getting some projects done.

M. Stark said under the road levy it shows the city has \$1.74 million available – does this include the Main Street project? A. Hendricks said it does include Main Street.

M. Stark said at the next Streets, Buildings, and Grounds committee meeting, she would like to start conversation on what roads they can start looking at. She asked council to bring a list of their top three roads from their ward and email them to the clerk before the next committee meeting. She also asked the administration to bring a list and pick a few streets as well from each ward.

B. Holmes said as far as referring to additional borrowing, can the city add to the \$1.74 million? A. Hendricks said the city can borrow against the \$265,000 fuel tax, and it would be good planning to get that going in the first half of 2022, so the city can begin working on these projects.

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

Next Meeting: Work Session (Transient Rentals) followed immediately by Committee Meetings - March 14, 2022 – 6:00 p.m. @ Vermilion Municipal Complex, 687 Decatur Street, Vermilion, Ohio

Transcribed by Gwen Fisher Certified Municipal Clerk