



# SHAKER HEIGHTS

Finance Committee  
Monday, August 17, 2020, 8:00 A.M.  
Via ZOOM Meeting Due to  
COVID-19 Public Health Emergency

Members present: Council Member, Nancy Moore, Chair  
Council Member, Tres Roeder  
Council Member, Anne Williams  
Council Member, Earl Williams  
Citizen Member, Martin Kolb (left at 8:45 A.M.)  
Citizen Member, Linda Lalley  
Citizen Member, Anthony Moore

Others present: Mayor, David E. Weiss  
Director of Finance, John Potts  
Assistant Finance Director, Cheryl Arslanian  
Chief of Fire, Patrick Sweeney  
Director of Planning, Joyce Braverman  
Principal Planner, Kara Hamley O'Donnell  
Assistant Director of Public Works, Christian Maier  
Human Resources Manager, Sandra J. Middleton  
Chad Gorfido, CPA, Rea & Associates, Inc.  
Frank Goforth, League of Women Voters

\* \* \* \*

**DISCUSSION ITEM - AUDITORS EXIT CONFERENCE – CHAD GORFIDO, CPA, PRINCIPAL AT REA & ASSOCIATES, INC.**

Auditor Chad Gorfido opened the discussion with the results of the audit for the year ending December 31, 2019. Mr. Gorfido stated that in the opinion of the independent auditor, in accordance with the Government Auditing Standards applicable to financial audits, the City of Shaker Heights financial statements are free from material misstatement resulting in no material findings on reporting performance objectives or non-compliance. Mr. Gorfido stated there was one instance of immaterial noncompliance related to public records testing, but that item is minor and only needed to be discussed and not reported.

Council Member Earl Williams questioned if there was any significant changes regarding creating additional accounts or the monitoring or reporting of accounts due to the CARES Act. Mr. Gorfido stated a new fund was established for the money and the fund is subject to a federal single audit next year.

In response to Council Member Anne Williams regarding a COVID disclosure, Mr. Gorfido stated that the emphasis of matter should not have impact on the City's rating. Citizen Member Kolb stated the accomplishment of the leadership in the finance area and how it has adapted to this pandemic and the entire situation is something the City should be proud of.

**CITY OF SHAKER HEIGHTS**

\*

\*

\*

\*

## **DISCUSSION ITEM - GENERAL FUND Q2 YTD FINANCIAL UPDATE.**

John Potts, Director of Finance, stated the second quarter was significantly impacted by the COVID-19 pandemic. Some examples of this disruption was the Municipal Court being closed for a period of time, the Police Department pause on issuing travel citations and the Building and Housing Department needing to generate new protocols in order to provide services remotely. A large majority of personnel and resources were dedicated to dealing with various aspects of the pandemic, either internally with our city employees or externally with the services we provide to our residents.

Overall general fund operating revenues were down \$5.6 million year to date in 2020 versus the same time period last year. The majority of that decrease is attributable to the \$5.4 million negative variance from income tax receipts. Removing that line item reflects a 2.2% decline (\$183,075) in operating revenues year to date as compared to the same time period in 2019. A summary of key revenue line items including Income Tax, Property Tax and Local Government Fund, Court Costs and Fines and Forfeitures, License and Permits and Investment Earnings were presented and discussed.

While it appears that these results can be construed as a positive after having moved through a difficult second quarter, Mr. Potts reminded the committee that the pandemic is not over and there is still half a year to go. The Finance Department continues to keep a close eye on the City's revenue sources which will still be impacted by the pandemic during the second half of 2020.

Total operating expenditures for the first half of 2020 were up \$416 thousand or 2.3% versus 2019 year-to-date. Breaking that increase down, personal services were up \$584 thousand while "Other" expenses were down \$167 thousand. A summary of key variances making up the increase included Fire Personal and Other, Recreation, and Economic Development Personal Services.

Chair Moore asked that with the delay in the income tax filing from April to July and when the full effect of the pandemic on income tax receipts will become available, if our original estimate of a 10% reduction in expenditures is going to be enough. Chair Moore also stated that the 2021 budget is obviously going to be a challenge since the foundation is the 2020 budget.

Director Potts stated that in recent discussions with RITA, they stated that over 90% of the Shaer taxpayers had filed their taxes July 15<sup>th</sup> which means the lag burn could possibly be shorter than originally calculated by RITA. There will be continuous updates as the RITA income taxes are received.

Director Potts stated that building the 2021 budget was already in progress and with not having all the information for the 2020 taxes and just six months into 2020 makes it extremely difficult. The process is going to just be an estimate where we're going to be and thinking about using that as our flat scenario.

Mayor Weiss commented that the 90% filing figure reflected a good sign that people were paying their taxes and may be an indication that a good chunk of the lag was being picked up. Mayor Weiss agreed more time was needed to be in a position to compare it to 2019.

Citizen Member Lalley complimented the administration and stated that dealing with public money in public services you can't be overly conservative and not advocating being aggressively positive. She realizes there is much work to be done without going too conservative or too positive.

Mayor Weiss stated that some of the expense reductions were really deferrals and amounts might be transferred at the end of the year and that was good news that the City did not cut services and only pushed them down the road a little bit by virtue of our transfer for next year's capital.

Citizen Member Kolb agreed with Director Potts that the third quarter will give the City a better sense when reviewing the numbers at that time. Mr. Kolb complimented the Finance team on their daily work researching receipts and spending.

\* \* \* \*

**APPROVAL OF THE MINUTES OF THE REGULAR MEETING OF JULY 20, 2020.**

Chair Moore stated that the minutes of the July 20, 2020 meeting were approved as recorded.

\* \* \* \*

**AUTHORIZING THE CITY'S ACCEPTANCE OF A \$177,487.68 FEMA ASSISTANCE TO FIREFIGHTERS (AFG) COVID-19 GRANT FROM THE FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) WITH A REQUIRED CITY MATCH AMOUNT OF \$17,748.77 FOR A TOTAL AMOUNT OF \$195,236.45 FOR THE PURCHASE OF PERSONAL PROTECTIVE EQUIPMENT.**

Patrick Sweeney, Chief of Fire, stated that the Shaker Heights Fire Department, on behalf of 33 communities in Cuyahoga County, made an application for a FEMA Assistance to Firefighters (AFG) COVID-19 Grant. This AFG grant became available during the early stages of the current pandemic emergency to provide funding to Fire Departments in need of procuring personal protective equipment for Firefighters responding to the medical needs of citizens who may be infected with COVID-19. The Shaker Heights Fire Department agreed to be the lead agency in making the grant application along with acting as the fiduciary for any awarded grant funds. A Memo of Understanding was executed between the City of Shaker Heights and all other participating communities agreeing to reimburse Shaker Heights for their portion of a required 10% grant match. The total federal grant is \$177,487.68 with a 10% match of \$17,748.77 for a total project cost of \$195,236.45 for the purchase of COVID-19 personal protective equipment. This equipment consists of N95 masks, Surgical Masks, Eye Protection, Shoe Covers, and Gowns. This equipment has been identified as essential for Firefighters providing emergency medical care to residents in our communities.

This item was presented and passed by the Safety and Public Works Committee on August 7, 2020.

In response to Citizen Member Lalley regarding payment from the other communities, Fire Chief Sweeney stated there were no concerns of receiving the payment and if a community decided to cancel out of the agreement, he was confident another community would pay for and take the equipment.

The Finance Committee recommended authorizing the City's acceptance of a \$177,487.68 FEMA Assistance to Firefighters (AFG) COVID-19 grant from the Federal Emergency Management Agency (FEMA) with a required City match amount of \$17,748.77 for a total amount of \$195,236.45 for the purchase of personal protective equipment.

\* \* \* \*

**AUTHORIZING THE APPLICATION FOR AND ACCEPTANCE OF A HIGHWAY SAFETY IMPROVEMENT PROGRAM (HSIP) GRANT FROM THE OHIO DEPARTMENT OF TRANSPORTATION IN THE AMOUNT NOT-TO-EXCEED \$275,000 WITH A REQUIRED MATCH OF \$40,000 FOR ENGINEERING AND IMPLEMENTATION OF PEDESTRIAN AND INFRASTRUCTURE IMPROVEMENTS.**

Kara O'Donnell, Principal Planner, stated this item is a request to authorize a grant application for and acceptance of a grant from, the Ohio Department of Transportation (ODOT) Highway Safety Improvement Program (HSIP) Safety Grant. ODOT dedicates about \$102 million annually for engineering improvements at high-crash locations. This grant would pay for engineering and implementation of pedestrian and infrastructure improvements at the South Woodland Road intersection with Warrensville Center Road, as recommended in the 2018 *Van Aken District Signal Study*. This dangerous intersection has various geometric and traffic operational issues that negatively affect travel for motorists, pedestrians, and cyclists. The often-congested intersection is located within a block of the GCRTA Green line rapid stop and Shaker Middle School, to which many students walk and bike. In the past 3 years, unfortunate accidents have resulted including two fatalities from an automobile accident.

The grant application to ODOT is for the amount of \$275,000 to be used for engineering and construction; with a City contribution of approximately \$12,500 to be used for Construction Management Construction Inspection (CMCI) and a 10% local match of \$27,500 is required, resulting in a \$40,000 City cost for this project. This \$40,000 was in the 2020 Capital Budget, but was deferred as part of the \$5 million+ of expenses removed from the budget due to projected revenue losses. If we receive the grant, the \$40,000 match would come from the \$1.5+ million balance in the General Capital Fund.

ODOT's HSIP grant applications under \$500,000 are accepted on a rolling basis, though the large-project grant deadline is September 30; we propose to work with City Engineer GPD to submit an application for this reimbursable grant in early September in hopes of an expedited review. This may also permit the project implementation to be coordinated with Warrensville Center Road repaving scheduled for 2021.

This was presented and approved by the Safety and Public Works Committee on August 7, 2020 for a grant of up to \$275,000 from ODOT.

The Finance Committee recommended authorizing the application for and acceptance of a Highway Safety Improvement Program (HSIP) grant from the Ohio Department of Transportation in the amount not-to-exceed \$275,000 with a required match of \$40,000 for engineering and implementation of pedestrian and infrastructure improvements.

\* \* \* \*

**AUTHORIZING AN AMENDMENT OF THE PROFESSIONAL SERVICES CONTRACT WITH GREENMAN-PEDERSON, INC. (GPI) FOR CONSTRUCTION INSPECTION AND ADMINISTRATION OF THE WARRENSVILLE CENTER ROAD STREETScape IMPROVEMENT PROJECT IN THE AMOUNT OF \$8,589, WHICH WILL BRING THE TOTAL CONTRACT AMOUNT NOT-TO-EXCEED \$242,533.**

Joyce Braverman, Director of Planning, stated that this is a recommendation to amend and extend a professional services contract with Greenman-Pederson, Inc. (GPI) for construction inspection and administration of the Warrensville Center Road Streetscape Improvements project. This type of consultant is required by the Ohio Department of Transportation (ODOT) when Federal funding is involved in a project, and acts as the City's onsite construction manager and inspector for the duration of the 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.

GPI was originally selected in 2019 and the contract was approved by Council in April 2019 through Ordinance 19-33. GPI was chosen through a Request for Qualifications which 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 reviewed the letters of interest and ranked them according to ODOT criteria.

GPI submitted a cost proposal in the total amount of \$233,949. The original contract is effective through August 1, 2020. The construction job was originally to be complete by June 1, 2020. Perk has completed 98% of the work. However, their sub-consultant, Trafftech, has experienced delays due to delivery issues related to COVID-19 and is behind in securing parts for the job. Since the construction is delayed, GPI's work inspecting and managing the job needs to be extended. GPI has requested an additional fee of \$8589.00 to complete the job. This will bring the amended contract to \$242,533.00.

This item was presented and approved by the Safety and Public Works Committee on August 7, 2020.

The Finance Committee recommended authorizing an amendment of the professional services contract with Greenman-Pederson, Inc. (GPI) for construction inspection and administration of the Warrensville Center Road Streetscape Improvement project in the amount of \$8,589, which will bring the total contract amount not-to-exceed \$242,533.

\* \* \* \*

**AUTHORIZING A CONTRACT WITH KIMBLE TRANSFER AND RECYCLING FOR PROCESSING RECYCLABLES AT A COST OF \$69.00 A TON FOR YEAR ONE; \$71.01 A TON FOR YEAR TWO; \$73.20 FOR OPTIONAL YEAR ONE AND \$76.13 A TON FOR OPTIONAL YEAR TWO.**

Christian Maier, Assistant Director of Public Works stated that in May Council approved the participation of the City in the Cuyahoga County Solid Waste Districts (CCSWD) Consortium request for competitive bids for recycling processing. The Cities of Beachwood, Cleveland Heights, Independence, Lyndhurst, Pepper Pike, Shaker Heights, Solon, University Heights, Warrensville

Heights and the Villages of Moreland Hills, Highland Hills and Woodmere are participating in the recycling consortium. The recycling market has gone down considerably over the past several years and the consortium members were aware that paying for disposal of recyclables was inevitable.

An "Invitation to Bid" was placed in the Plain Dealer on May 31, 2020 and June 3, 2020 for recycling processing services. Only two bids were received for this service; Kimble Transfer and Recycling (our current vendor) and Rumpke Waste and Recycling Co.

Prior to going out to bid, the Public Works Directors of the participating communities requested that we bid out the processing of recyclables which are collected in blue bags separately. All but two of the communities prohibit this type of disposal so we felt that since the cost of processing is more when blue bags are involved, it would benefit the majority to do it this way.

Another topic that was discussed at great length was the volatility in the recycling market and did we want to be locked into a five-year contract which we have done for the past ten years. As a result of this discussion we felt it was in everyone's best interest to solicit bids for two-years with two additional one-year renewals for a grand total of four years.

The cost for processing recyclables in blue bags started at \$96.00 a ton all the way to \$126.08 a ton. Since Shaker Heights uses recycling buckets we will not be paying these additional costs.

Any load with an estimated contamination rate of 22% or more will be rejected at the facility. The good news with the lowest bidder, Kimble Transfer & Recycling is that we have been using them for the past five-years with great results. Each community will enter into their own contract with Kimble Transfer & Recycling.

Anticipating that we would begin paying for processing of recyclables when our current contract expires in September \$30,000 was included in the 2020 budget and should be sufficient to cover these costs for the final four months of the year. Our yearly costs will be in the \$90,000 range. The cost to landfill solid waste currently costs \$47 a ton and will be \$48.50 in 2022 and \$50.00 in 2023.

This item was presented and approved by the Safety and Public Works Committee on August 7, 2020.

Chair Moore stated the importance of this contract and applauded the efforts of Public Works to make the environment a priority even though the cost of recycling is more than if the City decided to just dump in a landfill.

Council Member Anne Williams stated the Sustainability Committee and community did appreciate the support of the City for recycling.

In response to Citizen Member Lalley questioning the price difference of the two bids, Mr. Maier stated that it is always interesting when doing a competitive bid in that the company who is bidding needs to take various risk factors into consideration. If the recycling is contaminated 20% or more, Kimball will reject the load and Rumpke may not reject and charge more for the inconvenience of dealing with the contaminated. Mayor Weiss stated it is a risk allocation issue. The difference in the pricing between the two companies that did bid is almost double and some companies are cautious with the uncertainty in the market to go out for a two to four year contract.

This Finance Committee recommended authorizing a contract with Kimble Transfer and Recycling for processing recyclables at a cost of \$69.00 a ton for year one; \$71.01 a ton for year two; \$73.20 for optional year one and \$76.13 a ton for optional year two.

\* \* \* \*

**AUTHORIZING AN AGREEMENT WITH CUYAHOGA COUNTY FOR THE EMERGENCY REPAIR OF SOUTH WOODLAND CULVERT NO. 3 AT A CONTRIBUTION RATE OF 50% UP TO A MAXIMUM OF \$100,000 AND TO APPROPRIATE THE \$100,000 INTO THE SEWER CAPITAL FUND.**

Assistant Director Maier, stated in the Spring of 2020, Public Works staff noticed a large sinkhole had started to develop along the curb line and catch basin in the general area of 23450 S. Woodland (just east of Green Road). Further investigation revealed the sink hole was a result of the 3-foot x 7-foot box culvert running under S. Woodland having collapsed. This culvert conveys storm water from the Shaker Blvd. median traveling in a southerly direction and outlets at Green Rd. & Bryden Road. This is the upstream portion of the Mill Creek Watershed.

Understanding time was of the essence, Public Works removed trees on the outlet side of the culvert in the Spring of 2020 to avoid any conflicts with ODNR and the prohibitions with tree removal to protect the Indiana Bat. The design was started shortly thereafter. The general scope of the project consists of replacing the culvert under S. Woodland, grading of the outlet area, installation of new headwall/wing walls, placement of rock channel protection and restoration. The engineer's construction cost estimate is \$251,416.55; bids were received July 31, 2020 and are being reviewed but fall within this estimate.

Since South Woodland is a County road, we reached out to the County to see if they could provide any emergency financial aid to protect South Woodland Road. The County Council approved this request and are able to provide 50% of the cost up to \$100,000 for the replacement of this culvert. The \$100,000 will need to be appropriated as a result of this award.

This request was presented and approved by the Safety & Public Works Committee on August 7, 2020.

Citizen Member Lalley questioned the legal responsibility for repair of any County or State owned road within the Shaker Heights boundary. Assistant Director Maier stated that South Woodland is a county road and they have a level of responsibility, but the culvert itself is actually owned by Shaker. There are various locations throughout the where the County does have ultimate responsibility. The County is contributed to this project since South Woodland has a huge impact on traffic.

The Finance Committee recommended authorizing an agreement with Cuyahoga County for the emergency repair of South Woodland Culvert No. 3 at a contribution rate of 50% up to a maximum of \$100,000 and to appropriate the \$100,000 into the Sewer Capital Fund.

\* \* \* \*

**PROPOSED REVISION TO NON-BARGAINING EMPLOYEES BENEFIT.**

Sandra Middleton, Human Resources Manager, stated the non-bargaining employees completed a perception survey in October 2019. The survey asked employees what other forms of compensation or benefits they would like to see the City offer. One of many responses received was paid maternity/paternity leave. The City gathered data on compensation structure and benefit offerings from other communities and counties. The data showed that Beachwood, Newburgh Heights, Cincinnati, Columbus and Dayton, Ohio offered paid maternity/paternity leave to employees, but each City’s policy was different. The benefit ranges from four (4) weeks to twelve (12) months of paid leave time, with compensation for the leave ranging from 70% in Cincinnati, Dayton and Columbus to 100% of salary in Beachwood and Newburgh Heights.

In considering the potential budget impact of offering a paid maternity/paternity leave policy, research showed 11 newborns were added to our insurance policy in 2019 with the average salary of a non-bargaining employee being \$69,703. The cost to the City would be \$88,469 based on the average salary for eleven employees to take six paid weeks of maternity/paternity leave. Although the \$88,469 is an estimate based on several assumptions, it is a good indicator of the potential impact to the budget.

The following recommendation is for non-bargaining employees only:

- Eligible Employees:** Any non-bargaining employee with a least 12 months of service and worked 1250 hours or more in the preceding year.
- Purpose:** Birth, adoption, foster placement of a child.
- Duration:** Maximum of 6 weeks. Must be taken within the first 12 months of the event. Must be used concurrently with FMLA.
- Benefit:** 100% pay for a maximum of 6 weeks per event.

This item was presented and approved by the Administration Committee at their August 11 meeting. The Administration Committee discussed the impact on the budget and was pleased to hear that this benefit adds minimal additional cost. Most employees have accrued sick/vacation time to use for absence related to childbirth or foster child placement the new benefit would allow them to keep their accrued time and use the proposed paid benefit. The Administration Committee voted to recommend adding the proposed Maternity/Paternity Leave to the compliment of benefits to non-bargaining employees.

In response to Chair Moore regarding FMLA versus maternity leave; Manager Middleton stated that FMLA is leave without pay. With the new policy you would be on FMLA, but your time will be paid under the new benefit. The Finance Committee recommended the Proposed Revision to Non-Bargaining Employees Benefit.

\* \* \* \*

**ESTABLISHING A SPECIAL REVENUE FUND DESIGNATED THE CRA FEE FUND AS FUND NO. 287 WITHIN THE FUND ACCOUNTS OF THE CITY FOR FEES FROM COMMUNITY REINVESTMENT AREA AGREEMENTS.**

Director Potts, stated that this item is a request to establish a Special Revenue Fund No. 287 designated the CRA Fee Fund and this fund may be used for all future CRA fee collected by the City.

The City of Shaker Heights has entered into two Community Reinvestment Area Agreements (CRA) with Stella of Shaker Heights, LLC effective April 13, 2016 and Maximar Properties, LLC effective November 30, 2017. According to both Community Reinvestment Agreements, a fee shall be assessed to each CRA and deposited in a special fund of the city. As discussed in each agreement per Sections 4 (Maximar Properties, LLC) and 5 (Stella of Shaker Heights, LLC) see the language below:

The Property Owners shall pay an annual fee equal to the greater of one percent (1%) of the dollar value of incentives offered under the Agreement or five hundred dollars (\$500); provided, however, that if the value of the incentives exceeds two hundred fifty thousand dollars (\$250,000), the fee shall not exceed two thousand five hundred dollars (\$2,500).

The fee shall be paid no later than January 15<sup>th</sup> of each year of this Agreement, starting on January 15, 2017 for Stella of Shaker Heights LLC, 3350 Warrensville Center Road, Permanent Parcel No. 733-24-007 and January 15, 2018 for Shaker Rocks, LLC and Maximar Properties, LLC, 3377 Warrensville Center Road, Permanent Parcel 736-12-011. It shall be paid by certified check and made payable to the City of Shaker Heights. The fee shall be delivered to the Director of Finance for the City. The fee shall be deposited in a special fund created for such purpose and shall be used exclusively for the purpose of complying with ORC Section 3735.671 (D), and by the City's Tax Incentive Review Council created under ORC Section 3735.671(D) exclusively for the purposes of performing the duties prescribed under that Section.

The Finance Committee recommended establishing a Special Revenue Fund designated the CRA Fee Fund as Fund No. 287 within the fund accounts of the City for fees from Community Reinvestment Area agreements.

\* \* \* \*

There being no further business, the meeting was adjourned at 9:15 a.m. The next meeting will be September 21, 2020.

Respectfully submitted,

---

John J. Potts, Finance Director  
Finance Committee