

**Minutes of the Meeting of the Finance Committee of Council  
Held in the Council Chambers of the Municipal Building  
On Saturday, October 23, 2021**

The Chairman, Ward 1 Councilman Bob Butkowski, called the meeting to order at 8:03 A.M.

**Committee Members Present**

Chairman, Ward 1 Councilman Bob Butkowski

Councilwoman-at-Large Tammy Holtzmeier; Ward 2 Councilman Dennis McBride

**Others in Attendance**

Safety Director Duane Streator; Councilman-at-Large Craig Witherspoon; Ward 4 Councilman Scott Radcliffe; Mayor Bryan Jensen; Council President Brian Fischer; Finance Director Bill Logan; Assistant Finance Director Beth Raicevich; Ward 3 Resident Becky Martin

**2022 Preliminary Budget**

Mr. Logan stated that he sent out schedules to Council earlier in the week. He noted that the pages that follow the first sheet of the agenda are all the schedules that he provided. Ms. Martin had asked for this information the other day and so it was provided to her as well. He explained the order of the 58 total schedules and said he thought that they would start going through the files one by one and it is up to the Committee how long they want to spend on each file.

Mr. Logan stated that the first file is the 2022 Budget Highlights. He said that there are a couple of changes and he will point those out as we come to them. He then went through the highlights. Revenue from Operations up 4.6% vs. 2021 forecast. Under that heading: 1. Income Tax revenue up 7.8%, 2. TIF revenue up 2.5% and we are budgeting that conservatively, 3. Utilities revenue up 3.6%. We have very small increases planned for 2022 and that will not happen until August or September anyway after we review the rates in the middle of the year. General Fund Transfers to Capital Projects –a little over \$2.5 million dollars and that is about standard for the last two years. General Fund Transfers to All Funds – \$8,420,000. As you know, the General Fund helps support some of the other special revenue funds, namely Police and Fire.

Mr. Butkowski asked if the income tax revenue increase of 7.8% was from commercial or from residential? Mr. Logan said, that is mainly commercial and to keep in mind that Bendix is in this number for 2022. What we are projecting for Bendix is (and this is just their withholding income tax), for 2022 we budgeted half of what they expect to generate in withholding tax. The other half would be due to the Avon schools in 2023 as part of the School Compensation Agreement. That will all depend on where the value of the building ends up. The property tax abatement is associated with the value of the building and as Council knows we did pass that School Compensation Agreement which would pay the schools one-half of the withholding income tax from Bendix for the period of the abatement which is 14 years. So in the budget it is basically half of what that Bendix withholding income tax would be, but beyond Bendix, our income tax is growing with UH and Ganzhorn Suites opening and with some of the smaller entities opening. And we have a full year now with Meijer, Menard, and some of the others; our income tax has been growing every month and continues to grow in spite of how things are today with the economy, etc.

Mr. Butkowski said that he appreciated the clarification because it is a sizeable increase in consideration with what is going on with the economy. He knew that we budgeted a 2% or 3% increase for 2021. Mr. Logan stated that we budgeted 2021 really kind of flat the way we were with 2020, just slightly up. Mr. Butkowski noted that we are almost 8% over that forecast and that is a sizeable increase and that is why he wanted to understand if it was coming from commercial or residential growth. Mr. Logan said, and really from both. Mayor Jensen added, and Mr. Logan is saying it is 7.8% above the 2021 forecast, which we had forecast at lower because of COVID so if you go back to 2020, it probably is not as big of an increase as it would have been.

Mr. Logan stated that the other thing that he would point out that is not mentioned here is that we received almost \$600,000 this year of net profit income tax through the State gateway, through those businesses that chose to file through the Ohio Business Gateway, not through RITA. So what he is referring to on these projections does not take that into account.

Mrs. Holtzmeier asked, in thinking about the TIF revenue with Bendix coming on and our agreement, what quarter is that money usually dispersed? Mr. Logan responded that the first half collections of TIF revenue is disbursed by the County in March, and the second half in August. And just like property tax, they are collecting a year in arrears, so tax year 2021, the way property tax is handled, is collected in 2022. We will probably not see anything from the new construction of Bendix for 2021 tax year because the State Dept. of Taxation sets their tax duplicates for the most part, for 2021 tax year. We will start collecting the Bendix building addition in 2023 and that is the first year that the abatement would kick in, the first year that we would be paying the schools their share per the School Compensation Agreement. The 2022 that will be in that income tax that we are collecting; again, half of it would be due to the schools in 2023. Mrs. Holtzmeier said she was just thinking about the difference between our fiscal calendar year and the schools' fiscal calendar year which is the end of June. So when we talk about our tax budget, it is really a different number for their tax budget and where they are anticipating that money coming in.

Mr. Logan then pointed out in the Highlights file, Capital Projects for 2022 that we have in the budget and those are a couple different road program projects. For Chester Road/American Way Phase 2, we have OPWC funding of \$750,000 for that. Engineering work is going on for that now but the budgeted figure would be for construction in 2022. For the Moore Road Rehabilitation project, we have a little bit more than half of that project in funding from NOACA. And again, we have been spending engineering money on that as we have gone along.

Mr. Logan said that the Capital Outlay Budget is where he wants to point out something. For 2021 we budgeted for half of the stadium turf replacement with the idea being that we would do the infield one year and the outfield the next. We still have that money in the budget for this year. We have gotten a decent quote through a Sourcewell vendor for about \$655,000 to do the whole thing. So what we would like to do is come to Council at the Work Session on November 1<sup>st</sup> and ask them to appropriate the other half of that money now, and ideally Council would pass that on November 8<sup>th</sup>. We would then get the purchase order in for 2021, order it, and the project can be done in the spring of 2022. If that is what happens, we will remove this \$675,000 from next year's budget. Mr. Radcliffe clarified, so both the infield and the outfield would be done in spring, 2022, and should not need maintenance or a redo for another 10 years. Mr. Logan said he thought that the warranty might be 10 years, and he believes it is the sort of turf on which other sports can be played besides baseball.

Mayor Jensen stated that we think that we can even extend the warranty if we do some extra things every year. We waited until probably three or four years in to start doing those extra maintenance things. Mr. Butkowski asked if that extra money come from the General Fund or do we have money set aside from a TIF that we could use for that. Mr. Logan said that we cannot use TIFs on that; it is General Fund money. Mr. Butkowski asked about using the Recreation Fund because part of that TIF can go towards Recreation. Mr. Logan answered, no, TIF can go for parkland acquisition and most sort of infrastructure improvement. Recreation Income Tax would be used toward this but he does not think we really want to do that. Our General Fund is in very good shape right now and we budgeted this in the General Fund. Generally, the operating expenses we have incurred for the stadium over the years have all come from the General Fund. He would suggest that we keep it there and pay through the General Fund. Mayor Jensen said, and that was the plan all along; that did not change from last year when we talked about splitting it up,

Mr. Logan stated that at the moment, we are about 11% higher than the 2021 forecast for Compensation. That is primarily with a 9 incremental head count: 4 Police, 3 Fire, and 2 Utility Dept. laborers. That group of 9 is not budgeted for the entire year of 2022. They are kind of staggered as to when they would start, but it is still a 9 additional head count. We have not completely settled with the police officers yet. Last year they renegotiated their contract but they only went out one year with wages so they are coming back to the table to negotiate those 2 more years of wages. So at the moment the budget for 2022 reflects no increase until the contract is settled. Secondly the AFSCME Union, which is about 30 of our Streets, Utilities, and Parks employees, still includes a few full-time clerical office people and they will be under negotiation too. They have not yet met at all. And finally the Teamsters, which is the Building Inspectors, their contract expires at the end of January so they have one month into that next year at the current rate. So with all those things being in flux, we are budgeting zero increases. Historically that is what we have done until we know how these contracts shake out. With regard to non-bargaining unit people, we have put in a 3% increase and that is based on the other contracts that are in place. Health insurance premiums for both employer and employees do not change. Claims have been up in 2021, maybe 9% or 10% but despite that, Medical Mutual has come back with a zero increase. For our dental insurance and vision insurance, we are going into a second year of a rate guarantee with both our carriers so those were not going to go up regardless but the Medical Mutual is staying zero.

Mr. Logan stated that we are going to pay down existing notes \$4,150,000. That includes paying off the Water Tower notes in full of the \$1,650,000. That is going to come out of our Water Revenue Fund No. 611, which will still be in good shape even with paying that off. We have three other note issues outstanding and we are strongly considering taking those three remaining note issues which total \$9,500,000 and bonding that out for a 20-year period. Part of that \$9,500,000 will be the special assessment portion of Elizabeth, Puth, and Joseph, which right now is about \$1,284,000. We are going to have the special assessment Ordinance on Council Work Session on November 1. We would like to have three readings: November 8<sup>th</sup>, November 15<sup>th</sup> at a Special Meeting, and November 22<sup>nd</sup>. Once we have done that, we come out with what is called a cash prepayment period for those residents that would generally have 30 days. We are going to extend that to 60 days so we get past the holidays and if anybody wants to pay that special assessment up front before it gets assessed to the taxes, they can do that. That would take us up to about January 22<sup>nd</sup> and in that time frame, we have one note issue coming due right around January 22<sup>nd</sup>, the Chester Road notes, and the Elizabeth, Joseph, Puth notes we put in a call provision and the Recreation Facility notes which rolled over in early September, we put in a 90-day call provision in that one as well, meaning we can call those notes in at that time, late January, and ideally take those Chester Road notes and hopefully, wrap it right into a bond issue. In other words,

not have to roll it over for a very short period, just roll it into a bond issue that would be sold around the first of February. That is sort of the idea in the 2022 budget as it is now. We are projecting to pay that \$4,150,000 regardless of whether we bond these out or not.

Mr. Logan stated that the Long Term Debt Service payments for 2022 are up about \$260,000 over where we are this year and this long term debt does not include what he just talked about with bonding out that \$9,500,000; it does not include the debt service on that. The only real increase in the debt service for 2022 is the YMCA's share, their portion of the building, what they pay in debt service. When we did that advance refunding in September of 2020, we front-loaded the savings for the YMCA's debt service. Their debt service runs to 2031 and that is all from the original 2010 agreement between the City and the YMCA. But their debt service has been decreased drastically by that advance refunding. It is just that they are seeing all the savings this year and they will see some savings next year. After 2022, their debt service goes back up to about where it was before we did the refunding. So we front loaded those savings with the idea that, with COVID and the economy, etc., it might help them out some.

Mr. Butkowski said, getting back to bonding, the Federal Reserve has been talking about slowing down and potentially increasing rates and mentioned that some of those notes were callable. Mr. Logan said that after December 1<sup>st</sup> we cannot bond out the special assessment debt until after we have gotten through that cash prepayment period. Even if we shortened that period to the mandatory 30-day period, we still would be right around Christmas. He does not think we are going to see rates at the end of January be drastically different than today. He looks at the 20-year Treasury and 10-year Treasury pretty much every day, and he knows that they are meeting and that they are going to slow down the flow of money into the system but they will not do a lot at Christmas. Mr. Butkowski said, but 20 years on \$5 million, say .25% of that, that is pretty good savings. Mr. Logan said, yes, and that is a good point. Mayor Jensen stated, and that is why we are looking at trying to get this done soon, at the beginning of the year. Again, with what is happening in the economy, he does not think they will do anything even in January but we all know that it is coming and that is why we have talked about putting everything together. Mr. Logan said that it makes sense; that would take all the short term debt off from our books and we lower our total outstanding debt by that \$4,000,000.

Mr. Logan continued with the Budget Highlights, for Fund Balances, we are projecting the General Fund balance to increase by \$310,000 so add \$675,000 to that because we will pull out that stadium turf project for next year. This year's ending General Fund balance will be less as a result of that but that is fine. When you compare revenues to expenses on any budget, we always want to show that the General Fund is increased. Some of the other funds are not nearly as critical but rating agencies like to see that your General Fund balance is increasing and it is going to increase over 2021 over where we had projected it to end up even with putting that stadium turf project into this year. All other operating fund balances (the General Fund, Special Revenue Funds, Enterprise Funds of Water, Sewer, Stormwater Utility) are decreasing \$670,000, exclusive of \$1,900,000 paying down note balances. If you exclude that, the fund balance would be increasing by \$1.2 million dollars, taken as a whole.

Mr. Logan stated that every month when we update the forecast schedules and every year when we update the long-range 10-year forecast, he likes to look at the Expense Coverage Ratios. We like to have 6 months of operating expenses covered with our unencumbered fund balances. As of the end of September, we were at 8.40 for those three groupings together. The General Fund by itself was really close to 10 as far as having the number of months covered. But when you include all the Special Revenue Funds along with the Enterprise Fund we were at 8.40. You can see where we were last year and 2 years ago. We are a little better than last year and we are projecting for the end of this year to be

about almost 8 as far as the number of months covered with fund balances. What that means is that if no more revenue came into those funds but we still incurred the normal sort of operating expenses, we could go out about 8 months before we were done. But of course money is going to continue to come in.

Mr. Logan said, so those are the highlights of the budget, and he then went on to list the 2022 Revenue Budget Assumptions. He noted that we talked about Income Tax Revenue a bit. Income Tax Revenue accounts for 36% of the City's total revenue and it has been in about that same vicinity over the last 4 or 5 years. Property tax, TIF money, utility revenue are the other large revenue sources. We mentioned the Bendix withholding income tax of \$1,050,00 there in the paragraph and that is based on a \$60 million dollar payroll. One half of the Bendix withholding tax will be paid to the Avon Schools in 2023, per the School Compensation Agreement.

Mr. Logan noted that presently (through October, 2021), the 2021 withholding income tax is 14.5% higher than it was in 2020. While we cannot expect that sort of an increase to continue, he does think that we are still going to see our withholding tax and also the individual income tax increase in 2022. For property tax revenue, the only thing we put in in 2022 for property tax, is an additional \$285,000 over the 2021 actual amounts. None of our levies are changing. We do have two renewals out there for police and fire equipment. Those are not tax increases; they just extend those levies out another five years and they should collect what they are collecting now. However, the County did their tri-annual appraisal for 2021 with those values being put in for 2022. Our unvoted levy which is General Fund at 2.3 mills and the Police Pension Fund at .3 mills will see increases of about \$285,000 because those are unvoted levies; the millage stays the same. As values increase, those will collect more. That does not necessarily mean an individual's property tax is going to increase because the other voted levies will all be adjusted accordingly based on those new values. The Library's millage is increasing from the levy they put in back in March of 2020 for the expansion of the Library here in Avon, so they will start collecting 2 mills in 2022. As the political subdivision, we collect that from the County and pass that money straight through to the Library as it is received in March and in August. So it is our revenue but it is also our expense, an in and out.

Mr. Logan stated that our actual TIF revenue for 2021 was a little over \$10 million dollars, with \$9,850,000 budgeted for 2022. At the end of 2020, there was about \$595,000 of revenue that the County had not collected in time when they made their distribution to us so that was held out. We collected that in 2021 so when he looks at the \$10 million dollars that we collected, he wants to reduce that by the \$595,000, knowing that that should have gotten to us in 2020. The bottom line is the \$9,850,000 budgeted revenue for 2022 is pretty accurate and he thinks that we will get there. As Council knows, of the TIF money that we collect, we pass through their share to the schools, about 2/3 of that.

Mr. Logan said for water and sanitary sewer rates, we put smaller increases in for next year. We increased those rates in September of 2021. We are projecting a 1.5% rate increase in August of 2022 on the water side. That depends on what Avon Lake would do but their water increases have been very minimal over the past few years. We do not expect a lot to change there. Our water volume will increase with some new commercial entities opening up, particularly Ganzhorn Suites and University Hospitals. On the sanitary sewer side, we are projecting a 2% rate increase in August. Avon Lake Regional Water treats about 25% of the City sewage and N. Ridgeville Wastewater Treatment Plant the other 75%. We know that N. Ridgeville will be raising their rates in January by 4% but beyond that, we do not really know just yet.

Mr. Butkowski said, going back to the TIF revenue— because that revenue has been growing year over year and the Interchange was primarily paid for with that TIF revenue, where are we with regard to that? He knows that we have talked about this year over year. When the Interchange was first put in, we were projected to lose for the first 5 years and the General Fund was going to augment that. Mr. Logan said, yes, we are covering our Debt Service Fund for the Nagel Interchange with TIF. Mr. Butkowski asked if we were paying back to the General Fund what the General Fund has put in for that and Mr. Logan answered, we are not to that point yet. Mr. Butkowski then asked Mr. Logan how far out he thought we were from that happening and Mr. Logan said, it is hard to say but maybe 5 years. He would have to look back at the Interchange project to see exactly how much General Fund money went into that because we borrowed a lot of money for that project. He is not sure that we put a lot of General Fund money into that; however, we did put General Fund money into Main Street out here and the infrastructure improvements at the Recreation Complex and he thought we are getting closer to paying those back. When we get to the Debt Service schedule this morning, he will go back to that.

Mr. Logan said that he wanted to make a comment regarding the 2021/2022 water/sanitary sewer rate analysis. He just updated it to show what we are projecting at this moment for 2022 rates. Again, when we talk about 2022 rates, we always review them in the summer. Avon Lake usually makes their rate increases effective on July 1 of each year so that in recent years we have held off changing our rates until usually August or September of each year. For stormwater utility, in September we did increase that rate per Equivalent Residential Unit to \$2.25 and part of that Ordinance ties that rate to the Cleveland Construction Cost Index figure that is published in July of every year and so going forward, starting July of 2022, whatever that rate changes by, we will change the stormwater utility rate.

Mr. Logan then reviewed the federal money that the City has received because of the pandemic. Last year the Cares Act Funding was about \$1.2 million and we spent that money on various uses and we accounted for all of that the appropriate way through the Ohio Treasurer's Office of Budget Management. As a result of that our 2020 audit included what is called a "single federal audit" which we came out clean with. The same thing will happen with our 2021 audit. Back in 2020, we also received about \$1.1 million dollars from the Ohio Bureau of Workers' Compensation in their COVID dividend premium refunds, as did every entity throughout the State of Ohio. For the federal distribution of the 2021 American Rescue Plan Act, we received our first tranche of that money back in the summer of about \$1.2 million and we will receive another \$1.2 million next year sometime, probably in May or June. We are still figuring out what we are going to do with those funds, when we are going to do it, what the permitted uses are, etc. At this moment we have not spent a dime of that money; it is all in its own special revenue fund. These funds must be committed no later than December 31, 2024, and spent no later than December 31, 2026. In the 2022 budget, we have put in \$300,000 for the construction of restrooms in three of the City parks, and that is a permitted use.

Mr. Logan stated for all other revenue, there are schedules later in the packet that compare it, a 2022 revenue budget comparison to prior years and we will look at that in a minute.

Mr. Logan said, so those are the assumptions on the revenue side.

Mr. Logan then pointed out the water and sanitary sewer rate analysis page. This shows what our increase was that we put in in 2021 and then it shows what we are budgeting for 2022. Council has been very good in monitoring these rates every year and will do that again, he was sure, as we get further into next year.

Mr. Butkowski asked, for the nearly \$2.3 million dollars in revenue that we received from the Cares Act and the OBWC money, how are we looking to end the year of 2021 in our unencumbered fund from General Fund balance? Mr. Logan said, we are going to end up much higher than we projected. Again, those monies are in their own funds, and not in the General Fund. Mr. Butkowski then asked about Cares Act money offsetting some of the filing costs of the police and fire levies that were taken out of the General Fund. Mr. Logan said that some of the costs did come out of the General Fund. Mr. Butkowski said, so the Cares Act helped. Mr. Logan said, yes, and the other thing that helped was that we cut back on quite a few expenses in 2020 as well. We held off on certain projects, etc. so really at the end of 2020 we were not hurt financially as badly as we had originally thought we might be. So did the federal money benefit? Yes, definitely, all those monies did but he thought, even without that, with the income tax collections that we are seeing now and the TIF, we are going to be in pretty good shape. And if we collect more TIF money, it does not go into the General Fund but it helps the General Fund by it not having to contribute more toward the debt service side.

Mr. Logan noted that we have looked at some items on the expense side already. For Capital Outlay, he mentioned that we are taking out that stadium turf project because we will put it in for this year, so that number would change. We talked about Capital Projects and we will look at detail on that. We mentioned that long-term debt service will go up by about \$260,000 and that is the YMCA debt. You can see the amount of debt service for next year that is funded by the General Fund and that is \$363,000. The amount paid with TIF revenue is about \$2.5 million dollars and then we will look at a schedule that shows the other debt service revenue sources. And then there are the notes that we talked about, the water revenue notes we will pay down completely with Water Funds. These other note issuances we would like to roll into a bond issue. But even if we did not do that, we still plan to pay these down by the \$4,150,000.

Mr. Logan stated, in the Compensation budget, overall compensation is about 11% more than what we are forecasting for this year. The City of Avon currently has 175 full-time equivalents and the 2022 budget is adding 9 more full-time people. The average age of a City employee is 47.5 years and the average tenure with the City is 10.4 years. Wage increases that are budgeted: we mentioned police OPBA for patrolmen is still under negotiation for the last 2 years of the contract. Their 2021 increase was 2.5%. The other police union, the FOP, follows the OPBA negotiations. AFSCME and Teamsters are in negotiations for generally a 3-year contract renewal. Firefighters are the only ones not in negotiations; they have a 3% increase effective January 1, 2022. And 3% is the number we use for non-bargaining employees. Personnel increases: 4 additional full-time patrol officers, 3 additional full-time firefighters, and 2 additional full-time Utility Dept. employees. He asked Mr. Streater how many part-time firefighters we have right now and Mr. Streater said, currently we have 3. Mr. Logan noted we have increased part-time wages as needed throughout the budgets. Replacement of employees would be when someone leaves and we try to schedule out projected retirements. He thought there were 4 scheduled out for next year but that could change. Health insurance is running about 12% higher than we were a year ago. We have 24 employees on a health insurance waiver; they get paid to not take our insurance and the total for that is \$34,560. We have put in a 5% increase to help cover claims cost increase. Nothing has changed for pensions; every employee that is not in police or fire is under OPERS. The City contributes 14% and the employee contributes 10% to that retirement fund. For OP&F – Fire – the City contributes 24% and the employee contributes 12.25%. For OP&F – Police – 19.50% is the City's contribution and 12.25% is the employee's contribution.

Mr. Logan stated that Workers' Compensation is approximately 2.5% of our payroll. We have had 10 claims filed this year vs. 6 a year ago. He does not believe any of the claims are ongoing or serious in

nature. Our budgeted premiums for next year would be a little over \$276,000. He has read that Workers' Comp is going to decrease everybody's premium by about 10% and if that were to happen, then our \$272,000 would be reduced by about \$27,000. Compensated Absences means mainly accumulated sick time but also any vacation time and we pay that out upon retirement. In 2021, we had 4 retirements and their combined compensated absence payout was a little over \$234,000. We are budgeting \$250,000 for 2022.

Mrs. Holtzmeier asked how overtime has been in the safety forces this last year and Mr. Streator said they were doing very well with overtime in both the police and fire. He stated that Fire Chief Swope is doing an excellent job in trying to manage the overtime and getting the resources there when we need them. He is reviewing when we are having our fire calls, what time of day, etc. to have the resources there at those times. Mrs. Holtzmeier said that she appreciates that audit. You can never predict an emergency but you can see some trends to react accordingly and that is smart.

Mr. Logan stated that in the Fire Dept. budget, we are budgeting \$300,000 for overtime for 2022. For the current year, the 2021 budget, that is \$285,000 through August, and for 2020 it was \$276,000 in overtime. We probably will not hit that \$285,000 budget but there will be more overtime during the holidays and that is where having those part-timers in the Fire Dept. really helps out.

Mr. Logan said that the next schedule is basically Council's social services budget, the money the City gives to Community Resource Services, Meals on Wheels, Neighborhood Alliance, and Love-a-Stray and then you will see the \$100,000 we gave for small business assistance which came out of the Cares Act Fund but we still recorded it in this account. Unless anything changes, we are budgeting the same amounts for next year. Meals on Wheels has been in that \$30,000 - \$35,000 range for the last few years and we have held Community Resource Services and Neighborhood Alliance at \$25,000 going back many years now. This social services budget comes out of the General Fund.

At this time, the Chairman, Mr. Butkowski, called for a break in the meeting.

Mr. Butkowski announced that the Finance Committee meeting had resumed at 9:21 A.M.

Mr. Logan stated that the next schedule is the Funds Budget and this is like the main document to him because you have to keep your funds in balance, meaning you cannot have a negative fund balance. Mr. Logan listed the funds on this schedule: the General Fund, all of our Special Revenue Funds, the Debt Retirement Funds, Capital Improvement Water Fund, the TIF Fund, and Capital Project funds. The 501 Fund is a Special Assessment Bond Retirement Fund so that is where we record special assessment revenue and from that fund, we pay special assessment debt service. Funds 611 and 631 are the Enterprise Funds and are self-standing funds; they bill out for water and sewer usage. The Lorain Public Library Fund is 702 and again, for that fund, we collect the property tax and we distribute it right back to the Library. The Agency Funds are listed on the third page of this schedule, and that all represents money that does not belong to the City, such as occupation deposits for new buildings, rental deposits when somebody rents one of the City buildings, etc. For the 730-799 Developer Funds, whenever there is a developer's agreement, the developer puts up various deposits and this is where we hold them. So basically that is all money coming in and money going out and does not belong to the City. Mr. Logan said, so when we submit our budget to the County Budget Commission, this Funds Budget is the main document he gives them but behind this are all the detailed expense schedules, and they go with this to the County when we submit our budget. The highlighted budget expense column ties out to all these detailed budgets and it will change after we make any revisions, one of which we know is pulling out the

stadium turf. The Budget 2022 Revenues column also ties out to a detailed revenue schedule but the County does not ask for that and so we do not submit that.

Mr. Logan then reviewed the next two schedules which show in summary the last few years of the history leading up to what our 2022 budget is. So we are trying to show the main revenue categories and we have touched on most of these. Out to the far right of the revenue schedule, where it shows percentage of total, that is where he referenced earlier that 2021 income tax is about 36% of the total revenue collected. This is after we exclude fund transfers and any bond or note proceeds so by revenue he means actual revenue from operations. We are forecasting building permit revenue to go down for 2022. The last couple years we have had some large commercial projects and those generate quite a bit of Building Dept. revenue. Next year nothing of that magnitude is on the slate at the moment but we will still have a fair number of new homes, etc. He pointed out that interest revenue has dropped a lot from where it was a few years ago. As rates remain low, we do our best to invest in as much yield as we can get with the different investments. The gas, motor, vehicle tax is actually two different items. There is the gas tax and then there is the motor vehicle registration. Gas tax went up quite a bit in 2019, like 40%, so we have started seeing a lot more revenue with that. 92.5% of the revenue from the gas tax and the motor vehicle registration, we record in the Street Dept. Fund per Ohio Revised Code. The other 7.5% goes into Fund 205, the State and Highway Fund. So the bulk of that benefits the Street Dept.

Mr. Logan said that on the expense side of these schedules, there is a comparison to the previous years and you can see the expense categories there. Again, we take out fund transfers and any note payments. So for Capital Projects the 2022 budget amount is \$4,866,000 and for Capital Outlay you will see we have the \$3,890,000 and again that will be reduced by the stadium turf project of \$675,000. He shows on this schedule the TIF distribution payable to the schools, the Avon schools and in recent years now, we have also been paying the Joint Vocational School their share of any TIF money collected from any TIFs that have been established after 2012. So we do have one TIF agreement now that we are collecting money on where the JVS gets their share of that TIF money. Compensation is the biggest expense line item on this schedule.

Mr. Radcliffe noted that \$1.5 million dollars was budgeted for the 2022 Road Program, and he asked if that had stayed the same for the last few years. Mr. Logan said that, in 2021, we actually went a little over \$2 million because we added smaller projects that we were able to get done. Mr. Radcliffe then asked if it has averaged out at \$1.5 million for the last two years and Mr. Logan responded it has been \$1.5 to \$2 million, in that range. He said that certain large projects do not go under the Road Program Fund. For instance, next year if we do the American Way/Chester Road project, that is in its own fund. But we do have Ohio Public Works Commission money helping to pay for that. He set up a fund for the Moore Road rehabilitation a couple years ago when that first started coming about. So not every road project will necessarily come through a Road Program Fund. Mr. Radcliffe asked about Rt. 83 and Mr. Logan said Rt. 83 is its own separate project. Mayor Jensen added that Rt. 83 is an ODOT project so that is not in there. When we get grant money we keep outside of the Road Program budget, so we look at projects you would all see in your neighborhoods.

Mr. Radcliffe said, and that is where he was going with this. We are seeing sewer grates collapsing, etc. More of that type of thing seems to be happening and he wants to make sure that we are planning for that additional work. We are going to have to do more of that repair going forward as the roads are coming up to that age. Mr. Logan said, yes, some of those small repair-type projects will get handled routinely through our Street Dept. Fund. Mr. Radcliffe noted that a lot of the houses and streets that

were put in in the late 1990s and early 2000s are the ones where he sees those catch basins dropping down. Mr. Logan said that he could not speak for our City Engineer or Service Director but he thinks that with the paving resurfacing projects, they are making those sorts of corrections on whatever roads are getting resurfacing. Mayor Jensen noted that we are going to make a blacktop berm when Jaycox Road is resurfaced to try and offset the wearing of the edges, so we are looking at experimental ways to change it. Mr. McBride said that he has talked with the Mayor about where those storm inlets are caving in and that is just a bad detail and that detail has been changed. Mr. Radcliffe noted that the culverts are failing. Mr. McBride said that he knows that the Street Dept. has been increasing the replacement of those and he thought that maybe we just want to go ahead and do a larger project because it seems like they have accelerated everywhere and are falling in.

Mr. Butkowski stated that there is a scheduled program to replace those and update all of that because they are going from a brick to a concrete culvert underneath there so the bricks are the ones that were put in 20 years ago and they are the ones that are failing. Mr. Radcliffe said that maybe we should take a look at that schedule with the Service Director and say to accelerate that. If it was going to take the next 4 years to do the work, maybe we take that down to 2 and a half or 3 years and try to budget for that accordingly. Mayor Jensen said that he can meet with the Supt. of Streets and get the numbers of what we did the year before. Mr. McBride said that if you are replacing 2 on a street and they are all built the same way, to him, it should be do the entire street and be done with it. He said he was not trying to second guess the Streets Supt. and the Service Director because they have done a great job. Mr. Radcliffe agreed, but he wanted them to know that we want to see that budgeted and planned for and accelerated to stop the failures.

Mr. Logan said he wanted to jump ahead to the Capital Project summary for next year, fund by fund. There are fund transfers, etc. in there but we do have \$1.5 million in there for the 2022 Road Program. We have a little over \$2 million dollars in for the American Way/Chester Road Phase 2 improvement project. For the Moore Road Rehabilitation project, Fund 417, he was just showing the General Fund contribution toward that for next year and we will have the grant money from NOACA. Fund 406 is our Sanitary Sewer Replacement and Depreciation Fund. We paid for the Briar Lakes sanitary sewer and lift station abandonment project out of that fund last year and into the previous year. We have budgeted some money there for possibly a Detroit Road sanitary sewer extension on the west end of Avon near the new park. Fund 404, Nagel Road improvements, the project with the roundabout at Nagel and Detroit, is on hold right now because ODOT is wanting to do some things a little differently. Fund 415, the S.R. 83/S.R.254 intersection, is a safety-funded project as well and we are incurring engineering costs now. The estimated cost on that project is \$7.6 million but federal safety funds through NOACA, would be about \$6.1 million. We are looking at 2023 for construction on that. Fund 412 is the annual Sidewalk Program and you will see that we put in \$300,000 for next year. Generally that has been about \$75,000 - \$100,000 each year so we are planning on moving forward with a lot more sidewalk installation, with Council's approval.

Mr. Logan then brought up the Road Program projects schedule for next year. We have been awarded OPWC funding of \$750,000 for the Jaycox Road South project. The loans we pay out of Fund 301 over a 20-year period. We treat it just like any other debt service except there is no interest. The S.R. 83 paving is an ODOT project that we would pay ODOT directly like we are doing this year for what they are doing on Detroit Road. We budgeted a small amount of money for Williams Court; it may be more than that but it depends on how the sanitary sewer installation goes over there.

Mr. Logan displayed the summary Department Expense schedules and this goes through each department. It shows a comparison to 2020 of this year's budget actual through September and then next year's budget. The first group of Departments, Building, Planning, Finance, Human Resources, IT, City Council, and Engineering, are all in the General Fund. There are other Departments in the General Fund but he just wanted to highlight the larger ones, Building being the largest one. For the most part, the amounts are pretty comparable. For Fire and Police, the variances are up somewhat, particularly the compensation line with the hiring of 4 new police officers, and 3 new firefighters. There is nothing out of the ordinary for Street Dept. There will be wage increases, though, for Street Dept., Parks Dept, and Utilities Dept. once the union contracts have been settled. Parks and Recreation includes the Recreation Fund itself, the Park Operating Fund, and includes what we call our two rental funds, the Community Center (Fund 252) and the Avon Isle Rental Fund (Fund 254). It does not include the Aquatic Facility (Fund 255) and that one we are budgeting pretty much as we did this year. There is a little bit more expense going on there because there are some replacement pumps and motors that are probably going to have to happen next year. All the other Special Revenue Funds in this schedule refer back to the Funds Budget.

Mr. Butkowski noted that for the Park and Recreation Fund, it is like their operating expense and capital outlay is increasing almost 40%. He did not see that capital outlay. Mr. Logan said that he will be showing the Capital Outlay sheets but he knows that in there we have about \$250,000 in some playground structures and also some paving projects at some parks. Mayor Jensen stated that the biggest outlay was the parking lot at the pool for overflow parking and some space for the police. He said that Mr. McBride had asked to start accelerating some of the blacktopping issues there so the difference was in that blacktopping. Mr. Logan added that you will see that on the Capital Outlay schedule, but that was a good question.

Mr. Logan stated that for the Utilities Dept., we are not planning anything out of the ordinary. They have some capital expenditures in their budget but they pretty much do every year. The revenue in those funds and also in the Park Operating Fund has been really good.

Mr. Logan said, going back to the revenue side of the budget, he was showing an income tax spread sheet we keep every month. This is 2021 shown on here, actual through October and you will see what our budget was for 2021 compared to 2019. We are about 11% above budget, we are 14% ahead of 2020 and about 16% ahead of 2019. The right side of the schedule gets into the categories of withholding, which is the payroll tax that companies all submit every month, the net profit tax (the business income tax) and the individual income tax. We are really up in all three categories. The net profit tax does not include what gets collected through the State, what they call the State Business Gateway.

Mr. Logan showed another tax schedule, which was a history going back to 2010. He said he actually has it going back to 2002. 2003 was the first year that the City of Avon put in a voted income tax. Every city and state can impose a 1% income tax; anything above that must be voted in by the voters and in 2003 they voted in the safety forces income tax of .5% which we now split equally between police and fire. In 2008 the voters put in a .25% recreation income tax and half of that money goes to the Park Operating Fund and half of it goes to a fund we call the Recreation Income Tax Fund. This schedule just shows the history and our budget for next year by month. Our forecast for this year is about \$22.4 million right now and Mr. Logan said he could pretty much guarantee we are going to go past that.

Mr. Logan said we already talked about property tax. These are the different levies. In General Fund and the Police Pension Fund are non-voted levies. Their millage stays the same so they collect more each year as values increase. The other levies are all voted. The Fire Equipment Fund and the Police Equipment Fund are both .5 mill levies. They are collecting less than that with the effective millage and those are both up for renewal on the November ballot for another five years of that. We might be looking at renewing the Streets Operating Fund and the Park and Recreation Fund next year. Their last year of collection he believed is 2023. The Library Operating Fund, again, that is their levy; we are required to collect that money from the County and then we distribute it back to the Library. Police Operating Fund is a continuous levy and has been in place since 1984. He does not believe that there has been any subsequent action taken on it, meaning any renewals or replacements. It is a continuous levy and its millage goes down each year but it is a voted levy. It was originally put in at 2 mills and today it collects about .5 mills and still collects a little over \$.5 million dollars.

Mr. Logan went back to the TIF revenue and displayed the schedule which listed all the TIF numbers and showed the actual collections for this year 2021. The first few TIFs were all passed in 2006 by City Council. He noted that TIF No. 13 is the City Hall property of 3 parcels, about 2.5 acres. Obviously the City is exempt from taxation so the Dept. of Taxation has not approved that TIF yet but when this property converts to commercial, we will want to file with the Dept. of Taxation to get that TIF in place. TIF No. 14 was passed earlier this year and that is the Mills Road property. Mr. McBride asked how many years the TIFs run for and Mr. Logan said, 30 years. Mr. Logan said when you pass your Ordinance, it is a gray area of exactly when that clock starts running. He believed it is a year after you pass that Ordinance. Now for this TIF No. 14 that we just put in, the attorney that we worked with, had us put in what is called a "rolling TIF", and that rolling TIF truly does not start on a particular parcel until there is an increment. The other thing is if any TIF agreement is collecting more than \$1.5 million dollars, you can extend those. He does not know by exactly how much but we are checking into that. TIF No. 5 and TIF No. 6/7 did collect that this past year, and TIF No. 3 and TIF No. 9 are getting close. Mr. McBride asked, so then if we extend those, can we then change those to a rolling TIF? Mr. Logan said he was not sure of that, but maybe. Mr. McBride said it would be nice to know that because there is still a lot of property down there that is not developed yet and the clock is running on those properties.

Mr. Logan stated that this TIF revenue is amazing. In 2009 we started getting some money in and then it just kept snowballing and remember, in our TIF agreements, we keep the Avon schools whole meaning they are going to get whatever they would have received had we not TIF'd these properties so they get their commercial effective millage, roughly about 2/3 of what the money is shown on this schedule. So we are seeing \$3 to \$3.5 million, hopefully soon \$4 million dollars, of our own TIF money which we are still using for debt service for the most part but probably within 4 or 5 years debt service will be covered and we will have excess TIF money which we can use for other projects. Again it has to be infrastructure-related and the Ordinances spell out the permitted uses. Or we start sending money back to the General Fund, where the General Fund transfers money toward some of these infrastructure projects. Mr. McBride stated that, if he recalled correctly, in a couple of the earlier TIFs, we did not include parks in the permitted use of the money. Mr. Logan said he thought that we did but that he would double check on that. Mrs. Holtzmeier stated that, concerning the TIF on the City Hall property, she wondered if it made sense to repeal it and to include some of the language we understand now about the rolling TIF and when it would start and then enact that so that we do not lose that window where this property is changed over. Mr. Logan said that is a good question and he would check with the Vorys people on Monday because it might make sense to refile, again depending on when that clock physically starts. Mrs. Holtzmeier said, yes, she was interested in that question but also it just sounds like there might be some housekeeping that would be worthwhile to look at for 2022.

Mr. Radcliffe asked Mr. Logan if he could send them the map of the TIFs this coming week just to reaffirm where the properties are. Mr. Logan said there is a good map that David Meeks did in 2014/15 and it lists all of our TIF agreements other than the one we just passed this year. Mr. Radcliffe said that he knew they had seen it before but it probably needs to be looked at again to see what future planning might be. Mr. Logan stated that they should also know that the only reason we TIF'd residential property was because it was in a zoned area of the City that could convert to commercial or industrial. For instance, Chester Road going west – those residential properties are TIF'd. There is another one along Nagel Road and there are a few that he has reapplied for this year because the Dept. of Taxation looks at those residential properties and does not grant an exemption as long as they are still being used as residential properties but requires a refiling when those properties change over. It is something that we keep an eye on and working with the Vorys people, they keep an eye on it as well. Mr. McBride noted that there were some properties that were inadvertently left off that map. The District map may be correct with the TIF'd Districts on it but every single parcel was not included in the original. We went back to correct some, but there still may be some omissions out there. But he added that 99% of the properties were captured.

Mr. Logan displayed a schedule that showed what we believe should be coming on for 2022 TIF collections and what might be coming on for 2023, but we will probably have some things to add to that as we go on. This schedule goes out 10 years so you will see actual collections for 2021, and projected collections of \$9,850,000 for 2022. His notes on the top line project 3% growth in the Nagel Road Interchange District, and 2% growth everywhere else each year, and it has exceeded that the last couple years. We share this schedule with the School Treasurer, and this is a big number to them every year now. These are just assumptions; we do not have to prepare forecasts; we are not required to the way the State Dept. of Education requires public school systems to do, but we do prepare forecasts. We have 10-year forecasts for everything.

Mr. Logan stated that we obviously had a big dip last year in the Motel Tax for the four hotels in town. We are bouncing back some but we are not back to the 2018/19 level. We are budgeting \$300,000 for next year. The 6% bed tax money is split between General Fund and Fund 285 – Economic Development and Tourism.

Mr. Logan referred to the Projected Capital Outlay schedule, which is somewhat of a “wish list” for Departments for purchases for next year. Some of the purchases definitely need to be done. We increased the IT numbers for fiber improvements, the underground connectivity throughout the City. We have been putting around \$100,000 in the budget each year for that and we are putting in \$150,000 for next year. He noted the other items of hardware, cameras at intersections, etc. under the IT Dept.

Mrs. Holtzmeier said, going back to the motel bed tax for just a second, there is another item of housekeeping. With the Cambria Suites switching over to a different chain, do we need to update any of our agreements or change anything to make sure that we do not have an interruption of collection there? Mr. Logan said he did not realize that they had a change. Mrs. Holtzmeier, said, yes, they are now the Windham. Mr. Streater noted that there is nothing as yet on the outside of the building indicating a new name. Mr. Logan stated that we will keep an eye on that. We get our payments from Avon Hotels, a management-type company based in Westlake. Most of these hotels use a management-type company for things like this but if he does not see a check for a month or two, he will make some phone calls. Mrs. Holtzmeier said the overall question is, when these operating arrangements change, do our agreements cover that; are we protected? Mr. Logan stated that we do

not have an agreement, per se; we have an Ordinance which establishes and enforces this motel tax but we will follow up on it.

Mr. Logan then went back to the Capital Outlay schedule. He said that he thought that the Fire Dept. was going to put in yet this year for a new squad and he asked Mr. Streator if that was correct. Mr. Streator answered, that was their intention. They are still obtaining some quotes and their anticipation was to possibly come to Council late November with some information.

Mr. Logan continued with the Capital Outlay schedule. In Streets Dept., we are taking out \$126,000 for the bucket lift truck. We have an aerial truck now that our Traffic Electrician drives and the Streets Dept. can use that when they need to. Replacing that bucket lift truck would be a third ¾ ton pickup truck. Mr. McBride questioned the purchase of a bulldozer for the Streets Dept. and Mayor Jensen said that we have been leasing a bulldozer for awhile with all the projects in the parks so the Streets Supt. felt that with what we are spending every month to lease a bulldozer, that we have enough projects that we should purchase one. The Mayor stated that the Streets Dept. has changed a lot. We are doing a lot of projects ourselves now that we did not do in the past. The expertise of Tim Loeser, the Streets Supt. has allowed the Dept. to do much more. If you go to the new park, you will see all that project was done by our own staff. The bulldozer also allows us to do some preparatory work for a blacktopping project. He added that the dozer they are considering buying is a smaller dozer, not one of the big ones. Mr. Logan said that we do have an option to lease for 5 years similar to how we leased our sewer vac truck and our aerial truck. He got some quotes yesterday and it would be about \$31,000 annually. The actual cost of the dozer Mr. Loeser wants was quoted at \$148,000 through a Sourcewell purchasing arrangement but we could lease it with an interest rate of 2.5% and it would be an annual payment, not a monthly payment. So we are looking at that option as well.

Mr. Logan said for Capital Outlay, Police Dept., we have budgeted for 5 vehicles and the outfitting for those 5 vehicles (the systems that go into them which is pretty extensive). Mr. McBride asked if that was 5 additional vehicles or 5 replacement vehicles? Mr. Streator said they are looking at the need to start replacing a couple of the older vehicles. Mr. Logan said that they are looking to put in a fueling station behind the Police Station to get away from getting gas at Get Go, etc. all the time and that makes a lot of sense. That would be huge, in his mind, if we can do that. He said the Police Chief and the Dept. are still talking about building renovations in the Police Station, but they are trying to do the whole dispatch area in there. Mr. Streator said there is a need to upgrade the dispatch center; a lot of the cost that goes into that is the control system, all the doors and the dispatch consoles that have been there since the building was constructed. Mr. McBride said he knew that we have the generators there; if power goes out, do we have an uninterrupted power supply at both Police and Fire? Mr. Streator, yes, both facilities have a generator and a power supply for all the computer dispatch operation, and our extensive server room that is attached to there does not lose power at all. Mr. Logan added that our primary servers are all at the Police Station, not just for Police operations but basically for the whole City.

Mr. Logan stated for Senior Center Capital Outlay, the Senior Center Coordinator has been leasing a couple vehicles the last few years and those leases both end early in 2022 so we are looking at new leases for a 24-passenger van and a wheelchair van. Those are replacement items. In the Parks and Recreation Dept., we have budgeted for some playground structures at Every Child's Playground and the new park by Veterans Park, paving at the pool and Every Child's Playground area, and also some paving at Northgate Park and Schwartz Road Park. Mr. Fischer asked what the playground structures were; are they replacement things? Mayor Jensen responded, no, they are all additions. There will be a fitness

challenge area for kids at the back of Every Child's Playground and then there will be a small playground area by the pond at the new park.

Continuing with Capital Outlay, Mr. Logan said that for Avon Isle, we are going to have to do some improvements to the flooring there. For the Aquatics Facility, we are probably going to replace some pool filters and pumps and we are doing a study now to extend the lifeguard area to bring a structure out onto the concourse. For the Baseball Stadium Improvements, we are pulling the field turf out of next year's budget. We will put that in for this year and we already have half of it budgeted.

For Cahoon House, Mr. Logan said he was not sure what more we want to do there. We have done a lot with the deck and fencing in the back. For the Jameson House, the Service Director has talked about a new roof, and a patio area that needs to be done. We are going to add \$45,000 to that budget, and that is coming out of Fund 285, the Economic and Tourism Fund, which is funded by half of the motel tax.

Mr. Logan said that for Capital Outlay, Utilities Dept., 2 trucks are budgeted and painting of a water tower is budgeted. That is the underground storage tank on Rt. 83, north up here going toward Avon Lake. It is not the Detroit Road Water Tower. We are looking at doing a paint job on the Detroit Road Water Tower in the next couple years. Mr. McBride asked if that paint job on the Detroit Road Water Tower will be just the exterior and Mr. Logan said, no, that will be the interior, too, but that is not in next year's budget. The Utilities Dept. needs to do some more paving in their parking lot and the Utilities Supt. was talking about reconfiguring their basement lunch room area. He also wants to replace the electronic gate on Jaycox Road. There is a big number for other replacement items but as different things come up with water and sewerlines, etc. we have always had somewhat of a decent budget number in there. Again, those funds, both water and sewer, are in good shape. There is nothing specific for Stormwater Utility at the moment but as we install new storm sewer, we do capitalize those assets as infrastructure assets so we have budgeted some money there.

Mr. Butkowski stated that he did see anything for 2022 on the schedule with regard to the fire tower. We had talked about potentially moving that tower over to Schneider Court. He did not see any of those items listed here for capital projects for 2022. Mr. Streator said that they are still looking at the exact configuration for the training tower so they have not put it in the budget to be able to bid it out. They are working on the infrastructure of the property over there now and hope to come to Council in the spring with a plan of what we want to do with that property overall and not just the training tower part of it. Mr. Butkowski asked, so the anticipated project is for 2023 then? Mr. Streator answered that probably the planning of it and the infrastructure would take place in 2022, and the structure would go up in 2023.

Mayor Jensen stated the Fire Chief, the Police Chief, and Mr. Streator are trying to get an overall plan together for the next 5 years so everybody can see exactly where we are headed and it will be based on what we can spend over the course of the next 5 years. It is encouraging to see that; it was kind of a reset with the two Chiefs to reevaluate this and they will be presenting the plan to Council at some point in the future.

Mr. Logan went on to the Debt Service Schedule and said he has forecast it out to 2031 here, but has a schedule that goes all the way out to 2040. This schedule shows our actual debt service for this year and for 2022, it is \$5,634,728. He pointed out the savings by year; that is the refunded debt service that we did in September of 2020. For 2021, our savings were about \$636,000 and that will decrease in the years going forward because of the way we structured that YMCA debt, frontloading those savings. Mrs.

Holtzmeier asked when our last debt rating was with Moody's and Mr. Logan said when we did those refunding bonds in September of 2021. If we do this issue in 2022, we will have Moody's do another rating for us. His goal is that we are back to AA-1.

Mr. Logan stated that the next couple schedules show the debt service sources funding. This is an average per year going out to the year 2030. You can see our General Fund/Property Tax Revenue Fund is really a very small portion of our overall debt service funding. You see TIF Revenue, Recreation Income Tax Revenue, and Special Assessment Revenue (and this does not include the issue of the Special Assessment bonds next year). Third part funding includes the baseball team, YMCA, and the Post Office. Then Water-Sewer funds, Streets Dept. fund, and Park funds all contribute to some of the older debt. A lot of that goes away over the next few years because when you look at this next schedule, funding sources going 2031 to 2039, you will see the average annual debt service went down from \$5.3 million now to about \$3.5 million. General Fund is funding very little of this debt in these years. While the number went down for TIF, the percentage of what it funds increases. And he has not factored in any kind of 2022 bonds yet on this schedule. You will see Streets Dept. funds and Park Development Fund are zero now. At this point in time, the YMCA would be the only third party funding and they go away in 2031. And then it is really the TIF, Recreation Income Tax, and Special Assessment debt service funding. If we do this \$9.5 million bond issue in 2022, those are the three categories that would be affected. General Fund will not need to participate in that new debt service.

Mr. Logan displayed the schedule of the outstanding notes that we have and stated at the end of the year, we will have \$13,650,000 outstanding. Paying off the water revenue notes in full, paying down the Chester Road improvement notes, and the Elizabeth, Puth, Joseph notes, we are going to pay down about \$1 million dollars whether or not we issue the bonds. Now we are going to issue bonds for the special assessment debt which will be about \$1,284,000 less any prepayments that might occur. Recreation Facility notes will be paid down about \$1 million dollars also, again, whether or not we issue the long-term bonds. Recreation Facility notes have a 90-day call provision, so after the first of December, we can call those but we will do that when we get ready for the bond issue. The same thing with Elizabeth, Puth, Joseph; those would not mature until June but there is a call provision on those and we will call those when we issue the bonds. Ideally, we issue bonds for \$9.5 million dollars of which \$1,284,000 would be special assessments. The rest would be generally funded through TIF and recreation income tax. Assuming 20 year bonds at a 2.5% interest rate, our debt service would be about \$610,000 annually on these bonds. But we would have no more notes, no more large payments to pay down.

Mr. Logan pointed out the summary of all this refunding that the City has done. The last one we did was September, 2020. He said he did not update this so our debt outstanding is not quite the \$87 million that we show there but we did do about \$69 million dollars of refundings over the years since he came here in 2008 - almost \$10 million dollars of debt service savings over the years. Mr. McBride stated, and that is the number that we should try and get out to the residents because how many people know that, know how much money the City has saved over all the years by just being smart about this. Mr. Logan said, yes, and we need Moody's to recognize it.

Mr. Logan stated that the next set of schedules shows all the detailed operating budgets. He suggested that Council look through those and if there are any questions, they will certainly answer them. The good thing is that we have a lot of time before we need Council to consider this which he would like to have on the first Work Session of Council in December. Ideally Council would approve it at the first Regular Meeting in December and then we will be ready to submit it to the County Budget Commission.

We will make the changes we talked about today. He is still anxious to see where our income tax goes and we will know what our November number is by the middle of November and if it is a good number, the amount we are budgeting for next year might need to go up. Other than that, he was hoping not a whole lot will change.

Mr. Logan then showed the schedule showing employee by location and this is actual as of the end of September. We have a total of 204 employees, 146 full-time, and 58 part-time. There were 4 retirements last year.

Mr. Logan referred to the Fund Transfers schedule and said that the General Fund helps support some of these other special revenue funds – debt retirement fund, project funds, etc. This is an expense of the General Fund but it is revenue to the fund that the money is being transferred to. This schedule shows our budget for this year – the actual for this year through the middle of October and then next year’s fund transfers budget a total of about \$21.1 million dollars.

Mr. Logan said that the next schedule is a revenue detail budget. As you look through that and look at the comparison to the budget and the prior years, if you want to reach out to him with any questions, that is fine. He showed the certificate that we get from the County Auditor’s Office, the Budget Commission. So this represents the preliminary budget we did back in May that Council approved in July. We will get a new certificate when we submit our budget in December for 2022, signed by the County Auditor. This shows Fund No. 287, the American Rescue Plan Act Fund, where we have already received the \$1,225,000. This year. We will get another \$1,225,000 next year. All we are truly budgeting right now from that Fund is the \$300,000 for the restrooms project that we had talked about. Technically, after we do that, and after we receive next year’s tranche we will have available about \$2,150,000. He said that he and the Mayor have had discussions on the different things we can do with the money, and one of those things is what the government is calling a “revenue replacement”. So based on their formula, a revenue that the City lost in 2020 because of COVID, can be replaced with some of these funds. We have looked at that, so that is always an option as well. We are not quite ready to commit to anything major just yet.

Mr. Butkowski said that he understands that we could use the American Rescue Plan Act money for some of the operating expenses. We are very fortunate as a community to be in a great position. He would love to see that money kind of utilized more as an investment or long-term investment to grow beyond where we are today. Mr. Logan said that he knows that the Mayor is working with the County and the State representatives to try to get more of the money that they have from this same Act to help us with some of those type things but he thought that Council and the Administration want to really brainstorm and think about what we should do with this money. Mr. Butkowski stated that obviously, infrastructure always come to the forefront and he knows we have been running into issues with some of the roundabouts but he thought that putting the money into something that everybody can benefit from long-term would be a good use for that money.

Mr. Logan stated that some recent news has come out concerning expanding the uses of the ARPA money, so it may go beyond just water/sewer type projects. It may extend to roadway-type projects, etc. So he thinks more things are going to happen where there will be more allowable uses than what was originally set out.

Mr. Logan again said that his plan would be to have a 2022 budget for Council at the first Work Session in December and ideally have it passed at the first Regular Meeting of December 13th. It needs to be in

the County Budget Commission office by the end of December. We will communicate to everybody anything that comes up between now and then that would affect the budget, and they are aware of the Capital Outlay changes we are going to make. If we do end up leasing that bulldozer, then we will adjust the budget for that, but beyond that, any suggestions or comments or questions you have, let us know in the meantime.

Mrs. Holtzmeier stated that before they finished, she wanted to give kudos to Mr. Logan, Ms. Raicevich, and their team for all the work in preparing these schedules. This meeting is probably the most important meeting of the year because it helps us to solidify one of our important objectives, which is to appropriate the money in Avon. She said Mr. Logan and Ms. Raicevich have done a good job and the money is in good hands.

Mr. Butkowski adjourned the meeting at 10:47 A.M.

Transcribed by Gail Hayden, Assistant Clerk of Council