



SHAKER HEIGHTS

COUNCIL MINUTES May 29, 2018

The Council of the City of Shaker Heights met in regular session at 7:30 p.m., Mayor David E. Weiss presiding.

Council members present: Ms. Williams, Mr. Williams
Mr. Zimmerman, Mr. Malone
Mrs. Moore, Mr. Roeder, Mrs. Senturia

Council members absent: None

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At 7:31 p.m., the Mayor opened the scheduled public hearing on the Tax Budget.

The Mayor then opened the floor to public comment on the proposed Tax Budget. No member of the audience offered any comment. At 7:35 p.m. the Mayor closed the public hearing on the Tax Budget for the year ending December 31, 2019.

Robert H. Baker, Finance Director, stated that the public hearing for the tax budget was advertised in both the *Sun News* and the *Plain Dealer*. Ohio law requires all taxing districts that receive money from the property tax to present to their respective County each year the tax budget.

No comments were offered. At 7:35 p.m., Council adjourned from the public hearing and returned to the regular session of Council.

Resolution No. 18-51, by Mr. Malone, adopting the 2019 Tax Budget of the City of Shaker Heights, Ohio, for the fiscal year beginning January 1, 2019, and submitting the same to the Cuyahoga County Budget Commission through the Cuyahoga County Fiscal Officer.

Robert H. Baker, Finance Director, stated that there are 10 mills of inside millage which are 4.4 mills of property tax. If a city does not demonstrate a need for their share of the inside millage, the County has the legal authority to give the inside millage to a district who needs it more. Needless to say he is not aware of this happening, although the law says it could happen. The tradition is that the tax budget filed with the County shows a deficit for the coming year to justify us retaining our property tax allocation. The budget that is being presented shows expenditures for 2019 exceeding the revenues by \$2,779,000. Come November when we present the real budget there will not be that kind of deficit or any deficit.

Council member Mr. Malone stated that the Finance Committee reviewed and unanimously approved this item. Everyone recognizes that this is an annual exercise every

They anticipate the fiber optic cable will last them at least 30 years. We have every reason to believe it can last much longer like copper networks that telephone companies have built. There is almost no wear and tear on fiber because it simply sends a light across a strand. It is an issue of break fix. The cable can get damaged by different scenarios. We can change the optics at the end which are under our control so that we can take advantage of putting greater capacity across the fiber. That is what protects our future investment. We can change out the optical equipment that is on each end of the fiber to take advantage of new technology and push more and more data across the same strand of fiber. We get a better rate for the five-year maintenance than for one year. If we could get a 10-year maintenance agreement he would choose that. We recognize that would already be a good deal. They don't want to obligate themselves because they want to take advantage of market pricing over a longer time. If they feel like they can get more from the City in five years, they will ask for more. The lit fiber and build fiber pricing from the School District's proposal demonstrates the fact that it is significantly more expensive to go another route. Even if there were dramatic price increases, it still would not come to this level. A 50% cut in lit fiber services would still make this a better deal. We recognize that and want this agreement to last as long as it can because it is such a great value.

Council member Mrs. Senturia stated her appreciation for Director Miozzi's presentation at the joint committee meeting and answering so many questions. She highlighted the extra steps that he took to collaborate with other institutions and reach out to see what we could share. He heard the mantra from Council about working with the School District and the Library. He made a lot of effort to see what might work in terms of collaboration. In this case there were some very specific funding stream issues that put them in a slightly different category, but she wanted to draw attention to the level of outreach and collaboration.

Director Miozzi stated that the City's agreement was for five years the first time. The School District and Library each had a three-year agreement, so they had to renew prior to our renewal. We brought to their attention that Spectrum was not going to offer the dark private services and began to collaborate with them. The Library decided that they were actually able to get that service as part of the agreement they had with CLEVNET who manages their network today, so they are switching their services over. The School District is entering a new agreement as we are.

It was moved by Mrs. Moore, and seconded by Mrs. Senturia, that the rule requiring ordinances to be read on three different days be suspended and Ordinance No. 18-52 be placed upon its final enactment.

Roll Call:	Ayes:	Ms. Williams, Mr. Williams Mr. Zimmerman, Mr. Malone Mrs. Moore, Mr. Roeder, Mrs. Senturia
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Nays:	None
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Motion Carried

Moved by Mrs. Moore, and seconded by Ms. Senturia, that Ordinance No. 18-52 be enacted as read.

Council member Mr. Malone stated that this item was reviewed and unanimously approved by the Finance Committee. It was noted that this is sufficient for the short term but in the long term we will have more capital needs, equipment needs, and the trees as part of our infrastructure are old and will need replacing in the coming years. The new arborist is conducting an inventory.

Director Speese stated that it is on the department work plan to have the tree inventory complete in 2018, as well as a master street tree plan.

It was moved by Mrs. Moore, and seconded by Mr. Malone, that the rule requiring ordinances to be read on three different days be suspended and Ordinance No. 18-53 be placed upon its final enactment.

Roll Call:	Ayes:	Ms. Williams, Mr. Williams Mr. Zimmerman, Mr. Malone Mrs. Moore, Mr. Roeder, Mrs. Senturia
	Nays:	None

Motion Carried

Moved by Mrs. Moore, and seconded by Mr. Malone, that Ordinance No. 18-53 be enacted as read.

Roll Call:	Ayes:	Ms. Williams, Mr. Williams Mr. Zimmerman, Mr. Malone Mrs. Moore, Mr. Roeder, Mrs. Senturia
	Nays:	None

Ordinance Enacted

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Ordinance No. 18-54, by Mr. Malone, amending Ordinance No. 17-124, an Ordinance making appropriations for the current expenses and other expenditures of the City of Shaker Heights, Ohio for the year ending December 31, 2018, as amended by Ordinance No. 18-36 and No. 18-45, to amend appropriations in Fund No. 101, the General Fund, Fund No. 302, the Urban Renewal Debt Service Fund, Fund No. 103, the Economic Development and Housing Reserve Fund and Fund No. 101, the General Fund and declaring an emergency.

Robert H. Baker, Finance Director, stated that this is a clean-up ordinance necessitated by our practice of having debt that has been issued by the City payable on June 1 and December 1. There is a group of items in the Debt Service Fund used to pay debt service on our debt but it also pays certain other expenses of issuing debt or making reports to the federal government about the debt that we have issued. We have three items which need amendments by June 1. We just issued \$1.8 million of street notes to partially

refund the \$2 million of street notes issued last year. It costs us money to issue those notes. We have been advised by the auditors that doing that through an appropriation in the Debt Service Fund and paying those costs from the Debt Service Fund is a better way than we have been doing it in the past. The estimated cost of the new street notes is \$11,500 which pays for bond counsel, our municipal advisor, the Ohio Municipal Advisory Committee Report on Shaker Heights, Committee on Uniform Securities Identification Procedures (CUSIP) numbers, and a variety of other costs. We issued the notes by competitive bid and received four responses with a low bid fee of 2.07%. He feels the low bid was good. There was a problem in the budget as adopted. We have debt service we pay on our debts. We also transfer money from the General Fund into the Debt Service Fund to pay debt service. As long as we are not issuing notes, what we transfer in is what we need. Once we issue notes, part of the money we need for debt service is raised by selling the new notes. In our case, we had \$2 million of notes outstanding that come due on Friday and we just issued \$1.8 million of notes for which the money will be used to repay the \$2 million. Our budget contained the appropriation for the \$200,000 that was not paid by the new note but it did not include an appropriation for the \$1.8 million that we get from selling the new notes. Finally, the budget assumed the original estimate would be the interest amount on the old notes. The actual amount we have to pay is \$5,000 more than what is in the budget that was adopted in December. We could have held this item until November and handled with the clean-up ordinance, but he feels it is a better practice to take care of it now.

Director Baker stated that the next item was dropped from the final budget ordinance in December. We pay fees for various things. The County charges us a 1% fee to process Tax Increment Financing payments that are used for debt service. In the last revision of the December budget \$9,000 was dropped, but we are going to get charged \$9,000 this year.

Director Baker stated that neither of the above situations require a transfer of money from the General Fund to Debt Service Funds. They can all be paid for out of the existing monies in the Debt Service Fund.

Director Baker stated that the Finance Department was not certain how to account for the University Hospital water retention bonds that we sold to ourselves last year in order to transfer money from the General Fund to the Economic Development and Housing Reserve Fund. The impact of the notes was the transfer of \$750,000 from the General Fund to the Economic Development and Housing Reserve Fund. The accountants have advised us that the bonds that we issued and we are the holders of do have an interest component to them. What we need to do to pay that interest is to appropriate the interest payment on those bonds of \$28,834 which will be paid back to the General Fund for the interest on the bonds that provided the Economic Development and Housing Reserve Fund with \$750,000. This is what the auditors suggested.

Director Baker stated that the Contractual and Compensatory Statutory Expenses (CCSE) Fund are for those expenses that are either contractual, compensatory, or do not fit in any other category. Last year we eliminated the Department of Health on December 31. Under our payout policies every employee entitled to a payout of vacation, sick leave or severance pay do not get that check until the payroll after their separation. The budget contained an estimated payout amount in the 2018 budget, but it was \$10,000 too low. This item requests a transfer of \$10,000 from CCSE "Other" to "Personal Service."

Council member Mr. Malone stated that this item was reviewed and approved by the Finance Committee with no objections. There was a thorough explanation, and a few questions about the lack of authority to transfer funds between “Other” and “Personal Services.” Committee members understood the need to correct the debt service appropriation.

It was moved by Mr. Malone, and seconded by Mrs. Moore, that the rule requiring ordinances to be read on three different days be suspended and Ordinance No. 18-54 be placed upon its final enactment.

Roll Call:	Ayes:	Ms. Williams, Mr. Williams Mr. Zimmerman, Mr. Malone Mrs. Moore, Mr. Roeder, Mrs. Senturia
	Nays:	None

Motion Carried

Moved by Mr. Malone, and seconded by Mrs. Moore, that Ordinance No. 18-54 be enacted as read.

Roll Call:	Ayes:	Ms. Williams, Mr. Williams Mr. Zimmerman, Mr. Malone Mrs. Moore, Mr. Roeder, Mrs. Senturia
	Nays:	None

Ordinance Enacted

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Ordinance No. 18-55, by Mr. Malone, authorizing the execution of Then and Now Certificates by the Director of Finance and the payment of amounts due for various purchase orders, and declaring an emergency.

Robert H. Baker, Finance Director, stated that the invoice from the Fire Department to itself for costs for the Heights Hillcrest Rescue Team (HHRT) was one day before the purchase order was entered to pay those costs, which caused a Then and Now Certificate.

It was moved by Mr. Malone, and seconded by Ms. Williams, that the rule requiring ordinances to be read on three different days be suspended and Ordinance No. 18-55 be placed upon its final enactment.

