

The FINANCE COMMITTEE held a MEETING on Monday, March 10th, 2025 beginning at 6:46 P.M.

FINANCE PRESENT: Chair Tollett, Cerra, Davis, Schneider

COM DEV PRESENT: Chair Schneider, Mitchell, Oswald, Callahan

OTHERS: Stewart, Armstrong

EXCUSED ABSENSE: Lipian, Siwierka

OTHERS PRESENT: Law Dir Deery, Mayor Brubaker, Safety Svc Dir Pyanowski, Asst Dir Calvert, Finance Dir Pileski, Fin Dir Farrell, Engineer Schneider, Planning Dir Schoenig, Public Works Sup Curtiss, Public Works Sup Conner, Building Official Farkas

1. The matter of approval of meeting minutes from the Finance Committee Meeting on February 10th, 2025 as circulated.

Motion made by Mr. Schneider and seconded by Mrs. Davis to approve said minutes.

MOTION CARRIES

2. The matter of delinquent and final utility accounts approved by the Utility Resolution Board and to be certified to the Lorain County Auditor's Office.

Referred By: Public Works Supt Conner

Supt Conner said this list includes around two dozen accounts and totaling \$10,455.52 which needs to be certified to the LC auditor's office.

Mr. Schneider said it's crazy that we will continue to have these sewer-only charges in the new developments and he thinks something should be addressed with this.

Chair Tollett agrees and he would like to discuss further outside of this meeting, perhaps make a referral to utilities committee for discussion.

Law Dir Deery said regulations are being worked on based upon comments from Council as far as late fees. Her estimation is that most of these new communities will have mortgages and we will receive payments, though maybe not timely. We are not in a position to turn off sewer systems, but our collection rate thru this process is quite high, 85 to 90 percent.

Dir Pyanowski said there are two options; to certify to the LC Auditor to collect them on our behalf or we can shut off the service, but cannot shut off sewer. We are collecting them, though delayed, we are looking at a penalty for late payments. He would be happy to hear any suggestions for alternatives.

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

MOTION CARRIES COMMITTEE REPORT WRITTEN

3. The matter of City property that is unfit for use and to be taken out of service and to be disposed of by the best means possible.

Referred By: Public Works Supervisor Curtiss

Supt Curtiss said this is equipment that is no longer efficient to use. This asphalt recycler was purchased in 2018 for \$78,000. This machine only makes a certain amount of material that won't allow them to get through the whole work day. It only makes 1.5 tons and the hot box holds 4 tons so with that we'll have a longer list and we can't finish without making a batch that won't get them thru the work day. They end up going back to the old system and using two hot boxes with cold patch. They used two hot boxes last week with two crews running and therefore they would get a lot more patched versus if they were using this unit and would maybe only get half done. So, they weren't even using that piece of equipment, because it wasn't efficient.

Dir Pyanowski said this equipment is called a hot patch machine. It warms up the material and is used for pot hole patching instead the crews prefer to use the cold patch with the hot box, which works well. Since they didn't use it and instead of it sitting and not being used, it was decided to sell it and we may be able to recoup a fair amount of what was paid for and put those funds towards equipment that better fits the operations.

Chair Tollett said the cost of non-efficiency is much greater than the equipment.

Mrs. Mitchell said she appreciates everything the street department does and now that pothole season is upon us she appreciates them more.

Mrs. Davis thanked Mr. Curtiss also.

Motion made by Mrs. Davis and second by Mr. Cerra authorizing a resolution declaring the 'said' equipment unfit for municipal use and an ordinance authorizing the 'said' equipment to be disposed of by the best means possible.
MOTION CARRIES COMMITTEE REPORT WRITTEN

4. The matter of Support of State Issue 2 Renewal of the State Capital Improvement Program on the May 6th, 2025 Statewide Primary Ballot.

Referred By: Engineer Schneider

Engineer Schneider said the city rec'd a request from the County Engineer's Office requesting our support of State Issue 2, Ohio Public Works Program. The City has been using that program for the past 38 years, it's a 10-year cycle that is voted on by residents of Ohio. It has benefited Elyria all these years, we've fixed a lot of roads through this program; Furnace St., (Lake to W River), Abbe Rd (E Broad to University), Midway Blvd. (Tilletson to W River), Abbe Rd S (Chestnut to University), Chestnut Ridge (Stillwater to Chestnut Commons), Foster (Lorain to W River), Lake Ave (Rt 113 to Parmely). Currently there are 5 streets on the list; W River (Foster to Rt 57), Murray Ridge from southern corp. line to Adelbert, Gulf Rd (Vista Ct to Hilliard),

East River (E Broad to Lincoln Ct), Leona St (Griswold to Midway Blvd). This program has allowed the City to leverage its dollars and get these larger streets done.

Motion made by Mrs. Davis and second by Mr. Cerra authorizing a resolution of Support of State Issue 2 on the Primary, May 6th Ballot
MOTION CARRIES COMMITTEE REPORT WRITTEN

5. The matter of the 2025 Permanent Appropriations, (2025 Budget).

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

Chair Tollett said he asked the Dept Heads to meet with the Mayor and Safety Svc Director and see where and what could be cut. He thanked everyone for doing that. He thanked Police & Fire for making substantial cuts. He thanked Mr. Farrell and Mr. Pileski for all they've done digging through this, front and back.

Dir Pileski said since they started this discussion two weeks ago, there have been two changes. Police & Fire both lowered their operating requests by \$100,000 each in the general fund, that helps a little. The other change involves an ongoing problem with health care costs. The employee insurance fund, claim costs were 2.1 million and revenues were 1.6 million. The cash balance in that fund was lowered by a half million dollars during the first 2 months of the year. The consultants are considering health care claims will go up 12 percent. They took a look at the fund and it needs more funding. The health insurance fund is an internal service fund, the money comes from all the other funds that serve as payroll to employees. Example, water pumping employees get paid out of the water fund and their health insurance gets paid out of the water fund, which goes into the health insurance fund and claim costs are paid out of one fund, which is the employees health insurance fund. They had to come up with another \$1,025,000 to get through this year and cover anticipated health care costs. Of that amount, the general fund is going to bear \$558,000 of that cost. He said the city is going into this appropriation with about a \$46,000,000 permanent appropriation that the general fund with only revenues of \$36,000,000 and the only reason why we can talk about that is because we carried \$15,000,000 over. But, if we spend that \$15,000,000 down too far we will have a problem next year. We've been through the budget and most of this is current employees, but the health care costs have bumped that appropriation up in the general fund by a half million. This is being discussed internally with the health care committee. The current funding mechanism is, it's funded 85% by the City and 15% by the Employee. That will remain intact but the entire contribution could go up 12%.

Chair Tollett said it appears the numbers for the 1st quarter will be less negative than it was forecasted.

Dir Pileski said the year started down by \$1.3 million in the general fund and we broke even if February and are now down by \$35,000. January had 3 pay days and August will also have 3 paydays.

Chair Tollett said what we've discussed and to move forward with the budget as circulated, for right now, so that the budget can be submitted to the Lorain County Budget Commission. At this point the overhead screen has the slightly revised budget for all to see and will be discussed by Dir Farrell.

Dir Farrell said there were two changes that were discussed; the Health Insurance fund of about one million dollars between all the funds and the reduction to the police and fire of a couple hundred thousand. The total for all funds at this point is \$206,988,000 and that was an increase from \$206,348,000 for all the funds. With the reduction and health insurance increase it's a difference of about \$600,000.

Dir Pileski said to keep in mind with the change to the health insurance fund is enough to correct the problem for this year, but, that being said, there is a good chance we won't carry any money over in the health insurance fund into next year. This will be an ongoing problem. The committee needs to look at the plan itself and make some changes because healthcare costs won't be dropping anytime soon.

Dir Farrell said there was an increase that was implemented at the beginning of the year which was 11%, we're trading water with these additional moneys, at least for this quarter and going forward. We get a billing cycle every week from Medical Mutual and the first 10 bills have increased an average of 17% from last year at this time. He said he doesn't recall there ever being a consistent increase week to week like this. This is something that we will discuss with the health committee later this week. Over the years they've done a great job of building this fund up. Two years ago, there was \$3 million dollars in this fund and now we're hoping we can pay the next bill.

Dir Pileski said he used to panic when the bill for Medical Mutual was \$150,000. This year we've had at least three that have been over \$300,000.

Chair Tollett said we as a council will have to keep a close eye on this through this year.

Dir Pileski said that income tax revenues were up 5% for the first two months of this year as compared to last year. When the Public Works Complex gets underway that will help because we'll collect income tax revenues from those employees working on the job site.

Mr. Stewart asked what are the projections based on the estimate of what's been proposed, the \$22 million dollars, any projections of what that will generate?

Dir Pileski said if you figure half of the cost is labor, that would be \$10 million and our income tax rate is two and a quarter percent, that would be \$225,000.

Mr. Stewart asked who makes up the Health Board?

Dir Pyanowski said he is on that board, along with Law Dir, representative from Finance and each union has a representative, the courts have a representative and they meet every month.

Chair Tollett said there was large labor inflation in 2024 which drives our part of that up.

Mr. Schneider asked if there is an update on the marijuana tax?

Dir Pileski said he heard that they are looking hard at not giving money to the host cities. They are looking at keeping the funds and possibly issuing grants to municipalities for police training and police operations, but he doesn't know if they would award the host cities more than non-host cities. So, we most likely won't see the money at this time.

Chair Tollett said that the Ohio House has a bill being discussed and the Ohio Senate has a bill being discussed and they're not close to any agreement.

Dir Deery said there is still a lot of discussion, bottom line is the General Assembly is looking to dismantle the formula that was in the original state law. In all likelihood it won't be distributed back to the cities, at least not in the way it was initially set up.

Dir Pileski said that obviously he did not include any of those funds in his estimated revenues.

Mr. Stewart mentioned the idea of freezing all non-essential buying equipment for next few months, are going to follow Ms. Siwierka's recommendation of this?

Dir Pyanowski said Ms. Siwierka made a recommendation to freeze non-essential equipment, to freeze non-essential hires and reciprocity and we will be having a conversation about that. He said that some of the capital purchases have already been determined, but, going forward they will freeze non-essential. There are 7 positions that are vacant and will not be filled at this time. Those 7 positions were budgeted for the 2025 budget, but have been removed from it.

Dir Pileski said there was a request for another fire truck at \$900,000 and police vehicles totaling about \$360,000 and he took those out of the budget.

Director Farrell said in regards to the income tax and the information he sent out, the largest increase we have now is in the net profit line. We have employee withholdings and corporate net profits, while it's positive we have an increase, hopefully the withholding will improve and be sustained.

Mr. Stewart said this budget will get us through this year and the big concern is at the end of this year making decisions and this will have to be evaluated as we continue to go through the process, is there a plan midway thru the year to re-evaluate? Based on comments by the finance director, we will need 5 million dollars by next year?

Dir Pileski said he thinks, at the minimum, we have to carry 10 million over because, unless we get some activity at the Mall or downtown or Bendix Building. If we add 10 million to the 36 million, we will still be short next year because we have 27 pays next year. One payroll in the general fund is 1.4 million now. 10 million may not even be enough carryover to get us through next year.

Motion made by Mr. Schneider and second by Mrs. Davis authorizing an ordinance authorizing the Permanent Appropriations for the City of Elyria for the year 2025.

MOTION CARRIES

COMMITTEE REPORT WRITTEN

6. The matter of amendments to the 2025 temporary appropriations.

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

Director Pileski said there are no appropriation changes this evening.

Chair Tollett asked for a motion to adjourn Finance:

Motion made by Mr. Schneider and second by Mr. Cerra to adjourn this evening's Finance meeting at 7:30 P.M.

MOTION CARRIES

Respectfully Submitted by,
Colleen Rosado, Clerk Secretary/Administrative Assistant