

Audit/Finance Committee Meeting Minutes

December 13, 2019

8 AM City Commission Chambers

Committee Attendees: Lloyd, Wobser, Martin, Stahl, Allen, Ruthsatz, Gardner, and Nickles.

Nickles called the meeting to order at 8:18 AM. He thanked everyone for making it to the meeting today so that we would have a quorum to vote on a recommendation on administrative raises. Gardner then made a motion to accept the minutes from the 10/25/2019 meeting, with Ruthsatz seconding the motion. There was no further discussion. **All ayes – motion carried.**

Martin then presented the November report to the committee. She noted that through November, our General Fund revenues had dropped a bit by 1.12% from last year. Income tax revenue was down from last year by 2.4%, admissions taxes were down by 1.6%, and lodging tax was down slightly by .21%. Offsetting this decrease in revenue though, is that general fund expenses have also decreased from last year by 3.9%. Nickles asked if we would see the catch up in December from Cedar Point. Wobser advised that he had a call into Cedar Point to see how the timing of payments were going to come in and was waiting to hear back from them. Nickles also advised the committee that Cedar Fair would not be paying their corporate bonuses until March of 2020, so we should see a bit of a boost then. It was noted that the total fulltime employee count was holding steady around the 248 mark. Wobser explained that there may be one or two more new hires next year, but they would not be high dollar positions. Nickles reminding everyone that the payroll stabilization fund was still holding strong. Martin explained that the finance department had just ran their last check batch this week and working on their final numbers for year-end. Once that is complete Wobser and Martin will determine the amount to be added to the Payroll Stabilization account, with the intent for it to fund the 27th payroll next year. Wobser advised the committee of all the positives we have going for us financially right now. Our general fund reserve is at a record high, our hospitalization fund has a hefty balance in it, and our general fund debt is at 3% which is far less than the suggested 5%. So our balance sheets are looking real good right now. Stahl then made a motion to accept the November 2019 financial report, with a second from Ruthsatz. **All ayes – motion carried.**

Martin then explained to the committee that the Administrative Benefits Review committee had meet to discuss the 2020 admin raises in November and had come up with a different format than what was previously used. In prior years, a flat percentage rate was used for all non-bargaining unit employees. The review committee felt that upper management's rates of pay were fairly competitive with those of surrounding areas. They felt we were lacking a bit when it came to the lower rates of pay. A tier system was developed with a base annual wage rate of \$70,000. Those employees whose base salary was under the \$70,000 would receive a 3% rate increase in 2020 and those that are over that base salary would receive 2% in 2020. Nickles advised that he liked the way they were looking at this process. Lloyd advised that it was important for the city to keep our employees and really liked the tier system, but felt looking forward we may need to cap wages at some point and look for other incentives to keep the employees with us. All agreed these increases need to reviewed on an annual basis. Nickles felt it was important to educate the employees the true costs involved with these wage increases. He feels these numbers show we are

really thinking about the process. Gardner question why Chief Wilcox's pension number was so much higher than Wobser's pension number. Martin explained that Chief Wilcox is part of the police & fire pension system and Wobser is part of OPERS pension system. The percentage that is paid to police & fire pension on his behalf is 24%, compared to the 14% that is paid to OPERS pension on Wobser's behalf. Allen then asked Wobser if these raises were tied to merit ratings of any sort. Wobser advised that currently they were not. Currently, annual evaluations are done on each employee but they are not used as a basis for the increase. The city is working on the evaluation process, to provide more consistency in the process. It was found that some departments were tougher than others when it came to evaluations, so we are trying to develop a more standardized process so everyone is evaluated equally. Once that has been accomplished it would be easier to tie the rate increase and evaluation together. Nickles complemented Eric on this process he has started and liked the spreadsheets provided and feels he is going in the right direction. A motion was made by Gardner to recommend to the city commission the suggested 2%/3% tier system for the 2020 administrative raises. Stahl second the motion. **All aye vote was taken – motion carried.**

Sharon Johnson then questioned if this review was an every year occurrence and it was explained that it was. Last year it was discussed in the October meeting, but it was missed for this year's October meeting and needed to be discussed today. She also advised that she was pleased to see the increase in the salary of the transit administrator. She feels that she has done a lot to improve our transit system. Wobser agreed with Sharon. We have had a good bit of turnover in this division over the years and is excited with Nicole's efforts to turn our 2.2 million dollar transit system into a 4.4 million dollar transit system. Making her a part of the planning division here at the new city hall has allowed her access to them and their team mentality. Sharon then asked if the second round of budgets had been completed yet and Wobser explained that he was still working on it. She wondered if the Finance committee would be reviewing it before it goes to commission. Martin explained it would be discussed at the previously scheduled meeting in February of 2020.

Nickles then thanked everyone for coming and wished them a happy holiday and the meeting was adjourned at 8:50 a.m.