

CITY OF BEREA, OHIO

MINUTES OF A COUNCIL WORK SESSION

MARCH 14, 2016 - 7:30p.m.

A Work Session of Berea City Council was held in the Council Chamber on March 14, 2016 and was called to order at 7:30p.m. by President of Council Mary K. Brown with the following members present: Cheryl A. Banaszak, Bill DeVito, Nick Haschka, Margarette S. Key, Jim Maxwell, Rick Skoczen and Gene Zacharyasz. Also present were Mayor Cyril M. Kleem, Director of Public Service Paul Anzalone, Director of Law and Public Safety Barb Jones and Director of Finance Dana Kavander.

All who were able rose for the Pledge of Allegiance.

This meeting was open to the public in accordance with all legal requirements including C.O. Section 109 and Section 121.22 of the Ohio Revised Code.

COORDINATING COMMITTEE

Chair: President Mary K. Brown; Members: All of Council

Mrs. Brown called the meeting of the Coordinating Committee to order at 7:31p.m. She recognized Mike Sheppard, Superintendent of the Berea City School District, who was present to address Council regarding the current state and future plans of the Berea City School District. Also present were School Board Members Neal Postel and Cori Farris, and the School District Treasurer and CFO, Ryan Ghizzoni.

Mr. Sheppard distributed a packet of information which outlined and addressed four salient topics he planned to present before Council: school finances, enrollment trends, facility needs and plans for the future. *A copy of this packet is included at the conclusion of these minutes.*

Mr. Sheppard informed Council that as recently as 2013, the School District's financial situation was so perilous that they were unsure whether or not they would be able to meet payroll. Major adjustments were needed, and both internal changes and school consolidation occurred. By 2014, the budget was balanced, and surpluses are predicted until 2018, possibly 2019, when deficit spending will begin once again.

There exist several reasons why the School District's financial situation is unstable and worrisome, most notably the fact that property tax values have decreased, and tangible personal property revenue is continuously declining. Enrollment is also decreasing in the School District and throughout the entire area.

While the operating side of the School District is fairly stable, buildings are in need of significant repair, facilities are getting older and infrastructure is not sound. While the permanent improvement levy does assist with some building issues, the total scope of required repairs is extensive and costly.

Mr. Sheppard emphasized that the most recent consolidation plan was instituted because, with enrollment decreasing, the School District no longer needed every operating facility. There were financial incentives in closing some schools and consolidating the high schools. A similar discussion is pertinent once again. He noted that plans and proposals have already been discussed with District staff, community organizations, residents and City leadership.

Mr. Sheppard explained that the Ohio School Facilities Commission has cited specific and necessary repairs that total millions of dollars in expenditures. The School District has also identified that it has too many buildings, and thus new plans and proposals were formulated.

The first proposed plan would close both Brookpark Memorial and Brookview Elementary Schools, and create one Brook Park Elementary School at what is now the Ford Intermediate School. A Middle Level Complex would house fifth and sixth graders in the MEC, and seventh and eighth graders in the current Middleburg Heights Junior High. Finally, a new high school, capable of housing students in grades 9-12, would be constructed behind the current Berea-Midpark High School.

The second proposal would involve the construction of a new Brook Park Elementary School, which generated much excitement at the community forums.

Both plans would contribute to lower operating expenses, because fewer schools would mean less necessary staff. This reduction of staff has been successfully dealt with in the past.

Both plans also eliminate unnecessary transitions for kids because they will simply move from elementary school, to middle school, to high school.

Mr. Sheppard continued by explaining that there is no immediate plan to demolish Brookpark Memorial or Brookview, and it is possible the schools could remain, be razed or be sold. There are several ideas to be explored, but Mr. Sheppard committed to offering the properties to the City first.

Mr. Sheppard concluded his presentation by announcing that either proposed plan would need a bond issue, and this issue could be on the ballot as soon as November. If approved, the School District could look a lot different in 2020.

Mr. Sheppard encouraged a partnership or sharing of facilities between the Cities and the School District, and hoped the City of Berea would be supportive of the School District's plans and proposals.

Mr. Maxwell asked if the Board Office would remain functional, and Mr. Sheppard confirmed that many options have been discussed, but it appears that the Board Office will, indeed, remain open.

Mr. Maxwell then inquired as to whether or not the City has a Plan B, should the bond issue not be approved. Mr. Sheppard stated that the Brook Park elementary schools could still be consolidated at Ford, and the Middle Level Complex created, although not connected. Regardless of the outcome of the bond issue, the District wants all 9th grade students at the high school by 2018. Additional operating funds would be requested, and money would then be transferred from the operating budget to make necessary repairs.

Mr. Maxwell appreciated the plans and liked the proposals, but was curious how the School District would make the case to the public. He encouraged less of a focus on seniors, and more of an emphasis on the Parents of the children who would benefit from these proposals. Mr. Sheppard responded that successful levy campaigns have a lot of people invested in the outcome.

Mr. Skoczen asked how much money was saved by closing Fairview, Riveredge and Roehm. Mr. Ghizzoni responded that the entire consolidation saved the District \$3.9 million. He added that, should the bond issue fail and the District need to resort to Plan B, all they would be doing is pushing the problem further down the road.

Mayor Kleem suggested the School District look in to the adaptive reuse of vacant buildings, before Brookpark Memorial or Brookview are demolished. Mr. Sheppard noted that if the School District decides to sell those properties, they would offer them to the City first, as the City can sell land differently than the School District is able.

Mr. DeVito inquired as to whether or not any other public forums will be held, and Mr. Sheppard stated in the affirmative. Mrs. Brown asked Mr. Sheppard to inform the Clerk of meeting dates, so she can keep the Council and community informed.

Mr. Sheppard asked anyone with questions to contact him by phone or email. He stated that he would be back before Council, at some point, in the hopes of garnering their support.

Seeing no further business before the Coordinating Committee, Mrs. Brown declared the meeting adjourned at 8:23p.m.

FINANCE COMMITTEE

Chair: Jim Maxwell; Members: All of Council

Mr. Maxwell called the meeting of the Finance Committee to order at 8:24p.m. He acknowledged that the intent of the meeting was to discuss proposed Ordinance No. 2-12, the title of which reads as follows:

ORDINANCE NO. 2-12: AN ORDINANCE APPROPRIATING FROM THE VARIOUS FUNDS TO INDIVIDUAL ACCOUNTS FOR THE CURRENT EXPENDITURES AND OTHER EXPENSES OF THE CITY OF BEREA FOR THE FISCAL YEAR ENDING DECEMBER 31, 2016, AND EXPRESSLY REPEALING ORDINANCE NO. 2016-11.

Mr. Maxwell recognized Mrs. Kavander to review the 2016 budget booklet, which is attached at the conclusion of these minutes.

In response to a question from Mr. Maxwell, Mrs. Kavander explained the reason for the vast discrepancy between the 2014 and 2015 actual expenditures, and the 2016 projected expenditures. \$22 million of the approximate \$25 million increase is for capital related expenditures that have been already been discussed. Money has already been set aside, and will be utilized this year to complete capital projects. \$2.5 million of the approximate \$25 million increase is related to our debt, and Mrs. Kavander noted a 2% pay increase for employees as well. While it appears like the City is spending more than it is bringing in, Mrs. Kavander advised Council that much of the money has already been set aside, as evidenced by the high beginning balances. The General Fund, General Fund – Designated, and Income Tax Fund actually project a slight increase for the year, which is better than what was anticipated at this same time last year.

Mrs. Kavander noted that estimated revenues remain consistent, but reminded Council that it is always preferable to underestimate revenues and overestimate expenses.

Before reviewing the expenditures, Mrs. Kavander informed Council about the 2% pay increases, adding that most other wage increases are due to employee relocation. Major staff changes have occurred in the Building, Law and Service Departments.

Mrs. Kavander proceeded to briefly explain each fund, noting particular or significant expenditures.

Mr. Maxwell asked when the City's contract with Republic is up, and Mr. Anzalone responded that next year is an option year.

Mr. Maxwell inquired about a K-9 Officer, and Mrs. Jones explained that the City intends to have a K-9 Officer in 2017.

Mr. Zacharyasz questioned the Volunteer Network expenditures, and Mayor Kleem explained that those costs are associated with dinner and things conducted on behalf of City Volunteers. He noted that the City does bring in revenue to offset some of these costs.

Mr. Maxwell wondered what contract costs were associated with the Welfare Department, and Mrs. Kavander responded that there are copier costs, but also repair work that could be contracted out to service professional.

Mrs. Kavander next discussed the funds associated with the Berea Municipal Court.

Mayor Kleem asked what the Court's Insurance Fund looks like, since the employee contribution fell from 15% to 10% this year. Mrs. Kavander answered that the Court depleted their funds last year and had to transfer money, by journal entry, from their Operations Budget. If the employee contribution had remained at 15%, the Court would not

have been able to cover their costs this year. Mayor Kleem asked if the transfer of funds was legal, and Mrs. Kavander emphasized that she did receive a Journal Entry from the Judge, and is now looking in to the legality of the maneuver.

If the Judge did charge his employees for their percentage of health care costs, Mr. Maxwell wondered where this money would be placed. Mrs. Kavander responded that the money would be placed in Medical Benefits Fund 600.

Mrs. Kavander explained that the Probation Services Fund 284 will be tight this year, but noted that the Court has indicated they've reallocated revenue streams, and may see a bit more revenue than anticipated. They have also been holding more money owing hearings, which has been producing increased revenues. She suggested the City speak with the Judge about how he would like to handle any deficit this Fund may produce.

Mr. Maxwell questioned which Fund houses the money garnered through the sale of the Longfellow house. While Mrs. Jones was hesitant to discuss this situation, Mrs. Kavander simply stated that the City has yet to receive the money from the sale of the house, and there is a potential for litigation. Mayor Kleem continued by explaining that, for about a year following the sale, he assumed the City was merely dealing with federal oversight, but having received no response from HUD, he is beginning to think there is an issue with the Title Company. The situation is under investigation, and he has no further information, at present.

Mr. Maxwell reminded Council and the Administration about the idea of approaching member communities for their assistance in alleviating any Municipal Court deficits. Mrs. Kavander stated that she will discuss this issue at the Court Community meeting this year.

Seeing no further business before the Finance Committee, Mr. Maxwell declared the meeting adjourned at 9:21p.m.

OTHER BUSINESS

Moved by Mr. Maxwell, seconded by Mr. Haschka, that proposed Ordinance No. 2-12 be placed upon the March 21, 2016 Regular Council Meeting agenda for third reading. Vote on the motion was all ayes and no nays. The motion carried.

With no further business before Council, adjournment was moved by Mr. Haschka, and seconded by Mrs. Key. Vote on the motion was all ayes and no nays, and thus the meeting adjourned at 9:23p.m.

Alycia Esson
Clerk of Council

CERTIFICATE OF COMPLIANCE

The Work Session of the Council of the City of Berea, Ohio, held on the 14th day of March, 2016, was conducted in compliance with Codified Ordinances Section 109 and Ohio Revised Code Section 121.22.

Alycia Esson
Clerk of Council