

THE FINANCE Committee held a meeting on Monday, September 9th, 2024 beginning at 6:10 P.M

Committee Members Present:

CD: Co-Chair Mitchell, Schneider, Oswald, Lipian
Finance: Chair Tollett, Schneider, Cerra, Siwierka, Davis
Others: Armstrong, Pres. Stewart
Excused Absence: Callahan

Administration and Department Heads Present:

Mayor Brubaker, Law Dir Deery, Safety Service Dir Pyanowski, Finance Dir Pileski, Asst Finance Dir Farrell, Public Works Supt Conner, Building Official Farkas, Asst Dir Strohsack, Admin Legal Counsel Craig

1. The matter of approval of the August 12th, 2024 Finance Meeting Minutes.

Motion Made by Mr. Cerra and second by Mrs. Davis to approve said minutes.

MOTION CARRIES

2. The matter of delinquent utility accts to be certified to the Lorain County Auditor.

Referred By: Public Works Supt Conner

Supt Conner said these delinquent and past due utility accounts were approved by the Resolution Board, amount totaled \$9,695.55. Some of these accounts are Rural Water customers.

Mr. Schneider asked if we can work collectively with Rural Water to try to get paid?

Supt Conner said we have no means for that. They do confirm their frequent flyer with them but as far as Rural Water shutting their service off to pay us, they won't do that.

These Rural Water accounts are their water but Elyria sewer.

Motion made by Mr. Cerra and second by Mr. Schneider authorizing a resolution for 'said' charges to be certified as liens to the Lorain County Auditor's Office.

MOTION CARRIES COMMITTEE REPORT WRITTEN

3. The matter of city property no longer suitable for municipal use and to be disposed of.

Referred By: Police Chief Pelko

Chief Pelko said this is a 2012 Ford Fusion that is not worth to fix and he would like permission to dispose of it by selling on Gov Deals.

Chair Tollett asked Dir Pyanowski about the topic that was discussed at a recent Council Meeting in regards to getting rid of City property that is below a certain value and he asked if that can be explained.

Dir Pyanowski said if the anticipated value is less than \$1,000, he can approve it without it going to Council. If something had an anticipated value of less than \$1,000, but if it ended up selling for more than \$1,000, they would bring it to Council at that point.

Motion made by Mr. Cerra and second by Mr. Schneider authorizing the Safety Service Director to declare 'said' property unfit for municipal use and to dispose of by the best means possible, in accordance with the law.

MOTION CARRIES COMMITTEE REPORT WRITTEN

4. The matter of city property no longer suitable for municipal use and to be disposed of.

Referred By: Council Clerk Administration

This matter was removed from this agenda.

5. The matter of forgiveness of a loan from the City of Elyria to the Elyria Community Improvement Corporation.

Referred By: Administrative Legal Counsel Mark Craig

Administrative Legal Counsel Craig said he will speak on this topic on behalf of the ECIC. As an overview he went over a list of things that the ECIC has been working on.

1. Updated leases and collected rent on 106 Middle Ave.
2. Updated ECIC Banking procedures, reduced fees and increased savings returns.
3. Worked with the city to make Leona Street property parcels useful for the transfer to Good Knights (lot consolidation and split for Leona Street), including deed work and MOU.
4. Investigated sites for new grocery store on the south side following Aldi's closure.
 - a. AIY mobile home park on Oberlin Road
 - b. Investigating acquisition and potential future uses for the site.
5. Investigation of certain parcels for acquisition and future use, including:
 - a. 317 Fuller Rd
 - b. 603 Cleveland St
 - c. 208 Columbia Ave
6. Negotiated and entered into a contract for sale of 106 Middle Ave.
7. Negotiated and entered into a contract for sale of 1015 Middle Ave.
8. Former Mountain Jack's at 1845 Lorain Blvd – discussions with Port Authority for new access from SR57 into the new redeveloped mall area
9. Reviewed loan requests for community development
10. Ready to assist with 336 Broad Street transition for Elyria Arts Council

Mr. Craig said the ECIC was instrumental in the acquisition and transfer of the property and involved with the facilitating of the construction of the new library downtown in the joint venture with the Library System. The CIC used the funds for site acquisition, environmental assessment and demolition. And they assisted businesses and relocated them and including loans and transfers and managed them actively.

In February of 2019, Elyria entered into a loan with ECIC for \$296,091 in order to pursue acquisition and disposition the property for the new library. The loans evidence by demand cognovit promissory note, which was the best way to proceed with the transaction of the loan instead of a donation, which was determined at that time. There was a portion of it, \$500,000, and part of that was a donation at that time, the rest was handled out of the demutualization proceeds as a loan. At that time, they believed that the City Council and Administration intended for that loan to be forgiven at some point. They are now in a position where they want to continue to allow the ECIC to have the resources to continue its mission and pursue goals of economic development. Now they are asking for forgiveness of the loan and to cancel the note to provide that financial certainty to the ECIC as they continue to do its good work on behalf of the City. That completed Attorney Craig's statement.

Chair Tollett thanked Mr. Craig and asked to Dir Pileski, what his opinion on this and would it affect our bond rating?

Dir Pileski said the current loan amount which is on the books, is the ECIC owes Elyria \$192,890. That money was part of the \$350,000 that come from the insurance demutualization fund. The City received a windfall of one million dollars due to life insurance policies that the City had owned for its employees and we use that money on a number of different projects and one being the new public library thru the ECIC. The intent was for the ECIC to pay back \$350,000 because they were going to get a 'Jobs Ohio Grant' which only came in partially, which was \$192,890 and that portion is what is shown owing to Elyria, the remaining \$157,110 of the \$350,000 was already forgiven in 2020. There was another loan which was labeled loan/grant from the water fund for water issues at that project of the new library and that has been restated as a grant. The only amount that he shows coming from the ECIC to the City is \$192,890. It's demutualization money and he doesn't have a problem with forgiving it.

Chair Tollett asked about a lawsuit filed by the library for the preparation of the City's donation thru the ECIC and that added additional expense.

Dir Pileski said there was a lawsuit but he thinks it was items that were uncovered in a basement that they were not aware of. He said this will not impact out Bond Rating.

Dir Deery said there was a lawsuit brought against Elyria and the ECIC. There were expenses and ultimately a settlement that was nominal in comparison to what the outstanding loans/grants. The City guaranteed the obligations of the ECIC contract with the Library system at the beginning of the project. The basic was that the library had a set amount to obtain the site and both the City and ECIC wanted it downtown and said if there is a gap in funding, then the City will help secure that site by filling that gap. There is no correlation between the lawsuit and what is being asked to forgive.

Mrs. Siwierka asked if there is plan moving forward for the use of these dollars once the loan is forgiven?

Mr. Craig said they will continue to look for properties for acquisition. Currently there are several properties they are looking at. They are a vehicle and need fuel in order to do the job that they are set out to do. They're looking at 208 Columbia one on Cleveland Street and there are a lot of costs involved in making those to go from abandoned to be put into productive use.

Mrs. Siwierka said the mobile home park on Oberlin Road had a significant EPA finding on that property and she wants to make sure the CIC is aware of that.

Mrs. Davis asked for clarification on the costs.

Mr. Craig said the note is \$292,000 and they are asking for forgiveness of the note and it would have to be canceled, what they're showing on the books is the \$192,000.

Mr. Stewart asked why we can't take portions of what these proceeds to help pay back the loan, whether it was \$20,000 or \$30,000 for each investment that we're looking to expand instead of forgiving to knock that loan amount down. Though the purpose of the committee is to reinvest back into the community and give other opportunities. He thought there was a plan in place where they were going to dwindle this down over time.

Mr. Craig said when they get involved in a transaction, it's not profitable and so it's good to have as much cash as they can in order to take on more bigger projects. Rather than taking this money and refund it back to the city they would prefer to keep it in the economic development engine that is the ECIC to use for future projects. Again, the CIC is like a vehicle and the money is like the fuel to run it.

Motion made by Mr. Cerra and second by Mr. Schneider authorizing an ordinance to forgive the 'said' note.

MOTION CARRIES COMMITTEE REPORT WRITTEN

6. The matter of Amendments to the 2024 Permanent Appropriations.

Referred By: Finance Directors Pileski and Farrell *[Standing Referral]*

Dir Pileski said this was requested by the Clerk of Courts moving \$3,000 from Salary & Wages to their operating and maintenance account. It's a wash of \$3,000.00.

Motion made by Mrs. Siwierka and second by Mr. Cerra authorizing an ordinance for the approval of the 'said' amendments to the 2024 Permanent Appropriations.

MOTION CARRIES COMMITTEE REPORT WRITTEN

7. The matter of discussion of financing of the new Public Works Complex and Fire Station.

Referred By: Mayor Brubaker

Chair Tollett said the discussion of the Fire Station is being removed from the discussion this evening. He said the committee will not be taking action this evening. This has been discussion for many years. There are many vehicles have not been able to kept inside and many of those vehicles are new and have to stay out in the elements. There is now an opportunity to move on this project.

Dir Pileski said this has been in discussion for a number of years. he has not been in contact with the City's Bond Council about this project. After this discussion he will speak with them. They will prepare any legislation as far as issuing notes or bonds. This is a large amount of money and we need to consider the costs and possibly lower that cost.

Chair Tollett said when the Finance office issues bonds all of the legislation has to go through an outside party that issues those bonds and they write the legislation.

Mayor Brubaker said he met with Finance Dir and a slow process is a good process. To make sure that we follow the right protocols and procedures and it still fall within the timeframe of the bidding process. As soon as he came into office, he had said that he would move this project forward. They looked into it in the previous administration and was found out about what bonding capability was there and they had other ideas of what they wanted to use that money for. Now, that council has been gracious in affording the dollars to start this process, they will now move forward. He has assigned this project to Asst Dir Strohsack since he has worked on this multiple time over the number of years. This project will possibly be capable of being bided out and they thought if they bid this out by the end of November, it would allow us the opportunity to have multiple contractors bid on this project because they are all aligning their work up for the next 12 to 18 months and this would give the best opportunity. Whoever gets this contract will be guaranteed work for 16 to 20 months.

Asst Dir Strohsack began his presentation and said the Team from Strollo Architects is here to go over the plans. He said this project goes back to 2009, under Bill Grace, they saw the need. The financing wasn't there at that time and he found some old newspaper articles from '18 and '19 and the common question was, what will this cost? They have never been able to get over the hurdle until now. Council passed an ordinance to get money to get with the Strollo team to start the design process and get some numbers. There are a lot of variables. They toured a lot of facilities and took all the good in all the bad out and then we installed the needs. Needs for down the road. The team has made several changes along the way and they have come up with a great project that will serve the City for a long time. Dir Strohsack introduced the Strollo Team; Annissa Neider, Summer Barker and Gregg Strollo, they will answer dollar questions.

Chair Tollett said about a year ago, there was a potential accident with a vehicle lift. Dir Strohsack said yes, there was a failure on the floor with a two-post lift where it keeps the vehicles up in the air so the mechanics can work on them. The technician noticed it and it was discontinued and they cut out the floor and bought a new lift.

The current facility has done well for the city but they have outgrown the maintenance part of this facility. Recently there were 3 sanitation trucks outside that the mechanics were working on, there is not enough room. Once this complex is completed, there will be no reason for any vehicle or equipment to be outside. We'll be able to do away with renting the old DYI from the Port Authority. This project will also include an evidence building for Police. Their current site that is rented, is not big enough.

Mrs. Siwierka remembered that this goes back to 2009, because she was on Council at that time. The Grace Administration was attempting to do a garage into a building that was not suitable. She has supported a new complex for many years. We have employees working in absolutely deplorable conditions. The current building was built in 1972 and has outlived its life. As Mr. Strohsack said they have looked at many different facilities over the years and have gotten great ideas. She is glad that we haven't had accidents because we don't have the proper lifts, drainage and the facility is sitting on top of methane wells because of the landfill.

Mr. Oswald asked about the proposed Police storage building.

Dir Strohsack said the storage facility that will be across from the current facility at the Police Department will be a garage similar to the one that is across the street that Buildings & Land uses and that will be for the bearcat, swat equipment and some of their evidence stuff. That will be a 4-bay garage built specifically for those items.

Mr. Schneider asked what is the plan for the current facility?

Dir Strohsack said that a lot of that building can be used for storage for some equipment. They will also be able to still use the non-climate-controlled storage area that was built about 6 years ago.

Mr. Oswald asked about building permits, if we don't charge permit fees, would that put a heavy burden on the building dept? And will there be a project manager or someone who will run the jobs to make sure everything is done properly?

Dir Strohsack said waiving permit fees, will not put a burden on us.

Summer Barker of the Strollo Team began a Power Point presentation. They are grateful to be here and to share this information with the committee. They have been working behind the scenes. The first page illustrates the development of the site. They are looking for access off the main road across from the current facility to give complete entrance for all of the facility vehicle and employees parking along the front of the building. The 1,000 square foot building in the middle is proposed building for the maintenance garage and all of it's needs. The top left corner on this sheet is the Police storage facility which was just discussed. Salt storage is also along the top and another open bay on the bottom for sanitation. The site is fully developed and allowing for full access. There will be an open retention pond to accept storm water. The fuel storage will be along the south and would give access to all the vehicles.

Chair Tollett asked the team to touch on fencing and security around the facility.

Ms. Barker said they are planning on fencing the entire perimeter and gate access point at every entrance. Entrance can be made both by the west end, which will be the majority of the access, but also the east end so you have access from both areas. They are also improving from the existing site is the separation of vehicular and pedestrian traffic into the office area from the particular traffic of the larger equipment; snow plows, sanitation trucks that are entering the site.

Ms. Barker said the next illustration gives a closer view of the facility. It will house many departments; open office space which is assessable from the parking lot. There will be an area for Police communications with labs and work rooms, vehicles and storage of parts. The maintenance garage area will handle most of the vehicles and to the south of that is one open bay of structure and large enough to accommodate larger vehicles such as fire trucks and sanitation trucks. The area north is the other garage for everyday parking and all the other department vehicles and it's accessible through the maintenance garage and those buildings are interconnected. There are also wash bays and welding spaces, tire and hydraulic storage spaces. The wash bays will be dedicated locations for vehicles to drive into to be hosed down and cleaned by hand.

The next illustration showed a closer up of the different areas in the facility. There is an area for bathrooms, showers and lockers. There will also be a first area of lockers where crews can actually leave their jackets and boots and a semi change there before going into the main locker room. There will also be a decontamination area which will be a safe area for the crews to get the contaminated clothes off for the safety of everyone in the building.

Ms. Barker said there will be set offices for all of the department managers and then the cubicle spaces will be for staff. It will accommodate growth for additional managers, department heads or staff. There will also be a training room along the break room and the break room could also be used as a training area as well and it will have the functionality of digital displays, movable furniture and equipment.

This facility will house a number of different spaces that will be housed under multiple roofs, there are different orientations of the roofs. With the office entrance brings into the building with a low slope and as there needs larger spaces for the maintenance and storage garage, the volumes become higher. They are looking at materiality of the project and this is a perfect project for a pre-engineered metal building. It's a steel structure with metal siding and brick veneer along the bottom as an extra layer of protection around the structure. All of the roofs are pitched metal roofs, none are flat. HVAC will be set up in space that is allocated outside the building where there is no vehicular traffic. The total square footage is 88,560 square feet. There will be numerous floor drains throughout as well as grease traps.

Mr. Oswald asked if there will be enough parking for all of the employees?

Ms. Barker said yes.

Mr. Strollo thanked Dir Strohsack and his staff and for them to consider the needs as described and not wants. This will be an efficient building and no waste.

Chair Tollett asked if the interest rate reduction will affect the cost of the building in a positive way?

Mr. Strollo said that is a potential possibility and that oil prices are coming down also. There has been some pullback in commodity prices and that does affect all prices.

Mr. Stewart asked if there has been a geotechnical study done prior to this?
Mr. Strollo said yes and they got results back and there should be an immediate positive impact on the budget. It was estimated to have deep foundations and the soil came back better than expected, so money that was put in initial budget for deep foundations will not be required.

Mrs. Siwierka asked what is the cost per square foot?

Mr. Strollo said the total project is \$190 to \$200 per square foot. He didn't have a specific amount. He said to be under \$200 per square foot is good.

Mr. Schneider asked if the current facility has a generator?

Dir Strohsack said yes, it has a generator which will stay at that facility and this new facility will get a generator which will cover the full building.

Mr. Oswald asked if we are still going to be in the sanitation business, since we are putting so much money into this facility for that?

Chair Tollett said that will something that City Council will ultimately have to decide. And we've invested a lot of money in vehicles to keep our sanitation going, he would say we will continue it for the foreseeable future.

Dir Strohsack said the facility will be multi use from Wastewater, Fire, Sanitation, etc. The bays will be large enough to accommodate all of the different sizes of vehicles.

Dir Pileski said that we have invested a lot of money in new sanitation trucks, but none of that money came from the sanitation fund. We have 3 on order from ARPA funds and we've bought 3 trucks using the 2016 ½ percent income tax fund, so moving forward, we haven't raised rates in some time, but we will have to start figuring out how we'll be able to buy more trucks.

Mrs. Mitchell said she is glad we are moving forward with solid plans.

Mrs. Siwierka asked if we would be selling the station at Broad & Kipling? The only reason we have kept that building is because that is the only place where the fire mechanics can work on those vehicles.

Mayor Brubaker said yes, we will be bringing the WW mechanics and Fire mechanics into this facility leaving the Broad Street station, which currently houses some those mechanics and clerical personnel, the Fire Chief and the Fire Prevention Bureau. The objection would be to sell that Fire Station. They would have to determine where they would move those personnel. The intent would be to eventually sell that station.

Mr. Schneider asked about the fuel pumps, they will be covered at this new site and are we vacating the old ones?

Dir Strohsack said the new fuel system at the new site will be above ground and that will take out liabilities, insurance, Fire Marshal inspections, which they go thru every year because of the tanks in the ground and as old as they are. They will not be using the old tanks. The new tanks will be computerized.

Mrs. Siwierka said this department is no different than any other department and we are always looking for the best and most qualified people and when a prospective employee sees the conditions at the current facility, they could decline the job. It's tough enough to find good mechanics and other personnel that have the expertise that we need.

Dir Strohsack said he appreciates that comment because they have lost employees due to those conditions and they have come out and told them that.

Dir Pyanowski said he agrees with Mrs. Siwierka as far as the impact that it will have on the employees that work in this space. By creating a good working environment, it shows that the employer is invested in the employees.

Mrs. Mitchell asked how long will this take once it's approved and we get the bonds, how long will it take for this to be built?

Ms. Barker said they are looking at another 4 to 6 months of design work, which would put them in a spring construction bid cycle. Then it will be a 12 to 16-month construction period.

Chair Tollett said because it's such a large project, there will be multiple bidders. Which will reduce the cost.

Mayor Brubaker said they would like to see a local company get this job, but, Strollo has all the right knowledge and assets to get the right groups for the project.

Dir Pileski said over the last 10 – 15 years we have been living in a favorable interest market and he has been able to take advantage of that market. He has refunded many bond issues and lowered the interest rates on some issues as well as shortening the duration of some of those bond issues. In the last 5 years he has retired the 2019 Radio Broadband Bonds, 2019 Police & Fire Pension Bonds, one of the Muni Court Refunding Construction Bonds, 2013 Industrial Parkway Bonds, known as Bullocks Parkway, 2013 various purpose Bonds, 2017 Energy Conservation Bonds,

2019 Industrial Parkway Bonds, 2019 Various Purpose Improvement Bonds.

This means that approximately \$1,546,000 of revenue has been freed up for whatever else Council wants to use it for; bond sale or even redirect that revenue to the General Fund for operating expenses. It's up to Council.

In two years, the Construction Bonds on City Hall will be retired. That will free up another \$478,000 per year at that time.

Dir Pileski bumped up the cost and figured it at a 23-million-dollar Bond Issue for 30 years at 5 percent which is a little high, it could be as low as 4.1 percent. A 30-year 23 million Bond Issue would cost the City \$1,496,200 per year in annual debt service.

This fits in on what has been retired and what we're bringing in and not spending. If we get a better interest rate that amount may drop. That will use up all of the available revenue.

The main source of revenue for the General Bond Retirement Fund is unvoted Property Tax Millage. We get 4.2 Mills of that Unvoted Property Tax Millage. A set amount has to go into the Police and Fire Pension Funds and the rest goes between the General Fund and General Bond Retirement Fund. We will start eroding the cash balance that we've established from the General Fund, because of all the employees moving over from the ARPA fund. There will be a couple of years before we have to make some tough decisions.

Mrs. Siwierka asked if the revaluations that the County Auditor just did, will increase our percent of income from property taxes?

Dir Pileski said he hasn't looked into that but more than likely, it will.

Mr. Schneider asked if we have a contingency fund in the estimate of the \$22,625,827 for the project?

Ms. Barker said when they do an estimate this early in a project, they allow space built in to identify any unforeseen conditions of the design or site development. They feel confident that they will be able to tighten up even more as they proceed with the design.

Mr. Strollo said that the price of lumber is down, there are things in favor of this project. There is about a 7 to 10 percent contingency for the inflation factor which hopefully won't have to use. The numbers are conservative. He said as far as they can tell, there is no state or federal money for this project, so the City has the ability to lay out the criteria for the selection during the bidding process. We can ask for the bidders to let us know who will be doing the work, they can let us know if they are subbing out contractors to local companies, and that can be a factor in who is awarded the project. The Strollo Team will help write that in with the bid specs.

Mayor Brubaker thanked the Strollo Team and Dir's Strohsack, Pyanowski, Pileski and Farrell for all their work on this process.

This is a lot of money involved in this project and he spoke to Chair Tollett and said that they are not ready to vote on it. Mayor wanted everyone to understand the Bonding process. As the process moves forward he will ask the committee to act on this so it can go to the next level and move forward with this project. It's an important project to the City and to the personnel and he appreciates this evening's discussion. It's about transparency and making sure we're getting to where we need to be.

Chair Tollett asked for a motion to adjourn.

**Motion made by Mrs. Siwierka and second by Mr. Schneider to adjourn this evening's Finance Committee Meeting at 7:35 P.M.
MOTION CARRIES**

Respectfully Submitted by,
Colleen Rosado, Secretary/Administrative Assistant