

City of Huron
FINANCE COMMITTEE MEETING MINUTES
May 11, 2020

Call to Order

The Finance Committee meeting was called to order by Chairman Norton on Monday, May 11, 2020 at 5:00 p.m. via teleconference. Finance Committee members attending: Larry Leaman, Randy Drewyor, and Kevin Kieffer. Also in attendance from Council: Mark Claus, Joel Hagy, and Sam Artino. Staff in attendance: Interim City Manager Michael Spafford, Finance Director Cory Swaisgood, Finance Specialist Meredith Brownell and Electric Consultant Mike Spacek.

Approval of Minutes

Motion by Mr. Norton, seconded by Mr. Drewyor to approve the minutes of February 11, 2020 and April 13, 2020 as printed and received. All in favor, motion approved.

Old Business

The following topics: Draft Fiscal Policies, Debt Management Policy, and Investment Policy will be addressed at a later date.

Sale of Substation of Transmission Assets

Discussion ensued on the potential sale of the City's electric transmission assets at the City's electric substation. The City was anticipating a payoff of seven years on the substation's debt; however, the City was approached by AMP-Transmission (AMP-Ohio subsidiary) in regard to buying the transmission assets. Mr. Spafford reviewed pages 25-35 of the Substation Asset Report outlining the potential financial impact on the City's electric fund if the assets were to be sold. Phase II of Mucci Farms is currently underway with Phase III soon to follow. If the sale is approved, the City would begin negotiations with Mucci to adjust their electric rates, as the initial rates were calculated based on pay-off of the City's substation debt. The City would still own the property located on Rye Beach Road. However, AMP-T would own rights to the transmission assets and lease the land from the City if an agreement is reached with the City. The function of transmitting power would be on AMP-T and the City would not be liable for any additional costs. The City would continue maintaining the land, Huron Public Power, and any expansion. If an agreement is reached, the City could focus on uniform creation of electrical billing for all customers within the corporate park, cost efficiencies for the City and customers and an improved billing system for Huron Public Power customers.

This transaction, if approved, could happen quickly depending on the outcome from the three readings with council and could be completed by the end of summer. Mr. Artino advised the City should set up a meeting with Council and Finance Committee to review such changes, this meeting will be scheduled at a later date.

New Business

2019 (2020) Financial Review

Due to monthly reporting during the COVID-19 pandemic, the 2020 financial summary will be limited to specific items not covered in the monthly report. Mr. Swaisgood moved to the next agenda items to present the 2020 financial review.

COVID-19 Monthly Financial Reporting

Mr. Swaisgood provided staff's monthly financial report to the Finance Committee and Council during the COVID-19 pandemic. Mr. Swaisgood and staff recommends reassessing the quarterly refuse fee by Republic Services, as service fees continue to increase and the cost of administrative overhead will be subsidized by other revenue sources in the General Fund.

Discussion ensued regarding the City's income tax revenue. The City is expecting an increase in July income tax based on the delay of payment from the COVID-19 crisis, as April through June income tax collections were delayed to July. General Fund reserves have consistently remained within 15-25% of forecasted expenditures and was expected to continue at this level prior the COVID-19 pandemic. As previously discussed, there is a concern the General Fund reserve could decrease to 4% by December 2020, if the economic impact worsens through the end of the year. One positive note on property tax collections, the Erie County Auditor's Office is discussing an offset, or cash advance, for municipalities if collections are negatively impacted. In addition to the property tax discussion, the City was provided unanticipated monies from the Bureau of Worker's Compensation as part of the dividend program that was deposited into the General Fund. Mr. Swaisgood also discovered, and Buckeye Cable system acknowledged they were not disbursing enough in their franchise fee payments over the past several years. The company has since compensated the City for prior year miscalculations.

Mr. Norton questioned the amount of monies being spent on the City's pending litigation. Mr. Norton requested staff provide him a financial update for past and future expenditures as well.

It was decided amongst members that meeting monthly during the pandemic would be of great benefit and it is recommended that monthly reports be sent and discussed. A special meeting will be scheduled for discussion of the Substation with the rest of Council. The next Finance Committee meeting is scheduled for August 10, 2020 at 5:00 p.m.

Adjournment

Mr. Norton made a motion to adjourn, seconded by Mr. Leaman. All were in favor, motion approved, and the meeting adjourned at 6:26 p.m.

CS/MB

Upon approval by the Finance Committee, the official written summary of the meeting minutes will become a permanent record, and the official minutes shall also consist of a permanent audio recording.