



Finance and Administration Committee Minutes
Monday, April 15, 2019
7:30 A.M.
Conference Room B

- Members present: Council member Sean Malone, Chair
Council member Nancy Moore
Citizen member Martin Kolb
Citizen member Anthony Moore
Citizen member Tom Cicarella
Citizen member Linda Lalley
- Others present: Mayor David E. Weiss
Chief Administrative Officer Jeri Chaikin
Robert H. Baker, Director of Finance
Cheryl Arslanian, Assistant Finance Director
William Hanson, Commissioner of Housing
Patrick Sweeney, Fire Chief
Monica Hayes, Senior Human Resources Analyst
Daniel Feinstein, Senior Planner
Frank Goforth, League of Women Voters

The meeting was called to order by Chair Sean Malone at 7:30 A.M.

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APPROVAL OF THE MARCH 18, 2019 MEETING MINUTES

Chair Malone stated that the minutes of the March 18, 2019 meeting were approved as recorded.

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AUTHORIZING AN APPROPRIATION IN THE AMOUNT OF \$2,456.89 FROM THE 2018 MEDICAL MUTUAL WELLNESS REIMBURSEMENT TO THE HUMAN RESOURCES DEPARTMENT OPERATING BUDGET.

Monica Hayes, Senior Human Resources Analyst, stated that Medical Mutual of Ohio (MMO) administers the City's self-insured healthcare plans, including processing medical, dental, and prescription claims. MMO also assists the City with wellness initiatives. In 2018, MMO agreed to provide the City up to \$5,000 in reimbursement for various wellness items and events. The City has submitted documentation totaling \$2,456.89 for flu shots and a line dancing Lunch & Learn event.

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MMO has sent two reimbursement checks, one for \$2,425 and the other for \$121.89, which have been deposited in the General Fund. It is requested that the Finance and Administration Committee authorize the appropriation of the \$2,425 reimbursement into the Human Resources Department Wellness account for 2019 to be used for various Wellness activities and the appropriation of the \$121.89 reimbursement into the Human Resources Department Training account for 2019 to be used towards upcoming Lunch & Learn events.

The Finance and Administration Committee recommended authorizing an appropriation in the amount of \$2,456.89 from the 2018 Medical Mutual Wellness reimbursement to the Human Resources Department Operating Budget.

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AUTHORIZING THE APPLICATION FOR AND ACCEPTANCE OF A GRANT FROM THE OHIO DEPARTMENT OF NATURAL RESOURCES (ODNR) NATUREWORKS PROGRAM FOR THE FERNWAY PLAYGROUND IMPROVEMENTS.

Daniel Feinstein, Senior Planner stated this is a request to authorize a grant application to, and to accept a grant from, the Ohio Department of Natural Resources (ODNR) NatureWorks program for Fernway playground improvements. The Planning Department will submit a grant application for \$100,000. The required 25% local match will be provided by the Shaker Heights School District.

NatureWorks projects are funded through the Ohio Parks and Natural Resources Bond Issue, which was approved by Ohio voters in November 1993. The NatureWorks grant program provides up to 75% reimbursement assistance for local government subdivisions for the acquisition, development, and rehabilitation of recreational areas. Approximately \$4.4M in grant funding is available through the program statewide, \$281,236 is available for projects in Cuyahoga County. The maximum grant request is \$150,000.

The City received a \$60,000 NatureWorks grant in 2013 for the Lake-to-Lakes Trail project.

The 2019 grant application will request funding to construct a community park adjacent to Fernway Elementary School. The City is collaborating with the School District to assist with the rebuilding of the school campus after the devastating July 2018 roof fire.

The Fernway Community Park will be an outdoor community space for Shaker residents of all ages and physical abilities. It will be a public park providing playground equipment, fitness resources and recreational/educational green space. The School District will organize a public meeting in late April to gather community input for the design process.

The City Planning Commission reviewed and approved this request at their April 2 meeting. Public comment was accepted at the meeting and was supportive. Grant applications and supporting legislation are due to the Ohio Department of Natural Resources on June 1. Grant recipients will be notified of awards in the Fall 2019.

In response to Chair Malone regarding the parcel size, Mr. Feinstein stated it is parcel A which consist of green space and parking lot and is 160 feet wide in the back of the property.

The Finance and Administration Committee recommended authorizing the application for and acceptance of a grant from the Ohio Department of Natural Resources (ODNR) Natureworks Program for the Fernway Playground Improvements.

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APPROVING AND AUTHORIZING THE ACQUISITION OF A PORTION OF THE FERNWAY SCHOOL PROPERTY, CUYAHOGA COUNTY AUDITOR'S PERMANENT PARCEL NO. 736-09-106, FOR THE FERNWAY COMMUNITY PARK.

Mr. Feinstein stated this is a request to authorize purchase of land for \$1.00 from the Shaker Heights School District to facilitate a grant application supporting creation of the Fernway Community Park. A portion of the Fernway School property, Permanent Parcel No. 736-09-106, will be transferred to the City of Shaker Heights.

The City will submit a \$100,000 grant application to the Ohio Department of Natural Resources (ODNR) NatureWorks program for the Fernway Community Park adjacent to Fernway Elementary School. The City is collaborating with the School District to assist with the rebuilding of the school campus after the devastating July 2018 roof fire. In order to apply for the ODNR grant, the City must be the owner of the property on which the grant funds will be spent.

The transfer agreement details that if a grant is awarded, the City will lease the property back to the School District to operate, maintain and repair the park grounds and facilities. If a grant is not awarded, the City will transfer the property back to the School District.

The City Planning Commission reviewed and approved the preliminary plat, preliminary site plan and subdivision of land at their April 2 meeting. Public comment was accepted at the meeting and was supportive.

Grant applications and supporting legislation are due to the Ohio Department of Natural Resources on June 1.

In response to Mayor Weiss regarding insurance on the property, Mr. Feinstein stated that would be handled in the purchase agreement.

Citizen Cicarello questioned if the property would be sold back to the School District if it was decided a park was no longer needed.

Mr. Feinstein stated that was correct and the purchasing agreement would address all issues.

The Finance and Administration Committee recommended approving and authorizing the acquisition of a portion of the Fernway School Property, Cuyahoga County Auditor's Permanent Parcel No. 736-09-106, for the Fernway Community Park.

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ACCEPTING A PROPOSAL AND AUTHORIZING A CONTRACT FOR THE WARRENSVILLE CENTER ROAD STREETScape IMPROVEMENTS PROJECT FOR CONSTRUCTION ADMINISTRATION/INSPECTION SERVICES.

Mr. Feinstein stated that this is a request to enter into a professional services contract for construction inspection and administration of the Warrensville Center Road Streetscape Improvements project.

Primary streetscape construction activities include concrete sidewalks, curbs, asphalt pavement, ADA ramp installation, pedestrian lighting, landscaping and signage along the east side of Warrensville between Scottsdale and Farnsleigh, and along the north side of Farnsleigh between Warrensville and Thornton Park.

The professional services include construction inspection and administration for streetscape improvements in the Van Aken District. This consultant is required by the Ohio Department of Transportation (ODOT) when Federal funding is involved in a project, and will act as the City's onsite construction manager and inspector for the duration of the project.

The Request for Qualifications was posted on the ODOT website for three weeks per ODOT consultant contract administration requirements beginning March 11, 2019. Six letters of interest were submitted by the April 1 deadline. A selection committee (Ann Klavora, Christian Maier, and Kyle Krewson) reviewed the letters of interest and ranked them according to ODOT criteria.

The ODOT review criteria are: (1) project manager; (2) strength/experience of assigned staff including sub-consultants; (3) consultant's past performance; (4) firm's current workload/availability of personnel; and (5) project approach. All consultants must be pre-qualified by ODOT to perform construction inspection and administration.

ODOT requires the City to select a consultant based on qualifications and then request a cost proposal.

Interviews with the top two qualified consultants are occurred for April 10 and 11. GPI is currently providing the same services for the federally-funded Farnsleigh streetscape project. Based on submitted qualifications, references and interview, the City will request a price proposal from the top candidate. The estimated/budgeted cost is \$234,000.

We do not yet have a final cost proposal, but it is important to continue forward with the recommendation process in order to meet the required ODOT process and begin construction in a timely fashion this spring. A final recommendation and contract amount will be available for the City Council meeting on April 22. The Safety & Public Works Committee supported the recommendation approach and direction at their April 5 meeting.

The contract will be funded with Shaker Heights capital funds for Van Aken District construction, which were appropriated via Ordinance 08-87 and 08-127. Federal grant funds will also be used if available after construction is complete. Based on currently available information, no new funding or appropriation is required.

Bids for construction of the improvements were opened April 1, and that contract will be awarded via the regular competitive bid process. The apparent low bidder is Perk Company, with a base bid of \$1,746,035.37. Construction is expected to begin in June.

In response to Chair Malone regarding the vendor being selected, Chief Administrative Officer Chaikin stated that no vendor has been selected and this discussion is only to inform the Finance and Administration Committee the process and the steps involved to making a recommendation on the vendor that will be awarded the contract. The recommendation will be presented to City Council on Monday, April 22nd.

In response to Citizen member Lalley regarding the presentation, Mr. Feinstein stated that only the process needs to be approved by the Finance and Administration Committee.

In response to Chair Malone regarding the cost of the total project, Mr. Feinstein stated that the total price of the streetscaping is \$2.4M.

Chair Malone requested that Mr. Feinstein give a brief summary of the design for this project.

Mr. Feinstein stated that it is Warrensville Center Road on the east side and Farnsleigh streetscape which is the north side around the Van Aken District. It includes a ten foot wide walk and bike path with other amenities along that strip which connects to Shaker Rocks. This project is from Shaker Rocks at Farnsleigh all the way south to the southern border. This will connect the University Heights facility down south on Warrensville with the Van Aken District.

Council member Moore stated that the transformation of the streetscape is a really innovative way of joining separate areas of the City through design and through green design. Upon completion of the area, it will be amazing.

The Finance and Administration Committee recommended accepting a proposal and authorizing a contract for the Warrensville Center Road Streetscape Improvements Project for Construction Administration/Inspection Services.

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AUTHORIZING THE DONATION OF A 2004 FIRE RESCUE SQUAD TO UNIVERSITY HOSPITALS.

Patrick Sweeney, Fire Chief, stated that in May of 2018, the Fire Department decommissioned a 2004 Horton Rescue Squad that served the department's needs for 14 years and was replaced by a 2018 Horton Rescue Squad. In an effort to remove this rescue squad from the department's inventory, the department would like to donate this vehicle to University Hospitals EMS Training and Disaster Preparedness Institute.

University Hospitals has provided the Shaker Heights Fire Department with more than 25 years of *Medical Control* direction and instruction which has served to make us one of the most professional and well-regarded EMS service provider organizations in Northeast Ohio. Providing our paramedics with ongoing training which helps us meet industry standards and continuing education requirements, developing and implementing comprehensive operational protocols to ensure our responders are

following all recommended intervention guidelines, and supplying our department with an extensive array of cutting edge medical equipment throughout these many years, are some examples of the invaluable support that we receive from the University Hospitals system.

It is with this supportive and collaborative history between our organizations in mind that I submit this request to provide a small reciprocation of the benefit we are provided from University Hospitals by donating our 2004 Horton Rescue Squad Ambulance to their recently established EMS Training and Disaster Preparedness Institute, which provides medical command, oversight, and education to approximately 150 prehospital agencies and fire departments in northeast Ohio. This division is dedicated to all facets of emergency services and provide unparalleled training and emergency care to all their associate agencies and medical care providers.

The Institute is currently in need of a rescue squad to utilize in their community training venues and medical care events which are coordinated throughout the area all year long. Bringing on-site, hands-on training to area fire departments and EMS service agencies, providing first aid and supportive health assessments at a wide range of events such as race venues, concerts, and a variety of other community gatherings, and working to bring basic medical support interventions to the underserved people in the Greater Cleveland area, are just some of the important functions that this rescue squad would help to facilitate.

To this end, University Hospitals initiated an inquiry to our fire department regarding the possible donation of our recently decommissioned 2004 Horton Rescue Squad. This apparatus has served us faithfully for more than 14 years and was just recently retired in 2018. The unit was last appraised two years ago at which time its value was estimated at approximately \$10,000. It is assumed that, with its current age and additional mileage, the squad might sell at trade-in for \$8,000 – \$10,000.

It is my opinion that the goodwill generated from the donation of this vehicle to University Hospitals Emergency Medical Services Training and Disaster Preparedness Institute would be a small but significant gesture of our appreciation for the ongoing service and support that University Hospitals graciously provides to our department on a continual basis. I am hoping that you agree that this is a worthy request to which you might respond to favorably.

This item was presented to the Safety and Public Works Committee on April 5th and received a favorable recommendation by all in attendance. Approval of this request would allow the city to transfer title of this vehicle to University Hospitals as quickly as possible.

Council member Moore stated that a question came up at the Safety and Public Works Committee meeting regarding possible tax benefits for the donation.

Finance Director Baker stated that there would be no tax benefits to the City.

Citizen member Lalley complimented Chief Sweeney for the on-going relationship the City has with University Hospital.

The Finance and Administration Committee recommended authorizing the donations of a 2004 Fire Rescue Squad to University Hospital.

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AUTHORIZING THE DONATION OF A 1991 FIRE LADDER TRUCK TO THE WESTERN RESERVE FIRE MUSEUM AND EDUCATION CENTER.

Chief Sweeney stated that in November of 2017 the Fire Department decommissioned a 1991 Fire Department Ladder Truck which has served the community for 26 years and was replaced by a 2017 Pierce Ladder Truck. In an effort to remove this truck from the department's inventory, the City of Shaker Heights contracted with Brindlee Mountain Fire Apparatus to serve as a broker to market and attempt to sell this vehicle on the open market.

In March of 2018, the Fire Department was contacted by the Western Reserve Fire Museum and Education Center about the possibility of Shaker Heights loaning this vehicle to their organization. They wanted to use the truck to assist in visually marketing the museum to the public, especially during Cleveland Indians home games, as they are located directly across the street from Progressive Field.

The Western Reserve Fire Museum and Education Center has been instrumental in preserving the rich history and contributions that the fire service has provided to Northeast Ohio. They are also actively engaged with their education center in providing fire safety education to school children and visitors to the center.

On March 26, 2018, City Council approved an agreement that allowed the Fire Department to loan the 1991 Fire Ladder Truck to the Museum for the purpose of promoting their organization.

The agreement between the City of Shaker Heights and the Western Reserve Fire Museum and Education Center was executed on April 3, 2018 and included language that required the museum to assume all costs and liabilities associated with this vehicle. Additionally, it was communicated through this agreement that the city will continue to attempt to sell the truck, and the Museum will return the truck if a buyer is identified.

Over the last 12 months, this truck has been on loan with the Museum and has been used to promote the organization. During this same period of time, the City continued to utilize Brindlee Mountain Fire Apparatus as a broker for the potential sale of this vehicle. Unfortunately, the department has received no interest for the purchase of this truck and it is believed that this is most probably due to both its age and the wear and tear it has undertaken over its many years of service in Northeast Ohio.

Recently, the Board Members of the Western Reserve Fire Museum and Education Center have expressed to me how much they have appreciated the use of this vehicle and how it has helped them promote the museum to visitors of Cleveland. They also inquired as to the possibility of the City of Shaker Heights permanently donating this vehicle to their organization.

With the appropriate approvals, the Fire Department would like to support this request for several reasons which include the inability to find a purchaser for this vehicle, and importantly, the good work that will result from this donation relative to promoting fire safety education for the area's school aged children. While the Museum has assumed all costs and liabilities associated with the vehicle up to this time, a donation and transfer of title to the museum would completely remove the city from any liabilities associated with this truck.

This item was presented to the Safety and Public Works Committee on April 5th and received a favorable recommendation by all in attendance. There was some discussion relative to the legality of leaving the Shaker Heights Fire Department lettering on the truck. Chief Sweeney advised that a legal opinion will be obtained from the Law Department. The Fire Department is requesting that the Finance Committee recommend that The City of Shaker Heights donate the 1991 Fire Ladder Truck to the Western Reserve Fire Museum and Education Center for the purpose of promoting their organization and fire safety education to the broader community in Northeast Ohio. Approval of this request would allow the city to transfer title of this truck to the museum as quickly as possible.

In response to Citizen member Lalley regarding the sale of the truck, Chief Sweeney stated that if the truck did not sell, it would be taken to the scrap yard for demolition.

The Finance and Administration Committee recommended authoring the donation of a 1991 Fire Ladder Truck to the Western Reserve Fire Museum and Education Center.

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AUTHORIZING THE ISSUANCE AND SALE OF \$1,600,000 OF NOTES, IN ANTICIPATION OF THE ISSUANCE OF BONDS, FOR THE PURPOSE OF PAYING COSTS OF IMPROVING STREETS BY RECONSTRUCTING, GRADING, DRAINING, PAVING, RESURFACING AND MARKING OTHER IMPROVEMENTS.

Robert Baker, Director of Finance, stated that in 2017, the City issued \$2.0 million of Street Improvement Notes, Series 2017, to fund the 2017 street improvements that were a part of the 2017 capital plan. The 2017 Notes matured on June 1, 2018. The 2018 Notes were refunded by the issuance of \$1.8 million of Street Improvement Notes, Series 2018, which will mature on May 30, 2019. The Finance Department recommends that the City issue \$1.6 million of its Street Improvement Notes in 2019 to refund the 2018 Notes. The 2019 budget included \$200,000 to pay the principal of the 2018 Notes that will not be refunded by the 2019 Notes. The 2019 Notes will be issued with a one-year maturity and will be sold using a competitive bid process.

The 2019 Street Notes are consistent with past City practices of financing street improvements. The Notes are rolled over each year, and at maturity of the notes each year, 10% of the original principal amount will be retired so that entire issue will be retired in ten years. The interest rate that will apply each year will be a one-year interest rate determined at the time of the roll over. Since streets are not a long-lived asset, notes are a more appropriate financing than longer-term bonds. The entire note issue can be repaid on any maturity date as done in 2016 for the 2010 Street Notes.

The source of repayment for the Notes is technically revenue derived from the collection of ad valorem property taxes levied within the ten mill limitation, but really it is the City General Fund. The actual bids for the 2019 Notes will be received on May 15. Bids are expected to come in around 1.85% to 1.90% (annual rate). There will be no call provision for early redemption on the notes. Squire, Patton, Boggs will serve as bond counsel for the note issuance. Although Council approval is not required for personal services under \$25,000 the note issuance ordinance includes the retention of bond counsel (Section 13) as a standard provision.

A discussion followed on the issuance of notes and bonds being necessary to fund capital improvements. The discussion continued to the issuance of notes each year being required for the

repair of City streets. City Council is requested to adopt the ordinance authorizing the issuance and sale of the Street Improvement Notes, Series 2019 in the principal amount of \$1,600,000. Consistent with City practice, it is also recommended that the 2019 notes be competitively sold through a publically advertised solicitation bidding process. I respectfully request that this item be adopted on first reading under a suspension of rules and as an emergency to permit the notes to be offered and sold to provide timely funds for the retirement of the Street Improvement Notes, Series 2018.

In response to Citizen member Lalley, Director Baker stated that \$2M has been budgeted in the General Fund for 2019 Street Program.

Chair Malone stated that his understanding is that the City does expect to receive additional funds from the State of Ohio gas tax and the possible effect that it will have on paying for streets.

Director Baker stated that both Council and the Finance Committee will have a direct impact on the use of the extra funds from the gas tax. The estimate that the City received for the gas tax funds was \$400,000 and that is not enough to reduce the need for \$2M capital spending for streets.

Citizen member Cicarella asked if there is a market for two-year notes and what would be the relationship with the interest rate and cost associated with one-year notes versus two-year notes in regards to savings.

Director Baker stated to his knowledge two-year notes presently do not exist, but believes the capital market could adjust to just about anything. As far as cost savings, there is just no way to determine that and the further out the yield curve goes the more expensive it becomes. The City had determined in the past, the benefit of getting the lowest interest rate was a one-year maturity and this is to the City's advantage since the issuance cost is very low.

In response to Council member Moore, Director Baker stated that the City's bond rating does assist in obtaining the lowest rate.

The Finance and Administration Committee recommended authorizing the issuance and sale of \$1,600,000 of Notes, in anticipation of the issuance of bonds, for the purpose of paying costs of improving streets by reconstructing, grading, draining, paving, resurfacing and marking other improvements.

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AMENDING 2019 APPROPRIATION ORDINANCE.

Director Baker stated as the City implements its yearly budget, certain items may require changes or corrections in order to provide adequate appropriations for all expected expenditures. Finance is requesting to increase Debt Service Fund No. 301 in the amount of \$220,941 in order to use the funds from the 2019 Notes to retire the 2018 Notes; transfer \$50,000 General Fund No. 101 from Personal Service to Other Expenditures; add an additional appropriation of \$75,000 to the Housing Nuisance Abatement Fund No. 223 pending the 2019 award by the County for demolitions and the transfer of \$26,657 of demolition reimbursements were deposited into Fund No. 103, the Economic Development and Housing Fund, rather than Fund No. 223.

William Hanson, stated that since 2012 the City has received three separate awards from the Cuyahoga County Demolition Fund to assist in the funding of residential homes and commercial properties demolition. Presently there are five homes that need to be demolished and funds are being appropriated to fund these demolitions.

Council member Moore stated that when Cuyahoga County first decided to issue bonds for nuisance abatement it was in the aftermath of the housing mortgage foreclosure crisis and there was a huge need everywhere to get rid of dead housing. The first three awards the City received, funded all our demolitions. She had attended a meeting of the First Suburb Consortium where they had announced that they believed the Cities are in a different phase of our housing recovery and it was time to issue more bonds for rehabs on the homes and fewer on demolitions.

Mr. Hanson stated this will be the last of the awards for demolitions and there will be more awards for renovation.

In response to Chair Malone regarding demolitions in the next five to ten years, Mr. Hanson stated that the volume of demolishing homes will decrease enough to make it manageable under the final award to be able to fund if needed.

Citizen member Cicarella stated he wanted to comment about the cost of rehabbing and the value of the houses. He had served on the board of Habitat for Humanity and they would rehab houses using volunteer labor, allowing the overall value of the house to increase and the cost to decrease. He suggested this could be a possible solution to eliminating the demolition of houses and added value back into the home.

CAO Chaikin stated that when a home is sold to a rehabber, the City does require significant upgrades to the home guided by the guidelines of the Shaker Renovation Program that has a list of preapproved renovators that the City uses.

Mr. Hanson stated that Habitat for Humanity had given a presentation to the City of their program and the issue for the City is these properties are privately owned properties and not City-owned properties and locating the actual owner at times was an issue.

In response to Citizen member Moore, Mr. Hanson stated that the County demolition funds can only be used for demolitions and the funds are to be used within 18 months of the awarded date.

In response to Citizen member Kolb, Mr. Hanson stated that in the future, if a house needs to be demolished and there are no funds available, the only option left is for the City to demolished the house.

The Finance and Administration Committee recommended authoring amending the 2019 Appropriation Ordinance.

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AUTHORIZING THE EXECUTION OF CERTIFICATES BY THE DIRECTOR OF FINANCE AND THE PAYMENT OF AMOUNTS DUE UPON CERTAIN CONTRACTS

FOR WHICH THE FINANCE DIRECTOR HAS ISSUED THEN AND NOW CERTIFICATES IN CONNECTION WITH CERTAIN EXPENDITURES.

Robert Baker, Finance Director, stated that there are eleven transaction this month that exceeded the \$3,000 cost, which was invoiced prior to the funds being encumbered.

The Finance and Administration Committee recommended authorizing the execution of certificates by the Director of Finance and the payment of amounts due upon certain contracts for which the Finance Director has issued Then and Now certificates in connection with certain expenditures.

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There being no further business, the meeting was adjourned at 8:43 a.m. The next meeting will be May 20, 2019.

Robert H. Baker
Finance and Administration Committee