

# Audit/Finance Committee Meeting Minutes

Friday, October 22, 2021

City Commission Chambers

Committee Attendees: Nickles, Tomasula, Allen, Stahl, Moncher, Brady, Wobser, and Reeder

Nickles called the meeting to order at 8:04 a.m. He began by asking for a motion to approve the 9/17/2021 minutes. Moncher made the motion to approve, with a second coming from Stahl. An all aye vote was taken.

Nickles expressed his excitement over the announcement of the deal made with Cedar Fair, the day prior. Brady agreed and explained that this deal really strengthened the partnership between the city and Cedar Fair. He advised that nobody got everything that they wanted, but it was a good middle ground between the two entities wants and needs. It was truly a historic event. Wobser apologized for requesting the meeting on such short notice, but they wanted to get the committees input before presenting it to the city commission at the next scheduled commission meeting. He explained that they had sat down with Cedar Fair, because the city needed a steady revenue stream coming in to make some of the improvements Cedar Fair had requested of the city. He is very proud of the deal the two parties came up with, that will enable the city and Cedar Fair to do projects over the long term.

The highlights of the agreement are as listed below:

- 1.) Cedar Fair agreed to keep its corporate offices here in Sandusky
- 2.) There will be property that is located next to Sports Force that will be annexed into the city limits. It was difficult for Cedar Fair to operate Sports Force with the venue being split between to governmental agencies. For example, having to use two separate police forces. The annexation was not a money grab situation; it was more a matter of convenience for Cedar Fair.
- 3.) Cedar Fair agreed to donate to the city the old Boeckling building and pier in exchange for the old drive in theater property located on Cleveland Road. This was mutually beneficial to each party, when it came to future development by both parties. It would allow the city to add a water taxi based out of the Boeckling building, as well as make the needed upgrades to the Jet Express terminal.
- 4.) The new revenue stream would allow the city to invest in infrastructure improvements and causeway redevelopment. The causeway needs to be widened with utilities upgraded and a bike path and a bus lane added
- 5.) The estimated amount of the new revenue stream would be approximately \$4.5 million dollars a year. That money would be split as follows:
  - a.) Causeway improvements – 28% - approximately \$1.25 million/year for 20 years
  - b.) Water taxi – 3% - approximately \$150,000/year for 20 years
  - c.) State Theatre subsidy – 3% or \$150,000/year for the next 10 years. This will allow the theater to bring in larger events to the city.
  - d.) Streets/Safety/Parks/Pathways – 34% or over \$1 million dollars a year
  - e.) Rec Center Capital – 16%. These funds would be used as capital dollars to build a new rec center. The city would still need to figure out a way to fund the day-to-day operations of the center. At this time, a location has not been selected. \$700,000/year for 20 years

Wobser advised that he was very thankful that Cedar Fair was willing to work with us to get this deal done. Stahl then asked Wobser if the causeway would become a city owned street or would it still be owned by Cedar Fair. Wobser explained that Cedar Fair would still own the street and that they would be the lead on the project. The city would just be supporting the project with our contribution. Nickles congratulated Wobser on his great work with this deal and agreed that no one got everything they wanted out of it but it was a fair deal for both sides. Moncher then made the motion to support the deal Wobser had come up with between the city and Cedar Fair. Stahl then second the motion and an all aye vote was

taken. Moncher also took a minute to thank Wobser for including the State Theater in this deal, as he is member of their board. These funds will help the theater attract the bigger events they need to be successful.

Reeder then presented the committee with the September financial reports. She explained that the general fund balance was \$7,211,194 at the end of September. Total revenue was \$16,386,000, which was 92% of the revenue we had budgeted for the year and a 24% increase from last year. She reminded the committee that she had been conservative when budgeting the revenues for this year, due to the uncertainty of the pandemic. We are not quite back to our 2019 numbers yet, but we are getting there. The city's expenses through September 2021 were at \$13,567,000, which is 68% of 2021 budgeted amount. She reminded the committee that the city has a large debt service payment coming up on 12/1/2021. Personnel costs are most of our expenditures. The city is down to 229 employees, compared to 250+ employees pre-pandemic. We still have some key positions that still need filled. She also explained that the payroll stabilization transfer has been done and included in these numbers. The balance of the payroll stabilization fund is currently at \$679,000, but we still have approximately \$279,000 to be paid out of it before year-end. Moncher asked Reeder if she thought the balance of the fund should equal the cost of a full payroll. Reeder agreed it should equal a full payroll, but only the general fund portion of said payroll. Non-general fund payroll expenses are covered by their own department's budget. Therefore, by that standard the account should be between \$300,000 to \$400,000. She also advised the committee that the next time the city will have a 27-payroll year, would be in 2031.

Reeder then advised the committee that LGS and Associates have finally filed the city's financial statements. They are now in the hands of Rea & Associates, for their review. We still have not heard back for the State Auditor's office yet on whether or not we will still be eligible for their award, but Rea & Associates have been advocating on our behalf. Reeder is also still waiting for the final guidance regarding our Stimulus funds. She does not anticipate receiving the guidance until late fall.

Nickles then asked Reeder where the city keeps its excess cash reserve. She explained to him that we have Meeders Investment as a consultant when it comes to these funds and we still use Star Ohio to hold our money. Moncher made a motion to accept the September financial reports, with a second from Tomasula. An all aye vote was taken.

Reeder had not received any questions for the public participation portion of the meeting. Nickles reminded everyone that the next meeting would be on 11/19/2021 at 8:00 a.m. and thanked everyone for coming. Moncher then made a meeting to adjourn.