



SHAKER HEIGHTS

Finance Committee

Monday, April 17, 2023, 8:00 A.M.

Virtual meeting pursuant to Chapters 113 and 115 of the Codified Ordinances
(as amended in Ordinance 22-28), and Resolution 22-29, enacted on March 22, 2022.

Members present: Council Member, Nancy Moore, Acting Chair
Council Member, Earl Williams
Citizen Member, Ketan Patel
Citizen Member, Anthony Moore
Citizen Member, Martin Kolb

Others present: Chief Administrative Officer, Jeri E. Chaikin
Director of Finance, John Potts
Director of Public Works, Patricia Speese
Director of Planning, Joyce Braverman
Chief of Police, Wayne Hudson
Frank GoForth, League of Women Voters

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REQUEST TO AUTHORIZE A GRANT APPLICATION TO, AND TO ACCEPT A GRANT FROM, THE NORTHEAST OHIO AREAWIDE COORDINATING AGENCY (NOACA) CONGESTION MITIGATION AND AIR QUALITY IMPROVEMENT PROGRAM (CMAQ) FOR THE LEE ROAD BIKEWAY IN THE AMOUNT OF \$1 MILLION DOLLARS WITH \$263,823 LOCAL MATCH.

Planning Director Joyce Braverman requested to authorize a grant application to, and to accept a grant from, the Northeast Ohio Areawide Coordinating Agency (NOACA) Congestion Mitigation and Air Quality Improvement Program (CMAQ) for the Lee Road Bikeway in the amount of \$1 million dollars with a \$265,823 local match.

The Lee Road Action Plan, adopted in March, is a community-driven, visionary, targeted reinvestment plan for the Lee Road commercial corridor which provides the long-term vision for Lee Road and addresses transportation, urban design, land use, and economic development. A key foundation of the plan is a road diet that includes a two-lane, sidewalk-level bikeway on the west side of Lee, beginning near City Hall and extending to the southern City border noted on the diagram in the memorandum. The proposed bikeway will provide a safe mode of bicycle transportation where none currently exists, encouraging more trips on foot or on bike, reducing vehicular congestion and pollution. It will also improve pedestrian and bicyclist safety and improve the aesthetics of the Lee Road commercial district south of City Hall.

This CMAQ application will be submitted to align with secured funding for the project’s FY 2027-2028 timeline. The Planning Department will submit a CMAQ grant application for \$1 million. If granted, a 21% local match is required, resulting in an additional commitment of \$265,823 from the City’s General Capital Fund. At its April 6, 2023, meeting, the Safety & Public Works Committee unanimously recommended approval and authorization to apply for the CMAQ grant.

CITY OF SHAKER HEIGHTS

Acting Chair Moore commented that the exciting part about this grant is the same thing that was exciting about the Van Aken Bikeway plan. There recently was an open house that was very well received by all the people that attended. The nice thing about this Lee Road Bike Plan is that the actual bike pathway is at a higher level than the road, giving separation of the cyclists and the vehicular traffic for safety which is impressive.

Citizen Member Ketan Patel presumed that the Lee Road Bikeway will connect in some way to the Van Aken Bikeway plans to be determined in the future. Mr. Patel questioned if there is consideration as far as going north from City Hall on what might be down the path. Director Braverman stated they are coordinating Lee Road both with Cleveland to the south and Cleveland Heights to the north and north of City Hall. This will become what is called bike shoulders, one on either side and these are about three feet wide. These shoulders are not wide enough to be considered a bike lane and this is because the street is constrained in the width of Lee Road north of City Hall which is narrower. This will match what Cleveland Heights has on Lee Road. They also have bike shoulders so the City's bike shoulders will connect to Cleveland to the south. The department is coordinating the CMAQ application with the City of Cleveland and they'll be putting a companion application in for their bikeway. This will connect to Van Aken. The Van Aken Bikeway plans as described in the memorandum are showing what that connection could look like at this point and will be constructed in early 2025.

Citizen Member Anthony Moore questioned if it is the belief there's a need to segregate the City's contribution in advance. Director Potts stated there is no need to segregate in advance, as the fund has a good enough reserve. CAO Jeri Chaikin added if Council approves this the City is basically committing to the match so it will be a priority to be funded before some other request.

The Finance Committee approved the request to authorize a grant application to, and to accept a grant from, the Northeast Ohio Areawide Coordinating Agency (NOACA) Congestion Mitigation and Air Quality Improvement Program (CMAQ) for the Lee Road Bikeway in the amount of \$1 million dollars with a \$265,823 local match.

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APPROVAL OF THE MINUTES OF THE REGULAR MEETING OF MARCH 20, 2023.

Acting Chair Nancy Moore stated that the minutes of March 20, 2023 meeting were unanimously approved.

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REQUEST TO ENTER INTO A CONTRACT WITH ADVANCED PLUMBING AND DRAIN IN THE AMOUNT OF \$318,731 FOR CATCH BASIN CLEANING FOR 2023, 2024, & 2025.

Director of Public Works Patricia Speese requested to enter into a contract with Advanced Plumbing and Drain in the amount of \$318,731 for catch basin cleaning for 2023, 2024 and 2025.

The Public Works department has gone out for three year contracts to clean approximately 4,000 catch basins in the City. Sweeping Corp of America was awarded the 2021, 2022 & 2023 Catch Basin Cleaning Contract. The 2021 Catch Basin Cleaning project was performed to the satisfaction of Public

Works. However, during the 2022 Catch Basin program it was noted that the majority of the drainage structures were not cleaned at all, yet the contractor requested payment for this work. This required Public Works staff to inspect over 400 catch basins during the summer months, which is the busiest season. After multiple phone conversations and an onsite meeting with the SCA's project manager who came up from Nashville, there was recognition that the work was not performed and/or not in compliance with contract documents. The contractor's pay request was withheld and SCA was directed to clean all of the drainage structures prior to payment being released. To confirm the work was done properly, Public Works had to re-inspect the work of SCA. Given the lack of workmanship and the additional staff time required to follow up with the contractor, Public Works opted to not renew the third year of the contract.

On February 17, 2023, the City of Shaker Heights received four (4) bids for the 2023 to 2025 Catch Basin Cleaning Contract. This is a one year contract with the option to renew in 2024 and 2025. The apparent low bidder is Sweeping Corp of America (SCA) with a bid total of \$292,332.00 and the second lowest bidder for the 2023, 2024 & 2025 Catch Basin Cleaning project was Advanced Plumbing & Drain. This contractor has worked on multiple projects for the City over the years. All previous contracts were performed to the satisfaction of Public Works and their quality of work exceeds industry standards. Per the City Charter, the Mayor can award contracts to the "Lowest and Best" bid, however it has been tradition to take requests for the "Lowest and Best" bid to Council for their approval.

Citizen Member Earl Williams questioned if Advanced Plumbing has ever been awarded this project before for the City. Director Speese stated yes Advanced Plumbing has done this project for the City on and off for the past ten years.

The Finance Committee approved the request requested to enter into a contract with Advanced Plumbing and Drain in the amount of \$318,731 for catch basin cleaning for 2023, 2024 and 2025.

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REQUEST TO APPROPRIATE AN ADDITIONAL \$425,000 FROM THE STREET MAINTENANCE & REPAIR FUND IN ORDER TO PERFORM ADDITIONAL LARGE AREA REPAIRS ON LEE ROAD.

Director of Public Works Patricia Speese requested to appropriate an additional \$425,000 from the Street Maintenance & Repair fund in order to perform additional large area repairs on Lee Road.

Prior to this winter Lee Road required quite a bit of pothole repairs to keep it passable by the motoring public and Public Works had crews assigned to the street every three to four weeks. However, with the tremendous amount of rain rather than snow this winter, Lee Road is in terrible shape and will not last until the Lee Road Project commences in 2027. The Street Maintenance Fund fortunately has a large unencumbered balance of over \$500,000 which the department would like to use \$425,000 to perform a significant amount of Large Area Repairs to keep Lee Road passable until 2026 when resurfacing and total rehabilitation of the roadway south of Chagrin is scheduled to occur.

On January 27, 2023 the City received six (6) bids for the 2023 Street Resurfacing Program, which included Large Area Repair (LAR). The City entered into a requirements contract with the lowest and best bidder, Ronyak Paving. Ronyak Paving has performed multiple paving projects for the City in the past and has always performed quality work. As a requirements contract, our existing contract with

Ronyak Paving gives us the ability to add quantities for LAR. The cost for LAR's in the bid was 5% less a square yard than last year and was in line with our 2020 pricing. This past winter took a tremendous toll on the roads but specifically Lee Road, and the department deems it is necessary to do additional LAR this year to make an impact on the overall driving surface of the roadway until 2027 when it is slated for major reconstruction.

Citizen Member Martin Kolb questioned if there was any way to accelerate the Lee Road project from four more years. Director Speese answered no. There are many parts to this project including knowing the final design of the road which includes Economic Development and Streetscape. It is such a large project and Lee Road will be completely rehabilitated. The City is also working with Cleveland because they will be doing road work up until Miles Road. Mr. Kolb questioned if Cleveland Heights is going to rehabilitate their portion of Lee Road. Director Speese stated they are not.

The Finance Committee approved the request to appropriate an additional \$425,000 from the Street Maintenance & Repair fund in order to perform additional large area repairs on Lee Road.

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REQUEST AUTHORITY TO APPLY FOR AND ACCEPT A LOW-INTEREST SOLID WASTE LOAN FROM THE OHIO WATER DEVELOPMENT AUTHORITY (OWDA) IN THE AMOUNT OF \$1.3 MILLION FOR THE PUBLIC WORKS TRANSFER STATION REPAIR PROJECT.

Director of Public Works Patricia Speese requested authority to apply for and accept a low-interest solid waste loan from the Ohio Water Development Authority in the amount of \$1.3 million for the Public Works Transfer Station Repair Project.

The 2019 Capital Budget allocated funding in the amount of \$200,000 to begin the design/emergency repair process for the needed structural repairs to the Transfer Station at Public Works. The Transfer Station was built at the same time as when the Service Center facility was constructed in 1971 and was repaired in 1996 (25 years later) and is currently in need of repairs (27 years later). The Transfer Station is a tremendous asset which makes solid waste collection and organic collection (brush, leaves, etc.) more efficient and reduces overall transportation costs, air emissions, energy use, truck traffic, and road wear and tear. Rather than every time a refuse truck is filled, which occurs multiple times daily for the three dedicated refuse trucks, the trucks would have to be transported to the closest Transfer Station on Ridge Road in Cleveland; all refuse is processed at our Transfer Station and then hauled out to the landfill once or twice a day in a semi-trailer. All brush and leaf dump trucks would have to be hauled out individually (25-30 trucks daily) to a compost facility which we now haul out twice a day in a semi-trailer.

During the 2023 Capital budget process we discussed that this project design was being finalized and would be bid in early 2023 at which time we would come back to Committee's and Council for approval to enter into a low-interest loan agreement with Ohio Water Development Authority (OWDA) who provides competitive interest rates for environmental infrastructure projects for Solid Waste Programs such as Transfer Stations. The Ohio Water Development Authority is an independent agency created by the State of Ohio in 1968 to provide financing to local governments for projects related to pollution for public water and wastewater infrastructure.

Director Potts spoke with the City's financial advisor who said if the City can get a loan through OWDA, do so and this project does qualify. Public Works went out to bid for the project. Council was aware that this would be presented to them during budget season last year.

Director Potts stated that he consulted with the City's Municipal Financial Advisor, Matt Stuczynski to get a sense of what the borrowing would look like in the market outside of OWDA. The interest rate would be higher and there would be cost of issuance expenses that the City would not have with OWDA. On a 20 year loan such as this with an interest rate close to 3.74% which was what was quoted last month, the City's debt service would be about \$94,000. This funding would come from the General fund. There is no pre-payment penalty, which Director Potts states is a positive. The City would start paying debt service approximately 12 months after completion.

Citizen Member Ketan Patel questioned if Director Potts thought if the loan went out this month, would the 3.74% interest rate be lower. Director Potts stated he is not sure that the rate would move drastically that much from one month to the next with OWDA but 3.74% is certainly a hundred basis points off of what the City would have to do plus cost of issuance. Mr. Patel questioned if they were to go to them this month and the rate comes back for the hundred basis points increase, 4.74%, will they come back to the Finance Committee or Council or is the Committee approving the best rate that can be given from OWDA. Director Potts stated it would be the best rate that is given from OWDA that is being approved, given in light of the process it would take to go through a bond issuance and the cost it would take.

Director Speese stated the City will not have appropriate the funding. They will be paid directly by OWDA. When the project was bid out, the Contractor knew that there would be a 90 day time period for the City to execute the contract, get Council approval, apply and get the loan and then give them the notice to proceed.

The Finance Committee approved the request to apply for and accept a low-interest solid waste loan from the Ohio Water Development Authority in the amount of \$1.3 million for the Public Works Transfer Station Repair Project.

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REQUEST TO AUTHORIZE ADDITIONAL APPROPRIATIONS OF \$15,000 TO FUND THE CONTINUING PROFESSIONAL TRAINING (CPT) OVERTIME ACCOUNT AND \$15,500 TO FUND THE CPT TRAINING ACCOUNT, BOTH WITHIN THE POLICE DEPARTMENT BUDGET.

Chief of Police Wayne Hudson requested to authorize additional appropriations of \$15,000 to fund the Continuing Professional Training (CPT) overtime account and \$15,500 to fund the CPT Training Account, both within the Police Department Budget.

The Shaker Heights Police Department has to do certain mandatory training. The State of Ohio provides funding for that. In 2022, the department was given \$30,500 but these funds were not utilized in lieu of giving those funds back. The State of Ohio stated this funds can be used in 2023. The Police Department is requesting to utilize \$15,000 of those funds to be used for overtime for individuals that will be attending training or to backfill those positions on patrol or wherever the work in. The other \$15,500 will be used for the actual training. The Safety and Public Works Committee questioned if this funding would be enough to cover all of the Police Department's

personnel. This funding will only cover about 10 employees but the rest of the training and overtime will come from the current budget. Acting Chair Moore asked if this request was a transfer of funds. Chief Hudson stated that is correct.

The Finance Committee approved the request to authorize additional appropriations of \$15,000 to fund the Continuing Professional Training (CPT) overtime account and \$15,500 to fund the CPT Training Account, both within the Police Department Budget.

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DISCUSSION ITEM: FINANCE DEPARTMENT INVESTMENT POLICY AND PROCEDURES PRESENTATION.

Director of Finance John Potts discussed the Finance Department Investment Policy and Procedures within the presentation provided.

Acting Chair Moore asked if Director Potts knew what the latest investment return was in 2022. Director Potts stated on average right now he has received 5% from the CDs and he believes it was up near 10% because the majority of what the department holds are very short term in CDs and treasuries. The department is effectively getting what the U.S. Treasury is giving but the number is certainly better than what the City was getting a few years ago.

Director Potts mentioned the department budgeted investment income this year of about a million dollars which is \$800,000 more than the previous year. Rates have gone up a couple times after the budget was built, so it is a strong possibility the amount will be greater this year.

Citizen Member Patel questioned if the City could update the policies to match with what he is forecasting for 2023. Director Potts stated with talking with other municipalities, they have the ability to do more with mutual funds. A few years ago the City of Westlake purchased the City's bonds. This is not something that Director Potts has the ability to do. This is not to say what the Finance Department is doing is not bringing back enough return. At some point it is within the best interest of the City to spend time seeing what else can be done. Director Potts stated right now he is a good place with the CDs and the treasuries and the rates are very well. But if there gets to a point to where they are no bringing in enough, other ways may need to be considered within the investment policy.

Citizen Member Kolb asked if the Huntington MMAX program and the GIDP, Government Insured Deposit Program GIDP, amounts are included in the \$66.6 million invested. Director Potts stated this is correct. The \$66.6 million includes GIDP plus Huntington MMAX and all of the CDs and Treasuries. Mr. Kolb questioned how this relates to the cash reserves of the City. Director Potts stated it is two different concepts. The cash reserve is almost 40%. This is a calculated number based upon how much is in the General Fund versus how much the City spends. Director Potts explained that the grand total of all the funds that the City has at a point in time equals the total balance of all ban funds including those funds invested. Mr. Kolb asked if this includes all of the fund accounting that is within the City which is dedicated to certain things like pensions and so on. Director Potts stated this is correct and this includes all of the fund accounting everywhere.

Director Potts stated the City has about 50 funds and when the cash balance is taken in the ledgers at Munis, the total of all that should equal the total cash that he has to invest or leave at Huntington.

Mr. Kolb stated the cash reserve from the December financial statements was a 40% number that suggest that if revenue stopped the City could operate for theoretically another three to six months. Director Potts stated that is correct. Of the \$80 million only \$25 million is attributable to the General fund.

Acting Chair Moore asked Director Potts if he could review how the City selected Huntington Bank. Director Potts stated in 2020 there was an RFP issued. There were about seven banks that went out but based upon certain criteria were narrowed down to three. There was a selection made and recommended to the Finance Committee and Council to go with Huntington. The City has been working with Huntington Bank for years. The department meets with them about three times a year. From a banking relationship standpoint, the City does also have a good relationship with PNC Bank who manages the City credit cards.

Citizen Member Patel questioned if MMAX and GIDP served as the same or similar function. Director Potts stated they are very similar programs. Mr. Patel questioned if Director Potts finds it helpful to have this split between the two. Director Potts explained that it does to ensure deposits within the banks they have funds in do not conflict. Both parties have access to different banks, which means they have the capability to look for CDs or treasuries to invest in.

Acting Chair Moore expressed on behalf of the Finance Committee their appreciation to Director Potts for creating and presenting a comprehensive report about the City's investment procedures and practices.

There being no further business, the meeting was adjourned at 8:50 a.m. The next meeting will be May 15, 2023.

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Respectfully submitted,

John J. Potts, Finance Director
Finance Committee