

FINANCE COMMITTEE MINUTES
of July 18, 2022

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

Administration: *Jim Forthofer, Mayor; Tony Valerius, Service Director; Chris Howard, Service Director; Amy Hendricks, Finance Director; Chris Hartung, Police Chief*

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: Appropriation Amendment (Ordinance 2022-50)

Amy Hendricks said the only change that requires approval is additional revenue and expenses of \$10,000 in Permissive Use as the final amount received for reimbursements for Safe Routes to Schools expenses was more than estimated at the time the original 2022 budget was adopted.

TOPIC TWO:Capital Finance Update

Amy Hendricks said council received copies of the Fiscal Officer's Certificates along with copies that are required by Ohio Revised Code. There are three ordinances on the agenda for the capital initiatives that have been discussed this year. She explained that Ordinance 2022-52 allows for the issuance and sale of bonds not to exceed the principal amount of \$4,000,000 for paying costs of constructing a new police station. This will be funded by a portion of the forgiveness of the income tax that goes to the general fund. The amount of income tax generated would have funded debt that exceeded between \$5,000,000 and \$6,000,000. The \$4,000,000 will leave the city \$200,000 for cash flow in the general fund that can be used as council deems fit. She explained that Ordinance 2022-53 is for the issuance and sale of bonds not to exceed \$3,520,000 for the purpose of paying costs of improving streets and roads. This will be funded by the additional \$5.00 permissive use that goes into effect in 2023, as well as the portion of the income tax forgiveness that is required to go into the roads and levy fund. They have money that has not been pledged, which is the increased gas tax amount of funds that is available. Also, Ordinance 2022-54 provides for the issuance and sale of bonds not to exceed \$4,970,000 for the city's sanitary sewer system, which is from the additional \$5.00 in the EPA fee that has been added each month per account. The initial project that will be done with this is the sewer laterals that will be replaced in the VOL neighborhood. This will be an ongoing fund and the city will be able to fund additional projects for the wastewater systems. To be able to take advantage of current interest rates and allow these plans to move forward as timely as possible,

the administration requested council to suspend the rules and pass all ordinances by emergency.

B. Brady said this scares the daylight out of her to do over \$12 million so quickly without gobbling on it for some time. She referred to the \$4,000,000 for the police department and asked if this was a number the administration pulled out of the air. Where are they getting these figures? Mayor Forthofer said it was based on the comparable building in other communities with square footage and the city engineer applied an average cost per square foot. C. Howard said he obtained some numbers from architects that told him it is about \$350.00 a square foot based on a 7,500 sq. ft. building. They have site improvements, fixtures, and furnishings to factor in. B. Brady asked if they are talking about putting the police department where the skatepark currently is. Mayor Forthofer said no it is what he presented in his slide presentation. It will be located next to the fire station. B. Brady asked what would happen to the courts. Mayor Forthofer said they are not moving the court at this time.

B. Brady addressed the sewers and said the city does not have results back from the study on the sewer plant. C. Howard said they are working on that, and the consultants have done a plant condition assessment as part of their scope and they performed some liquid treatment and solid treatment calculations, so currently they are working on the master plan that will be submitted to the Ohio EPA and they will come up with construction cost estimates for alternatives for the plant. B. Brady asked how they came up with amount for borrowing. Mayor Forthofer said none of this borrowing is to fund the Wastewater Treatment Plant. B. Brady asked if this money will be going into the current plant to keep it functional and the laterals. A. Hendricks said the only thing that will be addressed in this borrowing are the laterals at this point. Operating costs are to be covered by the day-to-day operations (supplies, chemicals, labor, utilities) from the rate increases that have been put in place on the per unit amounts each month that are in the utility bills. The plant operation once the study is done will have subsequent financial packages put together that she fully anticipates will be part of a variety of things from grants to low-interest loans. Mayor Forthofer said when he presented this proposal to council there were two options – one was to assess just the people in VOL, but this was rather unappealing to B. Brady, so they spread it out to all the users. He said when they proposed the street capital items, the suggestion was that the Wastewater Treatment Plant will probably have other avenues of financing available then just their own city finances. There are federal and state opportunities, and the company doing the consulting of the plant will also be able to advocate for the city and recommend ways to get money, so they are not near borrowing anything for the plant just yet. B. Brady said they are locking all the increases in the \$12 million. A. Hendricks said the rates increases for water and sewer are not included in the funding of the financing – these are operating costs. B. Brady said it worries her that the bonds are up to 30 years, so for the next 30 years what have they done for themselves. A. Hendricks said what have they done for

themselves if they don't do it. Mayor Forthofer said they have prefaced all three capital presentations to the fact that the can has been kicked down the road for a very long time. B. Brady agreed. Mayor Forthofer said this is remedial and they are biting the bullet and are saying it has been long enough. The city is at risk in some instances. In the case of the police station council will have to approve the design, the bids, and such. B. Brady said she has always had a problem with borrowing money, but if they don't start the police station for a year or two, they have paid interest on that money the whole time. Mayor Forthofer said the building also gets smaller and smaller as interest rates go up unless they borrow. B. Brady said this seems too fast and personally she would like time to mull over it. G. Drew said they can't sit and be okay with their police officers getting dressed in a parking lot to get ready for their shift. This is unacceptable to him and the more reason to move on building a police station immediately. He said at the last council meeting there was two officers getting dressed in the parking lot. It's unacceptable and they need a facility!

Amy Hendricks took exception to the fact that this has been a rushed process because this has been on almost every council agenda since February – these various discussions. B. Brady said just everything coming at one time is overwhelming. B. Holmes said it is overwhelming, but it is a can they have kicked down the road. It is just like the roads in this town that are not getting any better. They are getting bigger and bigger as a city, and what scares him more is the sanitary sewer lines and the plant. He noted that people outside of Vermilion have said the infrastructure is whew! They must draw a line in the sand, and it is time.

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

Next Meeting: August 8, 2022 – 7:00 p.m. @ Vermilion Municipal Complex, 687 Decatur Street, Vermilion, Ohio.
Transcribed by: Gwen Fisher, Certified Municipal Clerk