

FINANCE COMMITTEE MINUTES

OF NOVEMBER 19, 2018

Municipal Council of the City of Vermilion
Municipal Complex, 685 Decatur Street, Vermilion, Ohio 44089

In Attendance: **Vermilion City Council:**
Monica Stark, Council at Large; Frank Loucka, Ward Two; Steve Holovacs, Ward Three; Barb Brady, Ward Four. Absent: Steve Herron, President of Council; John Gabriel, Ward One; Brian Holmes, Ward Five

Administration:
Jim Forthofer, Mayor; Chris Howard, City Engineer; Amy Hendricks, Finance Director; Tony Valerius, Service Director

Call to Order: Frank Loucka, Vice Chair, RESOLVED THAT this Finance Committee comprised of the committee of the whole does now come to order.

TOPIC ONE: General Finance Update

Amy Hendricks reported that the temporary appropriations for 2019 were on the agenda for a first reading on November 5 and at this time offered council the opportunity to address specific questions. She said she will leave the temporary appropriations in place as they currently are as she was fortunate to have had the early resolution of the city's collective bargaining process. She will continue to adjust all funds on what the actuals will be moving into 2019, rather than spending time amending the temporary appropriations.

She conveyed there are other items that could enhance revenue and one is the Airbnb process as there is an ability to have a local tax up to three percent that could be collected for the municipality. This would be brought in from people who are visiting the community. Another item for potential revenue the city could explore is through car registrations. Starting in 2019, the Department of Taxation amended the limitations on what a locality can put on as a permissive use tax; a tax you pay that goes to the local source when you renew your car registration. Currently, Vermilion has a \$20 permissive use tax on car registrations which has been the limit for quite some time. The limit was raised in 2019 where municipalities can incorporate an additional \$5, but those resolutions had to be submitted by July 1, 2018, so this is something they can plan in 2019 to incorporate in 2020. This could be an additional \$60,000 a year that could be committed towards improvements for roads and council can discuss this issue in 2019. M. Stark asked if surrounding communities increased this tax for 2019 and A. Hendricks said she didn't find any that were published yet.

B. Brady asked if Erie County was collecting three percent on the Airbnb. A. Hendricks said Erie County is collecting and they are handling the registration process, but there is also the ability for the local entity to add an additional portion that comes back to them. B. Brady asked about the Lorain County side and A. Hendricks said they do not have a tax of this type and there is nothing in discussion stage. She didn't feel the local tourism in Lorain County is as high at this point, so it might not be a hot topic for them. She asked the Erie County Auditor's office if they had the ability to make those collections and registrations for the City of Vermilion as a whole (including Erie and Lorain Counties), but they didn't have an immediate answer and they would need to speak with their software developers if the City wanted this pursued. This may require additional leg work and enforcement by the city. B. Brady asked if this would affect short term rentals and Bed and Breakfast establishments. A. Hendricks said it would be a Bed and Breakfast and currently the city has a hotel/motel tax and she believes this is anything above five

rooms that is currently collecting a tax, which doesn't bring in a lot each year; just a few thousand dollars. This would be anything between one and five rooms that are rented, and it would be short term or seasonal types of rentals that would be impacted. It would not be a tax on the person who owns and operates the units; it would be paid like a sales tax for hotels/motels. Mayor Forthofer said in previous discussions it was determined that the registration process is the challenge as Airbnb's are not always easy to find, which becomes the weak link. However, this is a worthy thing to pursue.

TOPIC TWO: Highbridge Road Bridge Change Orders

City Engineer Howard said they spoke with K.E. McCartney to discuss what additional costs the city could incur, but right now it looks as though the change order will be zero. There were some items that were underperformed on the contract that accounted for some of the additional work that was performed. They are still waiting on a bill from the railroad.

TOPIC THREE: Purchase of Loader for Utilities Department

T. Valerius said the Utilities Department is in dire need of a loader as the salt has taken a toll on the current loader. Recently, they had Caterpillar perform repairs on the loader as it wouldn't shut off. The electric panel and steps have pretty much rusted away due to the salt at a point where it's dangerous. He received quotes from three different dealers (CAT, John Deere, and Case) and the lowest price was submitted by CAT for \$215,506.00 and with the state bid of 31% off it would bring the price down to \$148,699.00. Caterpillar is willing to buy the city's loader for \$15,000, which would bring the price down to \$133,699.00 for a brand-new loader. The current loader is about 20 years old and it has served its purpose. He asked council to consider preparing legislation approving this purchase.

S. Holovacs asked the finance director how the city would pay for this loader. He had no problem approving the purchase if they can pay for it. A. Hendricks said they would look at sample financing options that the CAT dealership has offered. They also had some nice modest increases due to changes in the forgiveness tax on the money coming into the road levy. She is confident they can spread the payments out through a possible 3-5-year lease with reasonable interest terms.

B. Brady asked if the city looked at purchasing a used loader and T. Valerius said they did not. S. Holovacs thought it would be beneficial to purchase a new loader because you would get a warranty and you wouldn't inherit problems from a used loader.

S. Holovacs MOVED; F. Loucka seconded to have legislation prepared to proceed with the purchase of a new Caterpillar Loader for the Utilities Department. Roll Call Vote 4 YEAS. **MOTION CARRIED.**

TOPIC FOUR: Credit Card Policy

Finance Director Amy Hendricks reported that a new law went into effect on November 1, 2018 requiring all local governments to have an approved Credit Card Use Policy in place by February 2019. Therefore, she has been working on creating a policy for city departments. She said the Police and Fire Departments are doing a great job with this process, but there are other areas that need improvement. She has implemented procedures effective immediately to begin to get a head start. She said once an employee gets a card they will be required to sign-off on a statement stating the procedures. If there are undocumented expenses, then employees can be

held personally responsible for those charges and there can be significant disciplines enforced as well. She submitted a message last week to the city staff that they would be required to submit receipts for all charges which will be matched up with the monthly bills to ensure all charges are appropriate. She explained that the state is asking that cards should be held by a general custodian and checked out for use and brought back. In many cases this is sufficient, but for the fact that these are fuel cards and used in the case of 24/7 departments and vehicles, this is just not practical. This may mean they will need to look for a source of a fleet card that is used strictly for fuel if the Auditor's won't accept and approve the city's policy. B. Brady asked if Speedway or some other gas station could run a tab where the employee just signs for gas and a bill is provided to the finance department monthly. A. Hendricks said they used this system in the past and for some reason or another there were some downsides to this process, so they got away from this.

After no further discussion came before the committee, Vice Chair Loucka adjourned the meeting.

Next Meeting: December 10, 2018 @ 6:00pm

Gwen Fisher Certified Municipal Clerk